



Episode 9 “Growing an Organic Family Business”

Welcome to the ninth episode of the NJFPA Stradley Ronon Food Forum Podcast. In this episode, [Bill Mandia](#), Partner at [Stradley Ronon Stevens & Young, LLP](#), and [Bill Cornelius](#), Senior Commercial Banker at [M&T Bank](#) speak with [Jason Dabrow](#), President and COO of [Chelton House Products](#). They talk organic and other food trends, how COVID changes can benefit private label, and the pros and cons of working in a family business.

Guest Bio:



The fourth generation to continue the Chelton House legacy, Jason Dabrow has more than 15 years of experience in the food manufacturing industry. Jason started his career in the New Jersey plant taking on a variety of production roles of increasing responsibility. In 2013, Jason led the greenfield startup of the Las Vegas facility and went on to direct the site’s operations for three years. In 2015 he returned to New Jersey to take on his current role of chief operating officer where he is responsible for national manufacturing, supply chain, quality/food safety, distribution, and engineering.

Jason received his B.S in Agribusiness Management from Penn State University and holds an MBA from the University of Michigan’s Ross School of Business. He currently serves on the board of directors for the Association of Dressings and Sauces and is a member of Young Presidents’ Organization (YPO).

Listeners will hear:

- How an early interest in organic foods got Chelton House a foot in the door with “relative startups” Whole Foods and Trader Joe’s.
- How private label has evolved from cheap 2nd best to innovation leaders.

- Jason's observations on private label trends - health, quality, and ease of use.
- How COVID shopping changes could mean big benefits for private label products.
- Pros and cons of a family run business.
- Reflections on balancing an entrepreneurial spirit of risk taking at a large scale.
- Hiring advice: focus on company culture, in-house training and advancement.
- The challenge and benefit of staying ahead of customer growth.

Edited Interview Transcript

Bill Mandia, Stradley Ronon [0:53]

Hello, and welcome to another episode of the Stradley Ronon NJFPA Food Forum podcast. Today I'm happy to have a co-host with me, Bill Cornelius from M&T Bank, as well as an excellent guest Jason Dabrow from Chelten House. So Bill, Jason, welcome. How are you guys? How you doing?

Jason & Bill [1:13]

Great. Thanks a lot for having me. Great to be here.

Bill Mandia, Stradley Ronon [1:16]

So Jason, I thought we'd just start out, you guys have a great story and a great business. I was hoping you could talk a little bit about your family history. I think you're fourth generation now with your company. What do you guys do and how did you build your company?

Jason Dabrow, Chelten House Products [1:31]

Absolutely. So yes, to your point. I'm the fourth generation of family leadership for Chelten House Products. We are a leading developer and manufacturer of private label dressings and sauces, primarily supplied to the grocery retail chains as well as the foodservice industry. My great grandfather founded the business in the 1940s initially as an importer, and distributor of specialty foods. Under my grandfather's leadership, we transitioned into starting to manufacture some of our own products under the Chelten House label. Those were mostly distributed in the Philadelphia region, a lot of seafood sauces, dipping sauces, things of that nature.

The company really took what's its current form, under my father's leadership in the mid 1980s. That was driven by two main things A) we started to get into organic foods. 1985 this is long before most people were aware of or certainly talking about organics, and then also B) getting into the new and emerging area of private label. So through creating these organic production capabilities and establishing a supply chain, we were able to get in at the very early stages with two relative startups in the retail industry being Whole Foods and Trader Joe's, at a time when both were very small. We were able to get in there, establish ourselves as a private label manufacturer, and really a go-to partner for organic products. Then, of course, what we saw, over the next decade or two was organic and private label becoming more and more mainstream. A lot of the larger national retailers now wanted to get into and have their own organic programs.

At the time, a lot of the large suppliers out there didn't want to deal with organics. They either thought it was a fad and was going away, or was too complicated, too costly. It really just left this amazing opportunity for us to step in and establish relationships with what are now the largest retail chains in the country. Classic entrepreneur story, we used that just to get our foot in the door, demonstrated our value, amazing commitment to service and quality and long term partnerships. Over the years, we've been able to expand into more and more products, more and more categories. More recently we have been taking a focus in culinary innovation, bringing in our in-house chefs and been building out the product development team to be a leader in creating just really authentic flavors, international sauces, and then adding that value to our customer. So they're really counting on us to develop those new products, spot the trends and create products that are going to make their private label program successful.

Bill Cornelius, M&T Bank [4:24]

There's also been a huge evolution of just private label in general in that timeframe.

Jason Dabrow, Chelton House Products [4:29]

Right. So going back to the early days, a lot of folks were just looking for that inexpensive, alternative option when there wasn't much thought about product quality. It was just how can I save some money on this private label product? It then kind of evolved into what used to be called national brand equivalents. So they said, hey, we love this Heinz ketchup. Why don't you guys try and take your best shot at knocking that off and just match what's out there.

But what we're seeing now is that private label is really turning into a leader, it's an innovation leader. All of these major retail chains are using private label to differentiate themselves in the market. They know that if you love their private label pasta sauce or cooking sauce, there's only one place you can go to get that product. In a very, increasingly competitive retail landscape, this is one of the top tools that they're using to set themselves apart. We're a go-to partner for them to create that point of differentiation.

Bill Mandia, Stradley Ronon [5:33]

So obviously, product quality is a huge part of what you just talked about there, I'm sure, but are you seeing any other trends in terms of the way that some of these outlets are trying to brand their private label products or market them in a way to draw in that consumer that's going to say, hey, I want to buy this from a Whole Foods or a Wegmans because they really like their products?

Jason Dabrow, Chelton House Products [5:55]

I think a few things, certainly that the health benefits are big. We've always been big in the organic and natural space. When you pick up a jar on the shelf, looking at ingredients that you recognize, that you would use at home without the use of preservatives or chemicals. So a clean ingredient deck is big, certainly all sorts of options, depending on

the product, whether that's gluten free, vegan, plant based, is really growing as of late. Then I think the biggest one is for us trying to deliver that restaurant quality experience at home. So how can we create something that is just going to be super easy to work with in your kitchen. We have some Indian sauces, for example, that literally, it takes 10 minutes to make what I believe is a restaurant quality dish that you would have to go out to eat. Normally, you have to go out to a restaurant and pay a premium for it. It just makes it really easy and I think I think that's kind of what we see as the future there.

Bill Cornelius, M&T Bank [6:59]

That's interesting. But I'll tell you, it's hard to go through a podcast these days without talking about the pandemic and COVID. When you take a look at Chelton House and maybe even industry wide, there's been changes, some material, some not material, some will stick, some won't stick. What do you think, to your business, and maybe your industry, what impact did COVID and a pandemic have, that will forever stay and you're going to have to change and pivot to meet some of these changes. Because it's probably not the last pandemic we'll have. So companies will have to prepare for the next one. But how has it affected your business on a go forward basis?

Jason Dabrow, Chelton House Products [7:38]

I'll talk about two things, A) in terms of what's happening in the marketplace, and then B) some of what's going on more internally, I think in the market, there was obviously the extreme kind of pantry loading, which you saw in the peak of the pandemic, which really impacted our products. At that time, people were looking for pasta sauces and things that they could load up on and just keep on their shelf so they knew they had it. That was crazy times. It was extremely challenging for us to try and keep up with the volume of product that was moving through these stores. Many stores were actually putting limits on how much pasta sauce you could buy.

Obviously, since then things have really leveled out. I think a big part of that that's going to carry over is a lot of consumers that wouldn't have normally tried private label or our specific products ended up being a customer. They took home the products, I think in many cases, they were very happy with the quality and the value that it provided. We now have new customers for life as a result of that trial period. Additionally, the whole change in work from home versus work from the office. People are going back to the office more than they were. But it'll be really interesting to see where that settles.

Even if what was normally someone who's going to the office five days a week, now becomes four or three. We view that as an extra day or two where instead of ordering in for lunch or going out to lunch, you're simply walking downstairs and you're preparing a salad yourself and you're using a dressing at home. Maybe you're even cooking something or you're spending more time at home that night to be able to prepare your meal and put a little more time and energy into that. I think those are all trends that are going to continue to help support the growth of our type of shelf stable products.

Bill Cornelius, M&T Bank [9:31]

I'm going to ask a question because I remember back in the day, they would tell you, you can feed a family of five a spaghetti and sauce dinner for less than \$5. I mean it's economical. Especially as we saw during the recession, people traded down from the name brand because you're still going to have that spaghetti and meatball dinner but you're not going to buy that top brand. You're going to trade down to maybe the private label. Is it still that economical? When you take a look at feeding a family, because today we all talk about food inflation, we see throughout the grocery store chains. Is that still a working analogy that you can still do that? How do you see, and maybe touch a little bit on food inflation going forward? How do you see that affecting your business?

Jason Dabrow, Chelton House Products [10:22]

You're absolutely right. I think that will always be a great value for a family, especially when you talk about, a pasta sauce and pasta that's about as economical as it gets. With the food inflation, it's clearly very real. There's crop shortages and challenges all throughout the supply chain, transportation has been an issue. As you see those prices creep up in the grocery store, I just think it's going to be more of a reason for people to look to the private label to see where they can save some money and still get that very high quality product that, I would argue in many cases is exceeding that of the national brands.

Bill Mandia, Stradley Ronon [11:04]

So Jason, one area that I'd like to discuss a little further with you is the family history of your business. You touched on a little bit just the historical facts of it. But I'd like to talk a little bit more about your business philosophy, what it's like to have a multi generational family business? How as you grow over time, and you bring in new employees and partners, and the like, do you continue the culture that you've had in a family held business? Are there certain unique challenges with a family business? Or are there some real benefits that those of us who aren't in one, maybe could, nevertheless, input into what we do?

Jason Dabrow, Chelton House Products [11:46]

To me, the benefits far outweigh the cons. I mean, it's been an extremely rewarding experience. To come into a business and get to work every day, side by side with my father and for a little bit early in my career, my grandfather, as well. You come in, you work really hard and when you have some of the successes that we've been fortunate to see, to be able to do that with family, it just makes it incredibly rewarding. It's been an amazing experience for me. Additionally, the opportunity to come into a business and work in all of the different functional areas, and truly learn the whole business has been really rewarding. That's unique, I recognize in a non family business, that's not normal. So to be able to learn from people who have so much expertise and experience in all different aspects of a business and be able to take that knowledge and then apply it to help the business grow, has been great.

Additionally, to your point, I think that's one of our biggest priorities and our biggest challenges is how do we protect that culture. The reason that we've been able to grow is because of our family business feel, the way that we put our people first, we care about our people. And then instilling a commitment to our customers, a long term focus that we're going to support them, we're not going to let them down even when it gets really tough, like we saw this past year. We're going to maintain that long term view. For us, it's all about going out and bringing in skill sets, often from larger organizations who have seen the scale that we may have not seen yet so they can come in and apply those learnings. At the same time, it's all about striking that delicate balance with recognizing what makes Chelten House special and unique and balancing those two things together. That's something that is very difficult, we haven't always gotten it right. But when we do, it's incredible to see the results and how that can help us propel the business forward and take us to new levels.

Bill Cornelius, M&T Bank [13:56]

So Jason, you graduated from Penn State in 2008. Was being involved in the family business, always on your radar, or did it develop over time?

Jason Dabrow, Chelten House Products [14:06]

Always on the radar. At a young age, I was working in the factory doing whatever I could to chip in. We had a shutdown in the summer. I'd come home from school and clean the plant floor, paint the walls, help out with the maintenance technicians. I spent a lot of time growing up in our batching kitchens. It's a tough working environment, but my father felt the best way for me to come in, earn the respect of the workforce, which is critically important, and also really understand all of our products. There's no better way to learn than to be out there and actually do it. All of those things are just learnings that I carry with me every day and I couldn't be performing my job right now, without that experience to rely on.

Bill Cornelius, M&T Bank [14:54]

So you've been there and you've done that. So when you go back to Penn State and talk to a bunch of business management grads, what do you tell them? What advice would you give to them that you've taken in over the last 10 years? Because it's not easy what you've done. So what advice do you give a young person who could have been in your shoes 10 years ago?

Jason Dabrow, Chelten House Products [15:15]

That's a good question. To me, that's at the core of how I approach my career, no matter, family business or not. When you come in, it's so important to put in the hard work, pay your dues, to be hungry, and try and soak up as much as you can. I was fortunate to be able to do that in many different areas of the business. I think that well-roundedness is critical. In a time where many folks are highly specialized, to start with that exposure to different parts of the business and really see which things resonate, where your strengths are, where your opportunities are, I think that's really critical to set that foundation.

Bill Mandia, Stradley Ronon [16:00]

Related to the follow up to that question, the NJFPA has a lot of early stage entrepreneurial endeavors, members who are on entrepreneurial endeavors, and you come from a long line of entrepreneurs and entrepreneurial success. So I'd be curious, what advice do you have? What challenges are common across entrepreneurs, and things of that nature that you can share from your experience.

Jason Dabrow, Chelten House Products [16:29]

You know, as an entrepreneur, it's been an interesting journey for me. When you look back, the true early experimental phase really predates me. That was my father in terms of just trying all these different avenues and paths to try and find our niche, and obviously, hitting on it with both organic and private label. When I came into the business, it was more about scaling the business in a way that we could support the growth of our much larger customer base.

I always find myself trying to learn from his experiences, and preserve that risk taking and that customer focus, even at a larger scale. I think the default mode is to grow, get comfortable, say, it's too risky now, or the stakes are too big. I think I try and constantly push myself and learn from him on taking those shots and continuing to push ourselves on what new channels can we get into. What new categories are emerging that we need to protect that space from our competitors, or maybe just taking that chance on that next expansion of a line or facility. I think it's important. That's what got us here and we need to continue to take those shots, take those risks, be okay with understanding that they're not all going to work out perfectly. Ensure that we have those next growth opportunities that are going to allow us to get to the next phase.

Bill Mandia, Stradley Ronon [17:58]

I really like that. That's a great answer, and philosophy. We see this all the time. Your business is a great example of one that's had to go through this for multiple generations. There's always that danger, that mindset of what we've done before has worked. So why would we ever change it? There's some security in that as I think you're noting. But it sounds like there's also a real downside to that. That if you don't take those risks, you run a risk of stagnating. A lot of people always talk about the founding of a business, and the entrepreneurial mindset there and don't think about how that has to carry through going forward if it's going to continue to grow and succeed.

Jason Dabrow, Chelten House Products [18:40]

Absolutely true. As part of that, it's the balance. I touched on it with hiring and how we try and really focus on both the culture and that skill set that can allow us to grow. It's the same thing with our innovation and building out systems and processes in our facility. We have to add structure, we have to add disciplines that can support our growth. But how do we do it in a way that protects our speed to market and our customer

focus? It's processes that support that as opposed to work against it. That's definitely a focus for us.

Bill Cornelius, M&T Bank [19:18]

Jason, when you take a look at what you see now, post pandemic, what are the biggest challenges your business or any business would have going forward? We hear the labor pool is very challenging. What challenges do you see internally? What has Cheltenham House done to try to break through some of these challenges? Labor probably being at this point, as we hear from other companies, the hardest thing. We see companies staggering days which they open because they just don't have the employee base to do a five or seven day workweek. How do you see getting through that challenge?

Jason Dabrow, Cheltenham House Products [20:03]

It's been tough lately. Overall labor shortages have been an issue. But even predating the pandemic, manufacturing and food manufacturing is a bit of a lost art. People just don't have the skill sets that were more commonplace if you go back a little bit further. I think that's critical, we need to invest in that training. Because there are great jobs available, great careers. It's important that we do focus on those technical areas, engineers and maintenance technicians, quality assurance. These are skill sets that are very difficult to find, at this point.

In terms of how we responded, in that area, it's just building in our in-house training, as much as we can. Just getting really good at finding good culture fits, and being able to provide them with the training and the skill sets that can allow them to be successful and take on more in our organization. I think in terms of recruiting people, it's just doubling down on what we think separates us as a great place to work. It's that family culture, opportunity for people to come in and really make an impact in their area, and be a part of our organization where people really care about you and your success. It's been a challenging time, for sure.

Bill Mandia, Stradley Ronon [21:28]

So circling back, one of the things that would be interesting to talk about is tying back into the conversation we had a minute ago about growth and being willing to take opportunities. Your business has expanded a lot over the last few years, particularly even with respect to your geographical operations. Can you talk a little bit about what changes you've made there, what challenges have presented, what opportunities it's given you and how that's gone?

Jason Dabrow, Cheltenham House Products [21:55]

Our mindset has always been that we need to stay ahead of our customers' growth. We're dealing with some of these retailers that are adding hundreds of stores a year. As their private label partner, they're counting on us to be that reliable partner. That's going back to the COVID impact, I think that's something that has changed as well. I think the service levels and having the right inventory on the floor, these are things that got taken for granted a little bit until COVID. Until you can see what a disruption could do to a

supply chain and what it means to not have product on the shelves for customers. I think there's going to be an increased focus on service moving forward, and appreciation for that. For us, that's, again, all about staying in front of the growth.

We've always had that philosophy that even if we're not quite maxed out, from a capacity standpoint, we're going to invest in that additional production line. We're going to invest in that additional distribution center, because we don't want to be caught reacting to our customers' growth. We need to be proactive, and we need to do it in a way that's seamless to them. That's always been the challenge. It's tough, though. Because we're talking about big investments. It requires a lot of capital to invest in some of this equipment that is getting increasingly expensive, new levels of technology and automation. So there's a lot to it. But we feel again, that's an area where we can separate ourselves from our competition, because we're willing to invest in the business and that growth to keep our customers' supply chains whole.

Bill Cornelius, M&T Bank [23:36]

Alright. You've been a part of the New Jersey food processing industry for a while. I mean, more than seven years, a long time. Now, I want to get your thoughts on being on the ground floor, really the organic movement when many people thought, is this a fad? It's turned out not to be a fad. As times change and the industry evolves, does this move the needle? You see the baby boomers starting to drop off a little bit, and you have all the generations in between and now the millennials. The millennials, it's important to them for different things, not only being organic, but thoughtfully sourced on things.

My kids, I've all adult kids, and when they go into the store, and they take a look at a food item, they turn the label around, and they take a look at the ingredients and it's important to them. That seems to be the way the future is going. As I take a look at my parents, they could care less what's on the side of the label. But I think you see the millennial starting to take hold. Do you see the organic movement, the private label movement continuing to gain more momentum over time, as people who like things that are thoughtfully sourced, organic, started being a bigger part of the buying community? Again as the baby boomers begin to tail off a little bit?

Jason Dabrow, Chelton House Products [25:02]

Absolutely. It's proven at this point, organic is here to stay. To your point, it's all about being able to look at the label and recognize the ingredients. Say, yes, this is something that I would cook with in my kitchen, and I don't want to see things that I don't recognize, or anything artificial, that just doesn't seem like it needs to be there. It's definitely the clean label focus, the focus on traceability and food safety. These are things that continue to really evolve.

Then I think, as it relates to the brands, the younger generations don't have that strong attachment to the legacy CPG brands as the older generations do. That presents a huge opportunity, both for upstart brands that can resonate with their values, but also, as the chains use their own brands to accomplish the same thing. What does the Wegmans

brand mean to a customer, for example, and how does that translate into their private label program? So, absolutely. I see continued growth there and a continued focus on that from the consumers

Bill Mandia, Stradley Ronon [26:10]

Well Bill, I don't know if you have any other questions before we wrap up?

Bill Cornelius, M&T Bank [26:15]

I do, I have one. I'm going to put Jason on the spot here. He's a golfer with a handicap which was better than mine, which I don't know if I like that. So Jason, the question is, what and where was your best round of golf?

Jason Dabrow, Chelten House Products [26:31]

That is a good question. It was pretty recently, actually, I can proudly say it was this season, just last month, playing down the shore with some friends at Blue Heron golf course. I had my best round ever. It was a fun day.

Bill Cornelius, M&T Bank [27:01]

Will you share what that was?

Jason Dabrow, Chelten House Products [26:31]

I shot an 80. I was really hoping I could get into the 70s for the first time in my life. But that'll have to wait for another round, I guess.

Bill Cornelius, M&T Bank [27:05]

You're correct. You're correct. So all hail, Jason.

Bill Mandia, Stradley Ronon [27:11]

The three of us can go out, you can drive us around. Either that or we make you stand on the back of the cart. It's up to you. You can make sure the bags don't fall off.

Bill Cornelius, M&T Bank [27:28]

No, no, I'll be your caddy. Come on. I'll make sure y'all go find your golf ball. Believe me. I'll make it easy for you.

Bill Mandia, Stradley Ronon [27:34]

You're in his shot. He doesn't need a caddy. He's hitting the middle on the fairway. So Jason, thank you so much. This is great. Really appreciate your time. It was great to have you on.

Jason Dabrow, Chelten House Products [27:46]

Thank you so much. Really appreciate it, guys.

Bill Cornelius, M&T Bank [27:49]

Guys, thank you very much.

On behalf of the New Jersey Food Processors Association, we thank you for listening to this episode of the NJFPA Food Forum. For more information, you can visit us at www.njfoodprocessors.org. And if you have an idea for a future episode, please email us at help@njfoodprocessors.org. We would love to connect with you and make your story and your experience part of this series too.