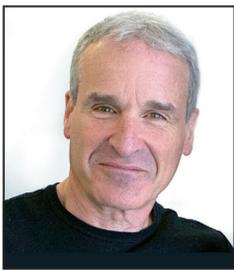


Outside the Aisles

RETAILER/WHOLESALE NEWS

Harry's Farmers Market Founder Still Speeding Along in Life and Work

Shelby Publishing Co. President and Publisher Ron Johnston had the opportunity to interview Harry Blazer, founder of Harry's Farmers Market, in April. Of Blazer, now the owner of a retail consulting business, Johnston had this to say:



Harry Blazer

"A professional, jazz-trained drummer in his younger years, Harry Blazer grew up in Rhode Island and moved to Las Vegas and later Los Angeles, playing all over the world for prominent performers such as Johnny Mathis, Diana Ross, Doc Severinsen, Paul Anka, Michel LeGrand, Gary Burton, Freddie Hubbard and Lee Ritenour.

In 1979, maxed out with the music business, he joined his brother Robert in Atlanta at the Dekalb Farmers Market, spending years learning the grocery industry. He learned well, creating the nationally recognized Harry's Farmers Market and Harry's in a Hurry concept stores. From one fresh mega-store that opened in 1988 in Alpharetta, Georgia, Harry took the business public and grew to three mega-stores and six Harry's in a Hurry locations, generating revenues of \$140 million and employing 1,200 people.

Admitting later that the company expanded so fast it "ran out of runway," Blazer sold to Whole Foods Market, now the largest natural foods retailer in the U.S., in October 2001.

Speed seems to define Blazer. His innovative mind certainly is not on cruise control, and definitely not when racing his "radical" around Road Atlanta, as he did on the day of our interview. (He finished near the front, by the way.) His very name connotes it, and "Hurry" even found its way into his brand. At 65, he remains a visionary and a consultant for hire in our fast-paced, ever-evolving industry.

Following are excerpts from Blazer's interview with Johnston, with editor's notes added for clarity.

(Blazer began taking music lessons as a child of seven or eight. At age 12, he began studying under Alan Dawson, a renowned jazz drummer and instructor. Dawson did not teach children that young as a rule, but he made an exception for Blazer after hearing him play. Blazer went on to attend Brandeis University and Berklee College of Music, developing relationships with many well-known jazz musicians.)

Blazer: I went to college in '68. I never graduated from Brandeis; I dropped out after three years. And I went to Berklee for a semester. I left there to go play music. I played music until '79, and that's when I went to help my brother at Dekalb Farmers Market, which had just opened in '77.

Johnston: There were a lot of legendary names—musicians, singers, groups, bands—that you played for. You had quite an experience.

Yeah, I traveled the world. I visited almost every state in the union. There's Paul Anka; Johnny Mathis; I was Dean Martin's drummer—when he came to Las Vegas, he requested me; Diana Ross, Doc Severinsen and quite a few others.

And then some great jazz players. My associate from



Blazer trained as a jazz drummer when he was a child.

Berklee that I played with was Abraham Laboriel, the most-recorded bass player in the world... We played with Johnny Mathis together.

Music has been a rich part of my life. And I've been fortunate; I've always tried to seek out the best guys as mentors to be associated with. And Abe, to me, was one of the best, as was Alan Dawson at the Berklee College of Music and on and on. I've been fortunate to be associated with some of the best guys in whatever I pursue.

So you got used to the best at an early age in whatever endeavor you went to.

There was this kind of ethic in our household: don't waste your life. Do something with it. And you better do it pretty good.

So, in 1979, you were disenchanted with music, and with your brother, Robert, pursued the grocery business, which was the Dekalb Farmers Market.

Right, but this is an important thing: My father was the second person in the discount store business. The whole industry started in Rhode Island, so at a relatively early age, I saw this industry develop, discount retailing, which became the biggest retail force, basically, over the last half of the century. My father was a pioneer, so I saw the power of disintermediation—getting rid of the middleman, going as direct as you can—and also providing great value.

That was in the '50s... So at an early age, I saw the retail business happening. At a certain point, my brother got involved in the business, and he took the basement and started to sell food. He would go to the Boston Terminal Market and bring stuff back. And then I helped out a little bit. I'd go to the farms in New York and bring home a whole truckload of bins of apples, and we'd sell them. Or I'd go to New York and buy crates of olives and pickles and sell them for a nickel or dime apiece, whatever it was at the time... And then my brother said, "I'd like to try some stuff on my own."

My sister was in Atlanta and she said, "Why don't you come down and take a look at Atlanta?" It really was a virgin territory then. So my brother started Dekalb Farmers Market. It was basically a 7,500-s.f. fruit and vegetable stand on a dirt lot; he couldn't get a loan. My father actually gave me money to lend to him so that he could open the business because he was short of cash. Basically, it was an overnight success. He doubled in size within a relatively short period of time.

But he made the whole building out of like a greenhouse structure—aluminum columns with a plastic roof—which had a charm to it but had some challenges. One of the challenges was that there was an ice storm one winter and the building collapsed... It was an uninsured loss because—this is a technicality—they would insure it for hail, but not for sleet or something, and this was considered sleet. It just so happened I was visiting him, and I said, "Okay, well, maybe I'll come and help you."

I came up with this idea of—because the business had tremendous community support—give us a donation to help rebuild the market, and then you can use your canceled check for money when we reopen. We financed a good portion of the rebuild from that, because there was that much support from the neighborhood wanting us.

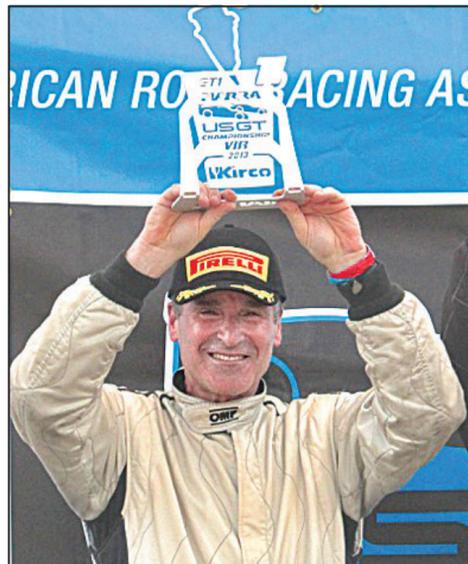
That's a novel way to refinance.

I think out of the box. Since I was a little kid. And that worked.

In 1988, you started Harry's Farmers Market—Harry's in a Hurry came later—but you grew sales to \$140 million. So, from 1988 until 2001, which is when you sold to Whole Foods, that was a pretty good ride.

It was. With my brother, I basically became the general manager... He would say to me, "I want to sell cheese." So I'd go learn about the cheese business, come back and set it up. And then we were selling more cheese than just about anybody in the country, out of 12 feet of counter space or something. He said, "Let's try meats." So I would go start the meat (department). If we were doing pasta, I would be the one that started out making the pasta. I'd go to Italy, buy the pasta machines, learn how to do it. And when we did the baking, I started out as the baker. So I have a fairly unique, broad perspective, and also a fairly deep perspective.

Basically, I learned the entire business from the ground up. There are not too many people that have done everything—even IT systems I established. And I used to clean the floors at night.



Blazer made it to the winner's circle in his first race in 2013.

When I opened up my place, there were four months there where it was very challenging, and then I was able to turn it around. From there on, we started to make money. And I had partners that helped me get going. But then I wanted to grow, and I wanted to give a greater opportunity for employees. I wanted to provide a better return for the investors. So I said maybe we'll try going public. There were good aspects of that, but on the whole, that was very challenging, and it was a difficult ride. By the same token, it provided me with a whole other understanding of business and depth of experience.

I've been an innovator for a long time, and I've got all the bruises and scars to prove it. Well, this gave me a whole other level of bruises and scars. I learned that luck can play an important part in business, and timing also. If things had gone a little bit differently, and I had actually stuck with my intuition—which is your brain, your heart and your gut, when all three of them are synchronized and they're telling you something, go with it. There were times when I just deferred to other people that I thought knew better, and I think if we had done a few things differently, I could have possibly been buying Whole Foods instead of Whole Foods buying me... So, you end up with a certain amount of humility, but also greater understanding about life and also about success and what success can mean or not mean for you.

The whole continuum of where you started and what you had to learn on your own, it certainly gives you a different perspective from walking into something and saying, "you do this, you do that, and I'll run the business."

Right. There's the school of the professional manager that it doesn't matter what your competency is as long as you have competency in management. And I come from the old-fashioned school, where competency and relationships mean a tremendous amount, and I had very close relationships with my employees, too. Because I was kind of one of them. I did what they did, so there was a lot of loyalty among a core group.

Sounds like you wouldn't ask them to do anything that you wouldn't do yourself.

Or hadn't done. And also, I expected them to tell me, to have very frank conversations, if they didn't like something. I would challenge them, but key people always felt like they could talk to me, I think, in an honest way, because I was totally transparent. Sometimes maybe too much!

So after you sold to Whole Foods, where did you go then?

Well, I had a non-compete and a consulting agreement with them for five years... After that, I then started to consult for the supermarket business. While I was running Harry's, H-E-B came by, and there was this one gentleman in particular who was quite persistent—can you help us? Can you teach us how to do what you do? And I said maybe, but we ended up where I did a year of consulting while I was running Harry's, which helped finance my other stores prior to the IPO. They

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had 500 people from H-E-B come through my store and spend anywhere from a week to four weeks, learning how to do what I did. We basically ran a seminar for a year, and I remember telling them, "I think I am probably buying better than you." They were a \$3 billion business at the time and said "no way." Then we'd look at the numbers, and they'd say, "You're buying better than us." That's when I went back to that whole thing about relationships and also disintermediation. We were direct receivers; we didn't go through any middlemen hardly at all, except where they were earmarked as master distributors for a product from overseas or something... We bought everything direct. We were buying for the same prices that terminal markets were buying, and then those relationships were such that we oftentimes got very special deals because somebody would call us up and say, "I'm stuck with this size apple." Well, we didn't care about the size as long as the quality was good. We also found out what people were interested in. Some people want a big apple, some people want a small apple. So before you know it, we had 30 varieties of apples, and we had three sizes of each or something. We had, I think, 1,500 SKUs in the fruit and vegetable department. My idea was if it grew, and it was available, I wanted it.

(Blazer attributes some of his success to being able to stay ahead of his customers, offering them products they hadn't realized they wanted yet. According to Blazer, he did this by connecting with his customers personally, rather than trying to gauge their needs through marketing surveys.)

I was on the floor all the time, so a customer survey happened every time the store was open. I'd ask, "How's that? You like this?" and they'd come up and talk to me on their own, too. I never was too much of a fan of these marketing studies because, first of all, they tell you the state of now as opposed to (what you need to know) if you're interested in creating a future that people haven't seen yet. And the second thing is, they were rigged a lot of times; they would give you choices that limit the possibility of selecting what's really working for you.

I looked at and I tasted every product that I carried. So I don't really believe too much in "let's have a consumer panel." That tends to end up with an average, and sometimes, some people on the panel don't actually know that much about food. What I'm interested in is going to the best person I can find that knows about, say, balsamic vinegar. "What do you think is great? Why is it great?"

Let's talk a little bit about the industry. What do you see in food retailing today that you think is a good thing, and what do you see that you think is a bad thing?

I used to tell folks that there are six very important Ps. People, product, process, presentation, procurement and pricing. The first thing I would say is, how do you treat your people? To a large extent, I see a commodification of people; there's a lot of lip service on that just like there is about customer service. But is there a genuine ethic from the top that drives a commitment to excellence and also to treating people, product, vendors with great integrity, with great transparency, with compassion and wanting to do the right thing? And what I would say is, I think the world is suffering from a lack of that. That's what people really want. And that's what it means to be authentic. So, what's lacking, to an extent, is authenticity and integrity, and those people that have it, they're the ones that are actually being sought out.

Product: Basically, the supermarket industry has been living a lie, to a certain extent, because so much of our food has been bastardized from what we thought of as food. There was never a classification for organic food 100 years ago—everything was organic... How come we need organic food today? Well, that's because the USDA allowed your food to be adulterated with pesticides and all these other things. So now they needed to have a new standard where it wasn't that way. And now organic is being adulterated, which is causing people to look for other alternatives. Local was about getting to know that guy that's actually producing your food with integrity that you can trust. I keep telling retailers, one of the most important things they sell is trust. And have they really been conducting themselves in a way that makes them trust worthy? I would question that to an extent.

(One major problem that Blazer believes the world is facing is maintaining "food sovereignty." And one of the major challenges to food sovereignty comes from genetically modified foods that he argues may be harming consumers.)

How can you have food sovereignty when you basically have a Monsanto that has created a new definition of food and owns the patent rights to the intellectual property for that

seed and the seed is a terminator seed so that it dies every year? Which destroys the entire tradition of farming, of seed saving, since the beginning of agriculture 13,000 years ago. Now how can you build food sovereignty on that? Monsanto's mission is to basically have everybody eating their intellectual property and only that. So you've destroyed diversification of the biological system, except for theirs. They have created a situation where they're creating two types of seeds for corn and soy and all this other stuff. One that is Roundup-tolerant so that you can put a lot more Roundup on it (and they're in the chemical business.) So you end up with a lot more Roundup in your system.

The entire industry has been undermined by the FDA, who basically declared GMOs equivalent to regular food. They just declared it. They didn't test it. They went on the results of Monsanto to figure out if it's safe... But the whole thing is backfiring, as we're seeing, isn't it? I've been telling people for 10 to 15 years, GMOs are a major thing. The first thing you have to do as the buying agent for the public is deserve their trust because you're giving them food that they can trust is not bad for them. That's why I'm saying there's been a bit of a lie being lived. How did we get in that position in the first place? Why weren't the bigger supermarket guys saying we don't want you adulterating our food that way? But they weren't. No, they became partners in the grocery associations, and all these guys are lobbying against labeling laws. They're lobbying for the right of supermarkets to sell this food that isn't food by my definition.

It's a political issue, and it's a conflicted thing in our industry—the labeling and everything associated. So where do you see that path going?

It's always grassroots. I remember even two or three or four years ago, some of my clients saying, people don't really care about GMOs. We've done the research. Then all of a sudden, people are saying at least let me know that it's in my food. Label it. The food industry comes up with a thousand excuses of why they shouldn't do that. People start to go, "wait a minute, you don't even want to tell me that it's in the food?" So now, when you get this non-GMO certification—that's where incredible growth is. Also in organic. The consumer is telling you with their pocketbook, "That's what we want. We want food we can trust. We don't want to have to worry about that you're killing us." That's my first rule of fresh. Don't kill the customer!

I hear this all the time: I want to eat organically, but I can't afford it. How do you get it out there so it's affordable?

The first thing is you've got to have strategic partnerships that guarantee your supply. Who are the guys out there that are doing it? How can I support them? How can I increase those numbers? And what are the seeds? What's the variety of the seed that we're going to grow? And does it taste like real food? Bring taste back in. That's the first thing.

Then, we need to do with food what the discount industry has done with stuff—create efficiencies that were never imagined in the system. To produce amounts of stuff that was never imagined for a price that was never imagined at a quality that everyone wants. Value is about price, quality and experience; the matrix of those three things. We have to use innovation, the creativity that we have... for how we are going to make good food affordable? That's all. We just haven't put our effort into it.

Let's wind down by talking a little about Montana Vistas, your consulting business.

I'm changing the name to Blazer Consulting. Montana Vistas was colorful, but it actually started out as a land investment company that I turned into my consulting name. I kept the same name so I didn't have to change my corporation.

The only way you can differentiate yourself in a supermarket is, basically, on the perimeter of the store. It just so happened that my store took all those perimeter departments and made a whole store out of them. Then people started to understand the power of fresh. So if they want somebody to help them, the way I would look at my services is basically this: "Harry, why don't you come in and do an analysis of how we're doing. A diagnostic. Do a health checkup for us. Okay, so now tell us how we can improve. Okay, show us how we can improve."

Those are three different services that you could say we provide...

I did quite a few years with Loblaw. We did Morrisons in the U.K. Got Coles going over in Australia on their whole reorganization of the company. And H-E-B, of course, I mentioned. Whole Foods, of course, we influenced with the takeover. So those are the major projects.

How long does your process take?

The answer to that depends on the client's requirements. Loblaw had us helping for two to three years, and Morrisons was a year and something. Then I went back for another year. Coles was just about six months. H-E-B was a year in Atlanta, and then we did a year in Texas. So, it can be anywhere from "come tell us what you see," to "we want to embed you here for a year or two and give you leeway to go show us what's possible."

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Blazer's answers to this question: By region, what major supermarket chain do you think is doing the best job? Which independents?

Northeast
Chain: Wegmans

Independents of note: Massachusetts area: Cardullo's; Russo's; Market Basket; Roche Bros. New York and environs: Stew Leonard's; Fairway (in the city—but have mismanaged expansion); Zabar's; Citerella's; Grace's; Eli's; Whole Foods (in New York are some of the best in the country); The Lobster Place (seafood store); Ninth Street Coffee (best cup of coffee I have found in the U.S.) at Chelsea Street Market; Eatly; Dean & DeLuca; Union Square Outdoor Farmers Market; Murray's Cheese Shop; Russ & Daughters. Bakeries: Sullivan's; Amy's; Levain; Magnolia; Maison Kayser; Balthazar; Orwasher; Arcade; Bouchon; City Bakery.

Southeast
Chain: Publix

Independents of note: Dekalb Farmers Market, Decatur, Georgia; The Boys Farmers Market, Delray Beach, Florida; Freshfields Farm, Jacksonville, Florida.

Southwest
Chain: H-E-B

Midwest
Chain: Not impressed with any chains

Independents of note: Pete's Fresh Market, Chicago; Plum Market, Chicago; Mariano's, Chicago; Joe Randazzo's, Detroit; Zingerman's, Ann Arbor, Michigan; West Point Market, Akron, Ohio; Jungle Jim's, Fairfield, Ohio.

West
Chain: Not impressed with any chains

Independents of note: Good Food Store, Missoula, Montana; Andronico's, San Francisco; Berkeley Bowl, Berkeley, California; Ferry Building Market Place, San Francisco; Rainbow Grocery Co-op, San Francisco; Tartine Bakery, San Francisco; Dandelion, San Francisco (best chocolate in the U.S.); Bristol Farms, Los Angeles; Erewon, Los Angeles; Gelson's, Los Angeles; Pike Place, Seattle; Big John's Pacific Food Importers, Seattle; Rising Produce, Seattle; DK Market, Seattle; Portland State University Farmers Market, Portland; New Seasons Markets, Portland.

Noteworthy National Chains
H-Mart, Whole Foods Market, Trader Joe's, Costco, Aldi, Kroger