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KEEPS EVOLVING AND
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Rastelli Foods Group keeps dreaming big as the diversified company continues to expand and evolve.



Jack Ramsdale Photography

On the cover: Ray Rastelli Jr. (left) and his son Ray Rastelli III stand on the production floor of the newly expanded 100,000-sq.-ft. Rastelli Foods Group plant in Swedesboro, New Jersey. Photo: Jack Ramsdale Photography

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Jack Kinsdale Photography

big *Dreaming*

Rastelli Foods Group has expanded and evolved from a hometown butcher shop to an international meat distributor

BY KIMBERLIE CLYMA | kclyma@sosland.com

When Ray Rastelli Jr. opened the Meat Stop as an 18-year-old, his first goal was to stay in business. His second goal was to add more customers. His dream didn't go further than that – at first.

He never dreamed of being able to add additional stores years later. He never dreamed of turning his butcher shop into a meat processing operation and distribution center that would ultimately supply meat to clients all over the country. And he certainly never imagined his business would go global.

“At the beginning of any project, I think you aspire to what is just out of reach and what this business has become is so much more than that,” Ray Jr. says. “When we first opened, all we had time to consider was what we had to do to stay open. Eventually, hoping for *any* customers turned in to hoping for *regular* customers. That gave way to imagining what the business could be with larger customers. Our imagination for what the business would look like in the future grew gradually at each milestone and continues to evolve today.”

Today, the business – now known as Rastelli Foods Group – is more than a butcher shop. “We are in retail, foodservice, e-commerce and export. And we process beef, pork, poultry, veal, lamb and seafood,” says Ray Rastelli III, vice president of Rastelli Foods Group. “We cross a lot of different fronts. We are a unique diversified business model.”

BUSINESS EVOLUTION

Three generations of Rastellis are part of Rastelli Foods Group today (See “All in the Family” sidebar on Page 22), but in 1976, the Meat Stop opened its doors with only Ray Rastelli Jr. at the helm. His father, Ray Rastelli Sr., who then worked in the smoked ham business as president of Blue Bird Foods, gave him \$10,000 to start a business. With it, Ray Jr. opened a 5,000-sq.-ft. butcher shop, called the Meat Stop, in Oak Valley, New Jersey. He wanted to fill a void in his hometown by giving people a place to go to buy high-quality meat.

The shop did well and Ray Jr. went on to open a second store a few years later. In 1983, he invited his brother Tony to join the business – the two have been partners ever since.

With the continued success of the butcher shops, the Rastelli brothers' customer base started expanding beyond traditional consumers to area restaurants. The restaurants asked the Rastellis to cut steaks for them, and soon this became a core part of their day-to-day operations. In the mid-80s, in order to handle orders from local restaurants in South Jersey and Greater Philadelphia, the brothers opened a 1,500-sq.-ft. production facility in the back of their Meat Stop store in Deptford, New Jersey. However, after six months the US Dept. of Agriculture informed them that as a retail operation they couldn't sell directly to restaurants. The company converted to

Ray Rastelli Jr. (left) and his son Ray Rastelli III show off the new test kitchen that was renovated during Rastelli Foods Group's recent plant expansion.



Ray Rastelli Jr. (left) hopes to hand off the family business he started 40 years ago to his son Ray Rastelli III, who is currently vice president.

a USDA-inspected facility and its wholesale business was born.

By 1990, the Rastelli brothers owned and operated eight Meat Stop shops. Eventually all but one of the Meat Stop locations (the one in Deptford, New Jersey) were sold to independent buyers as the Rastellis' attention re-focused on foodservice and meat processing. The Deptford location was kept open because not only was it the largest in both volume and square footage, but it was the original Rastelli processing facility.

In the early 90s, business continued to boom which led to another expansion into a 6,000-sq.-ft. plant, in a former furniture store, in 1993. Two years later, Rastelli Foods went national with its partnership with US Foods Inc., a foodservice distributor serving chefs and foodservice operators across the US. The business grew and sales grew, too. By 1999, the company that started as a butcher shop had annual sales of \$10 million; and by 2001, \$19 million.

As Rastelli Foods continued to grow, so did the company's diversification. But the

goals remained the same. "Our goal has always been and will always be to provide premium quality food products," Ray Jr. explains. "What changed was the scope of our goals."

Rastelli's scope went global in 2002 when it began exporting food to US military operations in Europe, Asia and the Middle East. At the height of the war in Iraq, Rastelli was a primary food distributor to the US troops (shipping 300 containers per week) and a global food distributor in the Middle East. With the addition of this new distribution channel, the company's sales reached \$38 million. Rastelli Global, now a division of Rastelli Foods Group that's located at a separate location a few miles from corporate headquarters, continues to distribute Rastelli products, in addition to other non-food products to more than 80 countries worldwide.

"When you grow from one small store to an international business with a diverse buyer portfolio, it can be difficult to scale your production and logistics up to meet the needs of everyone from a local family to a major chain of high-end restaurants or hotels," Ray Jr. says. "Our unwavering commitment to quality throughout the process drives what products, clients and projects we take on."

CONTINUED EXPANSION

As sales and distribution continued to expand so did the company's production capacity. In response, Rastelli moved to a 50,000-sq.-ft. processing plant in Swedesboro, New Jersey, in 2003, which is the location of the corporate headquarters today. By the end of 2003, sales reached \$100 million.

"We've been fortunate to remain on a path of growth throughout some of the more difficult financial times in our market," Ray Jr. says. "Sometimes that growth has been slow and steady and at times it has seemed exponential."

The next chapter of the Rastelli expansion came with a foray into the seafood business. In 2006, Rastelli acquired Black Tiger Seafood and its 25,000-sq.-ft. plant in Egg Harbor, New Jersey. The company processed finfish and shellfish from around the world at the Egg Harbor location and transformed what started as a \$5 million operation into a \$30 to \$40 million operation, which was renamed Rastelli Seafood soon after. The seafood operation –



ALL IN THE FAMILY

Rastelli Foods is truly a family operation with three generations of family members holding various positions throughout the company.

Ray Rastelli Sr.
PATRIARCH

Ray Rastelli Jr.
PRESIDENT AND OWNER

Tony Rastelli
OWNER

Ray Rastelli III
VICE PRESIDENT

Cathy Hillman
CUSTOMER SERVICE SPECIALIST

Andrew Hillman
E-COMMERCE CATEGORY
MANAGER

Michael Carr
MARKETING DIRECTOR,
RASTELLI FOODS

Lauren Rastelli-DeMarco
MARKETING DIRECTOR,
RASTELLI MARKET FRESH

Brittany Rastelli
CATERING DIRECTOR,
RASTELLI MARKET FRESH

Anthony Rastelli Jr.
PURCHASING MANAGER,
RASTELLI GLOBAL

Lou Rastelli
MAINTENANCE MANAGER,
RASTELLI GLOBAL

now processing tuna, salmon, sea bass, lobster, shrimp, scallops and more – has been relocated to the Swedesboro headquarters following the plant's recent expansion.

In 2009, Rastelli started its own organic beef program, which now makes up \$80 to \$90 million of its annual sales. The Pure Land America brand is an antibiotic-, hormone-, GMO-free line of steaks which includes a line of source-verified Angus beef products. The Pure Land brand has since expanded to include Duroc pork products. Today, 20 to 30 organic meat products are distributed under the Pure Land label nationwide.

Rastelli also produces and merchandises a number of packaged frozen meat and seafood products including its Rastelli Craft Burgers. The burger line includes frozen Angus, Angus short rib and organic grass-fed beef burgers as well as turkey and salmon burgers.

Alongside its national foodservice distribution, Rastelli saw an opportunity to expand in the growing e-commerce segment. Rastelli-At-Home, a direct-to-consumer food delivery service, started in 2008 with around 500 online orders. In January 2010, Rastelli-At-Home evolved into the business now known as Rastelli Direct, which contributes 15 percent of Rastelli Foods Group's total annual sales.

In order to compete with established mail-order companies such as Omaha Steaks, part of Rastelli Direct's marketing and distribution strategy has been partnering with online distribution networks like QVC. The company has been on the program more than 50 times featuring a variety of its products as well as

members of the Rastelli team, often Ray Jr., and it's been hugely successful.

"It [QVC] is our fastest-growing and highest-volume outlet for direct-to-consumer sales," Ray Jr. says. In the first quarter of 2016, Rastelli shipped out more than 100,000 QVC orders.

"We have really honed in on the channels that make sense for us," he explains. "Our online business and relationships with key partners like QVC are a big part of the business model going forward."

BIGGER AND BETTER

Rastelli's corporate headquarters and processing facility are now based in Swedesboro, New Jersey. In 2003, when they moved operations there, the plant was 50,000 sq. ft. In 2015 and 2016, the plant went through an expansion doubling its size to 100,000 sq. ft. All of the company's meat and seafood processing is now done in this plant. Most of the meat processed there, about 85 percent, is beef – about one-third of which is organic; 8.5 percent of its production is seafood; 2 percent is pork; 1.3 percent is poultry; and the rest is veal, lamb and game. When the expansion is complete (by early 2017) there will be 13 processing lines in the plant.

Because of the variety and quantity of products processed in the plant – between 2,000 and 4,000 different SKUs per week total approximately 1 million lbs. of meat – there is not a consistent daily production schedule.

"We produce so many different items on a daily basis – there is a lot of changeover during the day from one product to the next," Ray III says. "The production manager has one of the

hardest jobs at the plant – no two days are the same here.”

The plant does a lot of small batch processing for what it calls “just in time” business. The orders come in daily and weekly for smaller clients as well as for online orders and require a lot of production line changeover.

The plant runs shifts from 7 a.m. to 4 p.m., Monday through Saturday and 4 p.m. to 11 p.m., Monday through Friday. While the plant features more automation than in the past, there is still a lot of hand cutting and trimming done on the production lines. Prior to the expansion there were 150 employees working in the plant – and an additional 80 to 100 will be needed when the expansion is complete.

A separate room in the new plant is dedicated to ground beef production – both for the Rastelli Craft Burgers line and for other customers. All burgers are ground from solid muscle – chuck and sirloin.

Food safety and quality assurance are ongoing issues of concern at the plant. For

every 1,000 lbs. of meat, they perform test and hold procedures on 1-lb. batches of meat to test for *E. coli*. The boxed meat is also washed with ozonated water as it's opened, before cutting and trimming begins, and again after cutting as they move on to packaging. Metal detectors are also located at the end of each line prior to packaging.

Because there are so many line changeovers and so many SKUs that require meat cut to particular pre-set weight specs, QA personnel check for product weights at various points on the processing line.

FULL CIRCLE

In 2013, the last of the remaining Meat Stop stores in Deptford, New Jersey, closed its doors for a renovation. Months later it opened and its loyal customers were introduced to the new-and-improved Rastelli's Market Fresh supermarket. The 6,000-sq.-ft. grocery store, featuring a full-service meat counter, is a step back to where it all began.

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COVER STORY

In July 2014, Rastelli Foods Group opened a second, substantially larger, Market Fresh location in Marlton, New Jersey. The new 35,000-sq.-ft. store is home to a full-service meat counter called the Meat Stop.

The store features a 24-ft. fresh meat counter, as well as a 4-ft. case dedicated to value-added meat products – all made in-house. There are 20 varieties of fresh sausage, meatballs (made in-store), grilling items and a wide variety of steaks including a selection that's dry-aged in-store for up to 30 days.


There are 13 different chefs working at the Market Fresh store servicing the meat department, catering department and the grab-and-go foodservice area. The store attracts many lunch and dinner customers daily who come in for the store's made-to-order meals from the Italian, pizza, stir fry, salad, burrito and sandwich kiosks.

With its return to retail with the Market Fresh stores, its success with the online business and continued dedication to its core



Jack Rumsdale Photography

business as a supplier to restaurants, hotels and other large-scale clients, Rastelli Foods Group plans to stay the course, for now. "Those are the three channels that we see carrying the Rastelli Foods Group business into the future," Ray Jr. says.

Rastelli's diversified portfolio delivered \$450 million in sales in 2015 – and a 15 percent increase is anticipated in 2016. "I expect that if we stay on a steady path, providing quality meats and seafood to our clients and customers, we will stay on this growth trajectory until it is time to pass the reins to the next generation." 

Even though there is more automation at the expanded Swedesboro facility, a lot of the meat cutting and trimming is still done by hand.



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