

# The world is flat(ware)

Hildy Abrams makes millions of knives, forks and spoons. While people think they're easy to manufacture, she knows they're not. It takes over 30 different steps to design and manufacture a single stainless steel spoon. Abrams should know. She's CEO of Toronto-based Gourmet Settings, which is owned by Abrams and private equity firm, Argosy Partners.

Like a growing number of small companies, this one makes all of its product in Asia and sells nearly all of it outside Canada. Gourmet Settings isn't in the tacky knives and forks business. Despite its low cost, Gourmet Settings' flatware is high in sleekness and design, which makes it the perfect product for the big box retailers who are eager to draw in customers looking for more than low price. This is why you'll find Gourmet Settings not only in the chic design stores of Terence Conran in Paris, London and New York, but in Wal-Mart and Costco in Canada as well as Costco in Great Britain, Mexico and Taiwan, and Target Stores in the U.S.

How does Abrams eke out ultra-high quality and sell to the chains known for being extremely demanding on their suppliers?

The design part is handled in Toronto by Helen Kerr of Kerr & Company, industrial designers, and by Hahn Smith Design, also of Toronto, who create the beguiling packaging that helps Gourmet Settings compete for shelf space against much larger competitors like Oneida. But translating that high-design into ultra low-cost products meant making the flatware offshore right from the start. In fact, no flatware is made in Canada at all.

But where?

Abrams says that making any flatware is much harder than the product looks, and making high-end flatware that typically retails for less than \$80.00 for a 45-piece setting takes more than finding an inexpensive faraway manufacturer.

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When Abrams first broke into the business in 1994, she reached back into the past to secure her future. For centuries, Sheffield England was the centre of high-quality stainless steel. During the 1950s, it was home to 250 flatware factories and steel mills, employing 30,000 skilled tradespeople. Nearly all those factories are now defunct. But Abrams found one of their metallurgy consultants, took him to China to visit their factories, and they both quickly realized that the quality of manufacturing was low there simply because many Chinese manufacturers didn't understand the complex science of making flatware. Says Abrams: "Cooking steel is a little like baking a cake. If you do it at 350 degrees for two hours, it's perfect. But bake it for three hours, and it's mush. Stainless steel has to be heated at 1020C, then brought down to room temperature, then reheated to 200C for 30 minutes to ensure correct tempering."

The Chinese factory they first used heated the knives for far too long and didn't cool them quickly enough. So the knives were brittle and the plant was spending money on energy it didn't need.

But the Chinese Abrams worked with learned quickly. Or rather, the Koreans who own the best practices in making flatware and who set up their own low-cost factories in China and Vietnam. Says Abrams: "I'm still dealing with the first supplier I found. Oddly, he isn't Chinese. Mr. Ji is a Korean, but when he found Korean costs too high, he moved his factories to China."

The Chinese have proven adept at producing high-quality flatware, in large numbers, with great consistency. A typical order from a big box retailer involves 70,000 sets of 65 pieces each. It takes a Chinese or Vietnamese supplier three months to make these four million units.

As for sending deficient orders back, Abrams says: "I do all my fighting about orders on the front end so I don't have to send them back. It's hugely expensive to return stuff. So investing up front in making sure it's produced correctly, no matter how expensive it may seem, is always the cheaper route."

So it's no surprise Abrams visits the factories seven or eight times a year. "The challenge for me," says Abrams, "is to try to get the factories to look inside for their own efficiencies. I can look at a fork and say, "this is a dollar fork." But if I ask: 'If I pay \$1.05, what do I get?' Or if I ask: "What do I get if I pay 95 cents'? Those kinds of questions let you find out the strengths and weaknesses of the manufacturing process."

Could she find a cheaper, better manufacturer to create even cheaper, better flatware?

Abrams doesn't think so.

She's visited India a couple of times and feels its infrastructure isn't advanced enough yet. "Flatware takes huge power and machinery usage. But when I was in India, the power kept going off during the day. Also, the roads aren't as fast and efficient as in China. So transportation can be slow."

"We're in the business of producing big orders for big companies who have no tolerance for lapses in quality or being late. There aren't that many companies in the world that can fulfill the needs of a Costco or a Target." ■

