

Board Retreat Basics: Management at Lief Organics takes time out to assess market and industry trends.(NUTRITION)

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Body

For the first time in 10-year history, Valencia-based Lief Organics orchestrated a leadership retreat last month to discuss its values and mission, and how the dietary supplement manufacturer wants to position itself in the market.

Board members, executives and managers came together Jan. 29 to take a hard look at Lief's goals and strategies, and how closely those align with the industry and larger economic trends.

"We talked about what was relevant, but I guess the most important thing was Lief Organics being an innovative developer of products for the nutrition industry," said Adel Villalobos, Lief's founder and chief executive. "The industry looks at us as having strong industry knowledge. It also looks to us for product innovation and it looks to us for strength in quality and regulatory compliance."

Lief manufactures powders, flavors, ingredients, capsules and tablets for nutritional supplements and natural foods. The company has capacity to make 5 million capsules a day.

Role of advisors

Experts see advantages for middle-market and even small companies holding board meetings or forming advisory councils. Andrew Apfelberg, a partner at Greenberg Glusker and co-chair of the law firm's Consumer Products Practice Group in Los Angeles, believes a company, no matter if it's a startup or mega chain, needs the introspection and open communication that a retreat brings.

"It's unfortunate more folks don't do it until they get to be an extremely large size. The average company, medium-size company, which makes up the vast majority of companies, very rarely does it. They're too caught up in operations," Apfelberg said.

Villalobos felt the time was right to take a step back and look at where Lief Organics fits into the supplement industry as a whole. In 2018, Lief reached \$50 million in annual sales, surpassed the 100-

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employee milestone, and recently signed a lease for its 110,000-squarefoot, state-of-the-art industrial building at 28903 Avenue Paine, an upgrade from its previous 80,000-square-foot location.

The retreat emphasized the role of Lief within the industry.

"It took us 10 years to really define our reputation, to be big enough in the industry to be recognized and acknowledged," Villalobos explained. "What I imparted in our leadership team, both the board and my executives, was that we are a leader, and we do have a responsibility, and this is what the industry expects of us."

For example, Lief officials discussed the company's recent entrance to the board of the Supplement Safety and Compliance Initiative in January. The National Products Association, headed by Dr. Daniel Fabricant as president, introduced the initiative in 2016 to unify standards with supplement manufacturers, hoping to increase consumer confidence.

Fabricant based the initiative on the Global Food Safety Initiative, which he believes has exerted a positive impact on the food industry. He hopes to replicate its success in the dietary supplement sector.

"It got to the point where the retailers said, 'If you don't have one of these sorts of inspections in your facility, one of these third-party inspections that was GFSI ordained, we're not going to carry your product anymore.' That reduced recalls and illnesses," said Fabricant.

Externalities

One strategic advantage of a retreat is the chance for executives to consider factors external to the company, such as trade organizations or economic and market trends.

For Lief, trade organizations are crucial because of the regulatory guidelines for supplements. Companies that don't take the time to self-check and adapt to changes run the risk of noncompliance at a higher rate.

"You've got a regulatory environment that is ever-changing to consider, an industry perhaps that is going to be implicated through tariffs or trade wars," said Apfelberg. "Tariffs can fundamentally turn the economics of what you do on its head overnight--it's even more important to be introspective and to really take time to stop for a second, catch your breath, do some analysis and then start running again."

A bigger external factor for many companies is the market for its products.

"One of the biggest differentiators of the outperformers is they regularly take time to evaluate: How are we doing? What are we doing? How are we perceived in the marketplace? How do we perceive ourselves? Where is the disconnect? Where can we improve? Where are the threats?" Apfelberg explained.

Villalobos hopes the retreat benefits his company and the industry. The SSCI board features companies such as Walmart Inc. and GNC Holding Inc., so Lief Organics represents the smaller players in the market.

As an industry, we should not be isolated as big companies, little companies--it should be an entire organization," Villalobos said. "We feel that we can grab on to the smaller spectrum of the industry and make sure that everyone, from Walmart to GNC, to brands that we service, are thinking of continuous improvements."

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By AMY STULICK Staff Reporter

Caption: Samples: Lief makes ingredients for nutritional and health products.

Caption: Cheers: Board members and managers of Lief Organics at retreat on Jan. 29.

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