

## **Little Kentucky Smokehouse**

By Dan Shaw  
Evansville Business Journal staff writer

Jim Baird says there aren't enough hogs in Kentucky to supply his business.

So he buys as many as he can in state and then looks elsewhere. The Little Kentucky Smokehouse, which he and his wife, Linda, run near Uniontown, Ky., goes through about 8,000 hams each year.

It takes much of those just to meet the demand from Wal-Mart - which sells the Bairds' hams in 3,000 stores. And that's not to mention the hams that go to Kroger and other grocery stores. The same farm near Uniontown is the site of two other businesses. Jim David Meats takes in raw meats and turns them into sausages, hamburger and cut steaks. It sells those foods, as well as various salads and hams, in grocery stores in Webster County, Clay County, Henderson, Evansville, Owensboro, Sturgis and elsewhere.

Fresh Meal Solutions, the Bairds' latest venture, sells a type of packaged dinner that will stay fresh for 45 days without being frozen. The key is \$2 million technology bought from a French company.

To get supplies, the Bairds rely on a number of businesses in the Tri-State.

They buy corn, peas, tomatoes and pork and beans from Owensboro. They get pallets from two nearby businesses. And they buy produce from a distributor based in Henderson.

The broad reach of the Bairds was what caught the attention of the planners of the Regional Economic Summit and led to the invitation to take part in a panel discussion Nov. 20, the first day of the event. The topic was "Entrepreneurial Resources and Real Life Success Stories Available to America's Entrepreneur." Ask someone which companies have the greatest presence throughout this region of the country, and Toyota, Berry Plastics, Mead Johnson and various banks likely will jump to the mind. But not the Little Kentucky Smokehouse, even though its food is eaten by many residents of this region and indeed the entire country.

One reason for that obscurity is the trouble the Bairds go to disguise their name. Wal-Mart customers, for instance, won't find hams with the Little Kentucky Smokehouse brand in the deli section.

What is sold instead is called Prima Della. At Kroger, the brand is Private Selection.

The reason for the different names: The Little Kentucky Smokehouse is trying to prevent misunderstandings among its customers.

The company, Baird explained, offers all of its hams for the same price.

Even so, grocery stores will often turn around and sell them for even less.

These “loss leaders” enable them to entice customers inside their doors and then make profits through the sale of other goods.

The trouble is that when one company sells the hams below cost, its competitors inevitably take notice, Baird said. They may then think Little Kentucky Smokehouse is playing favorites.

Having the different brands makes comparisons difficult and forestalls such accusations.

“That way the big store can't say we're going to run a special for 99 cents and the little store gets beat,” he said. “It just helps to protect them.” The Bairds are pursuing a similar strategy with their packaged dinners. At Wal-Mart, customers can find them under the Fresh Cuisine brand. On the shelves of Kroger, the name becomes Fresh For You.

But what pushed the Bairds into so many lines of business? Aside from a short stint as a welder,

Baird has spent most of his career working with hogs in some way or another.

While still in high school, he began raising them on a farm he and Linda later bought from her uncle. Baird formed a partnership with his brother-in-law, David Simmons, hence the name Jim David.

They came to run one of the largest hog operations in Kentucky. But a new stringency in the enforcement of environmental laws made profits difficult to come by.

After an offer for a fertilizer company fell through, Baird looked to Barron's Meats, which sold the hamburger used at stands such as the Big Dipper in Owensboro, Ky. The owner wanted him to consider buying it.

Baird and Simmons started going to Barron's every day at 3 a.m. to look over the company's books. Barron's yearly sales then came to about \$200,000 a year, not a tempting prospect for an entrepreneur.

“We thought we'd make a cheap offer and he'd leave us alone,” Baird said.

“But he took it. Then - bam - we're in the meat business.” The Bairds changed the name to Jim David in 1997. The first smokehouse came about five years later. Even before it was built, a broker in Texas had told them he wanted to buy 10 million pounds of their ham within a year. To raise money for such an undertaking, the Bairds first went to banks. But their requests for loans were turned down again and again.

Next they turned to Kentucky officials, who were giving out loans to businesses that would support farmers in the state. Though it took some convincing, the Bairds eventually secured \$950,000. They have since paid it back by buying hogs raised in Kentucky for a premium. At first the Bairds could only cook around 25 hams at a time. Now, they can do 8,000 in a year.

“It was all will and determination,” Linda Baird said. “We said, 'We know this work, and we are willing to put everything we have on the line.'”