

Innovative, Simple, Price-Conscious Foodservice Equipment Manufacturing



Raphael Ian Doromal
CEO

About Argosy Group International

Argosy Group International (AGI), based in Orlando, FL, is an innovative trailblazer in the foodservice equipment industry. AGI manages and operates a portfolio of companies that manufactures, distributes and supports commercial equipment across the globe. AGI's companies consist of certified foodservice professionals that care about creating an unparalleled customer experience through value innovation, consultation, service, and support. Our team of trained experts is accustomed to always putting the customer first and meeting the needs of our clients. AGI prides itself in the continuation of ongoing improvements in all aspects of our company's brands.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: Mr. Doromal, what is the concept for Argosy Group International?

Mr. Doromal: At Argosy Group, we manufacture foodservice equipment. The whole concept behind our company formulated six years ago. We were looking at the foodservice industry as a whole, and we saw a gap between what foodservice operators were asking for and what frozen dessert equipment manufacturers were delivering. What we saw in that gap was a lack of technology and a lack of value innovation that could give more value to the operators.

We feel we fill that gap through designing and manufacturing around the ideas of simplicity, innovation and price consciousness. For example, almost everyone is used to using a smart phone nowadays, so we developed our latest machine to have a touch-screen control panel. Simplifying operations through common technologies is one of the things we do to bridge the gap we saw in the industry.

CEOCFO: What was your background that led you to look in this area?

Mr. Doromal: I have been in the foodservice industry since I was 14 years old. My first two jobs were working at CiCi's Pizza and Domino's Pizza in high school. In college, I worked at an Asian full service restaurant, and trained to become a sushi chef.

Six years ago, I met a friend who was also as passionate about the foodservice industry and happened to be an engineer. He wanted to open up some frozen yogurt shops. When he started to look into equipment, him being an engineer, he scrutinized the price and reasoned that the equipment was too expensive for the function and technology it provided. In the last six years, we have been on a quest to launch superior equipment with unmatched value to the end user.

The last two years have really come together by building a great team, through which, launched our newest Argosy 8000i soft-serve machine.

CEOCFO: Has the industry been looking for better products or is it more that they are excited when they find out what is available?

Mr. Doromal: I think it is a little bit of the latter. They are more excited, and they want more innovation, technology and better products over all. They also realize that better products usually come at a cost. It is either you are paying for quality, or you are buying equipment that is saving you money in terms of the initial purchase price and ongoing maintenance. It is very difficult to get a quality piece of equipment and low cost. The main issue that foodservice operators have been facing the last couple of years has been rising food costs. This obviously cuts into the margins, forcing operators to find a way to reduce operating expenses as well as reduce capital expenditures. As a foodservice equipment manufacturer, our job now becomes to provide quality equipment at better costs to the end users.

CEOCFO: Would you explain what your equipment is able to do and how it differs from what else might be available?

Mr. Doromal: Knowing the financial constraints of the operator, we have created a soft serve machine line that not only has a higher production but also is more efficient. One of the main reasons why it is energy efficient is because we use a

scroll compressor technology. Our machines are the only soft-serve machines in the market that uses a scroll compressor. The rest of the industry uses antiquated reciprocating compressors. By designing a machine with a scroll compressor, we were able to make the machine a lot more efficient. We only have one compressor in the machine versus some of our competitors' machines that have two or three compressors. Right there, you are seeing a drastically reduced amount of energy consumption.

In addition, we have improved the freezing capacity technology that allows our machines to produce more ready-to-serve product than all other machines in similar size categories.

CEOCFO: *Would you be dealing with individual stores or franchises? Who is your customer?*

Mr. Doromal: In terms of our customers, we talk to almost every type of foodservice business. We talk to private chains, franchises, colleges and universities, c-stores, hotels/motels and more. As an example, convenience stores are seeing less and less profit from gasoline and cigarettes, so they are looking toward food operations to increase their profitability. We are seeing this same push from supermarkets as well.

CEOCFO: *When you are speaking with a prospective customer, is there an aha moment? Do they believe you can do it with a smaller piece of equipment with less energy? When do they understand?*

Mr. Doromal: When they initially hear about our piece of equipment, I am sure people are skeptical because no one has made a small footprint soft serve machine with strong production capacity, scroll compressor, and touch screen controls before. They start to understand once we get deeper in the technical conversations. With chain accounts, for example, what they will want to do is test equipment for 30 to 60 days. It is with those tests with the operations people from their staff that they start realizing that this is a great piece of equipment. It can do the exact same thing and more than the competition's equipment can do, but it is much smaller and there is less cost involved in terms of initial and ongoing maintenance. That is when they understand, but it does take some tests to start realizing those benefits.

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CEOCFO: *Are there food safety regulations or health department regulations that you fall under with this type of equipment?*

Mr. Doromal: Absolutely. Before you launch any piece of equipment, thorough testing needs to be done to the machines for them to receive electrical and sanitation certificates. With foodservice equipment, regulations are very strict because they need to look out for the health and well being of operators and the end customers.

CEOCFO: *How are you reaching out to your prospective customers?*

Mr. Doromal: It really comes down to company integrity and building positive relationships. By focusing on manufacturing quality food equipment and the highest level of service, the word will spread. We are finding more and more that word of mouth is actually some of our greatest means of marketing to reach new clients.

CEOCFO: *Tell us a little about service and support. How often is that an issue on this type of equipment?*

Mr. Doromal: I would say about 90 percent of the errors we see are user operator errors, so training is paramount. In the past year, service and support has been one of our key focuses. For example, we have developed full training videos on our YouTube channel as well as an online video library on our website. In addition to that, we've also launched an iPhone and Android training app for our equipment. We still have our paper operations manual as an option, but with technology being an everyday part of our world as consumers, we wanted to connect to people where they are most comfortable which is online and on their smart phones.

CEOCFO: *Are you able to ramp up manufacturing if needed?*

Mr. Doromal: We control 100% of the manufacturing process so, most definitely. Our first step was to create a repeatable production process. Whether we need to manufacture an order of one machine, or one hundred, the cell manufacturing process remains the same. Through this process, we can easily scale up to fulfill any order worldwide.

CEOCFO: *What surprised you as you have grown and developed the business and concept? What has changed for you over time?*

Mr. Doromal: The importance of finding the right people has surprised me. We knew it was important, but it is understated how important it is. Over time, we have always had the same vision and shared it with our team, and in any project we do, the most important thing is really getting the right people and having them believe in the company vision.

Sure, any team must calibrate and re-calibrate themselves from time to time, to stay on task and things like that, but overall we feel we have a unique team that is able to wear multiple hats, and respond positively to any obstacle in our path. Our path has always been the path least taken, as we seek to do things different while welcoming the challenge of competing with the Goliaths of our industry.

CEOCFO: *What is ahead? What might be different a year from now at Argosy?*

Mr. Doromal: What we are focusing on now is developing the international market while growing our chain account position in the domestic market. We are working with a number of chain accounts that will bring us overseas. There is a lot of big business out in the Middle East and Southeast Asia, and in India.

CEOCFO: *Why does Argosy Group International standout?*

Mr. Doromal: It really starts with our team. Every one of our customers, whether it is a big chain account or a small mom and pop operation that just buys one machine, are cared about just the same. I think that when studying our competitors overall, our competitors are very large, have very large budgets and a countless number of employees. I think that as companies grow, they can get caught up in the minutia of day to day profitability, where at the end of the day you should really be concerned about the relationship you have with your customers and with your fellow team members. We are a smaller team that really focuses on our customers, and we solicit their feedback every day. We are constantly listening and are always striving for continual improvement.

BIO: Raphael Doromal was named the CEO of Argosy Group International in January 2014. Previously, Raphael was a principal of Donper America and CEO of Donper America, a foodservice equipment company focused on the soft serve industry. Raphael led the start-up and growth of Donper America for five years as it saw an average annual growth of over 200%. Prior to his time with Donper America, he was involved with the growth of three separate tech start-ups, one of which grew to 2nd stage VC-funding. Raphael has a keen ability to lead, manage and unite the right people under projects and company initiatives.

While Raphael has extensive experiencing in growing start-ups and early stage companies, he also has more than 15 years of experience in the restaurant and hospitality industries. He has worked almost every position in a restaurant from a tactical/operational employee to management level and ultimately to ownership level. Raphael is currently part owner of Bento Group, a hospitality management company in Orlando, FL that owns a mix of limited-service and full-service restaurants, as well as, a few hospitality venues.

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