



CLIPPER

Sailing to Success

Delivering on promises delivers continued growth.

By Laura Weiner

Lina Hu, founder, chairman, and CEO of **Clipper Corporation**, approaches me in the lobby of her Carson, California, headquarters. The walls are lined with framed corporate logos, each one representing one of the company's more than 150 customers. She greets me in a reserved, but friendly manner. Her English, although a little broken, is not difficult to understand. It is something she says she still struggles with, although she has come a long way. As she leads me to her office, I reflect on what I have read about the entrepreneur. Her English isn't the only thing that has come a long way.



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Hu grew up in the rural area of Ningxia, a region in northwestern China. She lived with her mother, her father (an engineer), five sisters, and one brother.

“We were very poor,” she says, remembering her father trying to support his large family on just his salary. “We saved money by not using the electricity after it was dark outside. My father would give us candy money if we behaved, and I would use mine to save up for flashlight batteries so I could stay up late studying.”

At a very young age, Hu knew that studying was important in order to realize her aspirations of becoming a business owner. Her father was very encouraging, but her mother, who had briefly been a teacher, thought girls should grow up to be housewives, secretaries, or teachers. Hu, however, took her father’s advice to heart.

“I had a dream when I was little; I wasn’t sure what exactly I was going to become, but I knew I was going to be the best at something,” she recalls. “As a child, I was the best in my class with the highest grades.”

Hu didn’t get high marks just to be the best; she knew they would earn her a scholarship after she graduated from high school. After receiving her undergraduate degree in statistics in 1982, she earned another scholarship for graduate school, earning a master’s degree in business in 1986. All of this hard work eventually landed her a job at an exporting company in China.

“I learned a lot at that job, but I still wanted more,” Hu explains of her decision to move to the U.S. in 1992. “I wanted to see the other side

of the world.”

As Hu talks, you can hear the excitement in her voice.

“I wanted to experience another culture and fulfill my dreams,” she goes on. “All my friends thought it was a crazy idea. They asked if I had a special skill, because they thought I would need a skill unique to Chinese people, such as acupuncture, to get a job. I told them I didn’t. So they



Clipper Corporation's 17,000-square-foot warehouse in Carson, California, where four to six weeks of inventory is housed for its customers. Another 40,000 square-foot-warehouse is located in McDonough, Georgia.

asked what made me think I could survive in America.”

Hu’s answer is one of the most important pieces of advice she gives entrepreneurs.

“If you have a dream and you try to fulfill it, you have a 50 percent shot at making it. But if you never try, you have a 100 percent chance of failure.”

With that attitude, 29-year-old Hu bought a plane ticket with money she had saved and boarded a flight to the United States. But her dream was not without concerns.

“I knew there would be a huge

cultural barrier to face once I landed,” she recalls. “But then I thought about the other people who had moved to America and learned the language, and I knew if they could do it, so could I.”

Her only expectations about America came from movies and books, so she was excited when she arrived at a friend’s apartment in New Hampshire. She couldn’t wait to discover what the country had to offer.

“I immediately set out to get a job at a Chinese restaurant,” says Hu. “And I quickly realized I couldn’t even do that without speaking English.” Using money from her exporting job, Hu enrolled in English classes at a community college in the Boston area (commuting by bus), often staying after class at the library until it closed, in order to study English.

“In my spare time, I was still looking for a job, and my money was running out,” she explains. “But no one would hire me because I didn’t have experience. I even tried to be a dishwasher, and no one would

hire me for that. I would tell them I could do a really good job but they needed to trust me, and no one did.” During her job interviews at various Chinese restaurants, Hu would be taken on tours. The owner or manager would take her around, showing her their flatware, pots, pans, and uniforms, which set Hu to thinking.

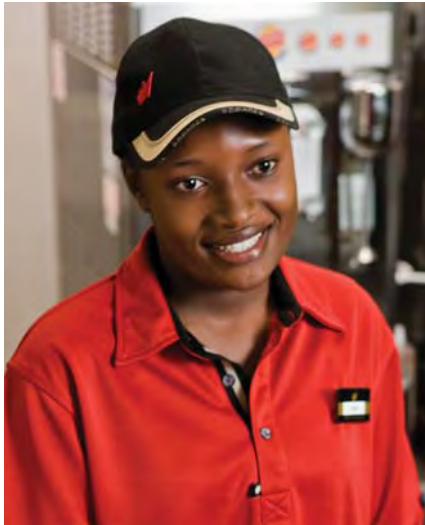
“I saw all the stuff that the restaurant used and remembered factories in China that could produce those types of goods,” Hu says. “I thought, if they won’t let me clean their pans, maybe I can supply them.”

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Although the idea was brewing in her mind, she didn't act on it for two years—after she had moved to Pasadena, California.

"I had heard great things about California and wanted to try my luck there," Hu says.

She moved in with another friend



Burger King Corporation crew uniform.

and started working at a trading company that the friend had started. Then, in 1994, while working part-time, she started a company of her own, Clipper Corporation.

"I called companies from my friend's apartment and asked them if they needed me to supply cookware, utensils, or uniforms," she remembers. Ironically, her weakness was becoming her strength. "I spoke Chinese, so importing products from China would be easier for me."

Although it made sense to Hu, corporations weren't buying it. She called 300 companies over two years before getting her first appointment. But this wasn't just any appointment; it was with the fast-food giant, Burger King Corporation.

"Before that, everyone was just listening to me talk and then hanging up," Hu explains. "I wanted to give up many times, but I had to keep reminding myself that someone would give me a break."

Hu was very nervous when she entered the meeting with the fast-food leader. Hers was one of many firms vying to supply the crew hats that the corporation needed for all of their domestic employees.

"I learned before going into the meeting that their crew hat demands were being fulfilled by a company in South America," she says. "I explained to them that Chinese factories are very sophisticated and that I could update [improve] their quality and lower their cost."

The people at Burger King Corporation asked Hu to bring in a sample. She borrowed money from friends and bought a ticket back to China so she could find a supplier and obtain that sample.

"As soon as I got back [to the U.S.], I showed them the sample, and they were very pleased [with the quality and price]," explains Hu. "They asked me to be the supplier of all the crew hats worn in their domestic restaurants." Hu got to work. She moved her office from her friend's apartment to a small office space in Pasadena, which she shared with a friend in order to save money. She hired one employee, whom she promised to pay as soon as Burger King Corporation had paid her. She then started contacting Chinese factories.

"I had no money to pay the factories [up front], so I indicated that I wanted to grow Clipper's business and that, with their help, we could grow the business together—and once it grew, I could pay them." Hu explains. "They agreed and, 15 years later, we're still in business with those same factories."

"The Burger King Corporation was very happy with us," Hu says of how she earned even more business with the restaurant. "We bid on several more products during the next few years and won them all."

Clipper also supplies caps, shirts, ties, pants, aprons, plastic trays, frying baskets, and utensils to Burger King Corporation. Cookware, she says, was a natural extension after she had won the first contract, although finding factories to produce her goods hasn't always been easy.

"That is just as hard as finding good employees for your company," Hu explains. "When I sought out factories, I made sure they had a vision that coincided with mine, which



was to always put the customer first. No matter what, there will always be bumps in the road, and I wanted to ensure that, regardless of how many bumps we encountered, they would always stand by me and Clipper, working very closely with us to ensure that we delivered on our promises to our customers."

Clipper's next big customer was Darden Restaurants, which owns several chains like Red Lobster, Bahama Breeze, Olive Garden, and The Capital Grille. That opportunity came in 1998 after a former Burger King Corporation employee began working at Darden and raved about Hu's products.

With each new customer, Hu added new employees. They all squeezed into her office space in

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Pasadena before moving to offices in Torrance in 1999. Then, in 2002, she moved to her current location in Carson, which has four times the square footage of the Torrance property.



Lina Hu, founder, chairman, and CEO of **Clipper Corporation**, with **Lawrence Snapp**, president and COO of the company.

“I think we gained customers because of our tenacity, knowledge, and delivery,” Hu says.

“That is the thing about dreams; you cannot give up on them. You have to go after it until you get it, because with hard work you can get anything.”

Hu explains that most of her customers have come from word-of-mouth. She also says she has obtained meetings with companies because of her minority status (she was certified by the National Minority Supplier Development Council in 1996 and is currently in the process of certification by the Women’s Business Enterprise National Council).

“We have been able to work with large organizations that would not utilize a company of our size if it wasn’t for their diversity initiatives,” she explains. “And we have been able to show and prove that minority companies add value, as well as a different perspective in terms

of problem solving and providing solutions.”

Hu and her 50 employees bring in \$30 million in revenue annually. The company’s food service product and uniform divisions are roughly equal in size, and Clipper has quickly grown to become a global leader, supplying clients in Australia, New Zealand, Canada, Europe, Latin America, Asia, and the Middle East, in many industries such as retail, manufacturing, and transportation. Other customers include FedEx, Denny’s Restaurants, The Home Depot, Baja Fresh, Yum! Brands, Inc., TGI Friday’s Inc., and California Pizza Kitchen, Inc.

Clipper grew, not only by gaining customers, but also from an acquisition made three years ago. A competitor went bankrupt, and Hu jumped at the chance to buy that business. This allowed Clipper to open a second facility in Georgia, making Clipper a national player in the industry.

“I always wanted to have offices all around the country,” she says. “We set up a distribution center there, and it has improved our business and our customer service.”

Most Clipper products, which include plastic and metal kitchenware, as well as uniforms and accessories, are manufactured in Asia. Hu visits regularly to make sure the products continue to meet her high standards. That is only one of the reasons why Clipper stands out from its com-

petitors, explains **Lawrence Snapp**, president and COO of Clipper.

“It would be easy to say [we stand out because of our] cost, service, and quality, but those are not really optional these days,” Snapp says. “We also focus on creativity, practical innovation, intelligent total solutions, and speed.”

Creativity is evident in the office. Designers sit at desks cluttered with pictures, fabric samples, color swatches, and inspirational sayings. In front of them are cookware samples and mannequins wearing uniforms, all Clipper products.

“Sometimes, a company comes to us and tells us what they want and we produce it,” Hu says. “But other times they want us to design something for them, and that is where these people come in.”

Snapp says they have come up with many creative solutions for their clients, such as designing a new pump for a food service company that will save space and time in their operations, or making a custom frying pan that can withstand extremely high heat and very heavy use.

One of the designers is working on new uniforms for Denny’s. The designs are not typical or plain, but rather modern and fun. They are also eco-friendly. Plastic originally used for bottles and bags is collected from



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customers and used in the fabric.

"No matter what the product, our design team strives to make things look better, last longer, be more functional, and cost less," says Snapp. "We even host employee contests to challenge our team members to solve our customer's problems. Staying on the leading edge of creativity, innovation, and sustainability is very important to Clipper."

Part of being creative, Snapp says, is having a diverse workforce.

"We will continue to turn diversity into a competitive edge," he explains. "We employ associates born in many different countries, from China to Iran, and we really enjoy producing products that serve customers on every continent."

Although Hu's minority status has opened doors for her, it is ultimately Hu and her team who keep the contracts coming, regardless of the economy.

"We deliver the quality products our customers need in a cost-efficient way," she explains.

Snapp agrees.

"End demand has slowed," he says about the economic downturn, but adds that there have been some advantages, namely the "brutal honesty amongst customers and competitors [regarding price], and the increased customer focus on cost reduction and value-added operations." He explains that now, more than ever, "companies want quality products for less money, and Clipper can do that." As a result, the company has been growing, in spite of the recession.

With that growth comes more pressure from Hu to make sure all the processes are intact. "That is

how we ensure quality with growth; with our processes," she explains. But she also admits it has been hard to relinquish control.

"As the founder of my company, it was hard to let go of the day-to-day operations. I always worried they would not do a good job, but I have learned you have to put a large amount of trust in your employees. In the past, I wasn't very good at showing appreciation for my employees, but I have learned that empowering your employees makes all the difference. I appreciate everything they do and communicate that to them now. The more they know, the more they understand; the more they understand, the more they care. Once they care, there's no stopping them."

Hu shows her appreciation through employee-of-the-month awards, bonuses, and profit sharing. Likewise, Clipper's success has been recognized through many awards.

One that is particularly important to Hu is the Supplier of the Year Award from Burger King Corporation and its purchasing cooperative, Restaurant Services, Inc. Competing with more than 2,000 vendors, Clipper won the award in both 2005 and 2006, making it the only company in 30 years to win the award two years in a row. Hu was also presented with the 2007 Ernest Royal Pioneer Award by the Multicultural Food-service Hospitality Alliance. The biennial award is given to those individuals who best exemplify Ernest Royal's pioneering spirit and commitment to leadership in support of supplier diversity, mentoring, and providing career and ownership opportunities for minorities in the food



service industry. Royal was the first black board member of the National Restaurant Association.

"This was a huge honor for me," says Hu, "especially given the fact that in the very beginning, I couldn't even obtain a job as a dishwasher."

"I love the hospitality industry," she says. "I love people's passion for the business and appreciate so much walking into a restaurant and seeing my products. I know I am adding value to businesses. It makes me feel very proud."

The future for Clipper looks bright, says Snapp, who explains that their biggest goal in 2009 is to rapidly earn market share.

"Our growth has been steady," he explains. "We see this as a very Darwinian recession, where the strong will thrive and the weak will suffer or disappear."

Perhaps the best description of the company and its growth is the name of the company itself, Clipper Corporation. A clipper is a fast-sailing ship that Hu remembers learning about as a child; it was beautiful, sleek, and fast.

"It would sail through anything," she says. "Rain or shine, it would get products to their destination," and it represents her company's philosophy.

"That's what Clipper is all about, no matter what the conditions, delivering on our promises and always moving forward." ♦

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