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Herring Takes on Leadership of Giant, and Ukrop's Integration

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When Rick Herring was promoted to president of Giant of Carlisle, Pa., late last year, he quickly found himself running not just one of the most successful and storied regional supermarket chains in the country, but two of them.

The longtime financial executive at Giant-Carlisle was named to succeed Sander van der Laan, who returned to the Netherlands to accept another position with Giant's parent company, [Ahold](#), after a year at the helm of Giant. Just a few days later, Ahold revealed that Giant-Carlisle would acquire the legendary, family-owned Ukrop's Super Markets chain in Richmond, Va.

"Rick Herring is a great guy with great leadership skills, and I think he's a perfect choice for Giant," said Gary Preston, a partner in executive search firm Preston and Reffett and a former Ahold executive who assisted in the hiring of Herring at Ahold in 1989.

Herring has a "pleasant" management style — "He's not one of those heavy-handed managers," Preston explained. "In a perfect world, however, he'd have a year of experience under his belt before taking on the Ukrop's acquisition."

Giant last week completed the acquisition of 25 Ukrop's locations and revealed that it would convert the stores to the Martin's banner that Giant operates in Virginia.

"I think Rick will step up to the challenge — he's a very bright guy, very analytical, and he's very well thought of there [at Giant]," Preston added. "Even though he hasn't worked in merchandising or operations, he's been a key part of the decision-making process there. He's worked with some great people, and he's still surrounded by some really good people. The longevity of the people at Giant-Carlisle is probably second to none."

In fact, Preston explained, Herring is in the fortunate position of taking over leadership of a chain where many of the top positions are already filled with solid individuals, which should allow him to focus more attention on the Ukrop's integration.

Robert Gorland, vice president in the Harrisburg, Pa., office of consulting firm Matthew P. Casey and Associates, and himself a former Giant staffer, pointed out that Giant-Carlisle has a long history of successful acquisitions, going back to the Martin's acquisition itself. More recently, Giant completed the successful integration of the Clemens Family Markets chain in Pennsylvania, which, Gorland pointed out, bears some resemblance to the Ukrop's acquisition.

"That whole situation was handled well," Gorland told *SN*. "They left a lot of things well enough alone. They adopted some of their strengths Clemens had with the people and the facilities, such as keeping the extra departments, and keeping Clemens' operating hours.

"If they handle the Ukrop's acquisition the way they say they will handle it, which is to keep the people and the strengths of Ukrop's, they should be successful," he said.

Giant said last week that as it converts the acquired Ukrop's stores to the Martin's banner, it would preserve some elements of the operations — including prepared-food offerings supplied via a commissary that will continue to be operated by the Ukrop family — but will reverse Ukrop's policies of staying closed on Sundays and not selling alcohol.

Gorland noted that such changes are almost always well-received by customers.

"I have seen many cases in which the acquiring company found it very difficult to make that decision about whether or not to go to Sunday openings, but all of those moves have been positive," he said. "It's making shopping more convenient for the consumer, and sales have increased."

Giant's history of successful mergers — in which Herring presumably played a large role as the company's top financial officer — gives Giant some institutional knowledge that Herring should be able to leverage to his advantage as he seeks to complete the integration of Ukrop's.

Although Clemens and Ukrop's had some similarities — both were family-owned, service-oriented banners with a somewhat upmarket cachet — there also are many differences that will pose challenges for Herring and his team, such as winning over a loyal customer base and extending Martin's operating area into the new territory.

If history is any guide, however, Giant will not only bring its expertise to the former Ukrop's operations, but will seek to apply some of Ukrop's expertise to its Giant and Martin's stores as well. Giant, for example, adopted some of the merchandising techniques into its own stores that Clemens had employed, Gorland pointed out, such as its packaging of prewrapped convenience cheese offerings.

Ernie Smith, a former longtime Giant executive who hired Rick Herring in 1989 and worked with him for seven years before he left to become executive vice president and chief financial officer of Ahold USA, described Rick as a very analytical executive.

"Rick is a logical, fact-based decision-maker," he told *SN* last week. "Some executives tend to get emotional, but Rick's not like that. He's stable — tried and true. He looks at the facts at hand, makes decisions and moves forward."

Herring also is a good manager of people, Smith explained. "He always did an outstanding job," he said.

Smith described Herring's biggest challenges as building on the sales and earnings momentum that has long characterized the Giant-Carlisle banner, after the chain saw some weakness a year ago.

Last month Ahold reported that for the year, Giant-Carlisle's sales grew 4.6% for the year, to \$5 billion, and identical-store sales were up 2.2%, excluding gasoline. The chain operates 152 stores in Pennsylvania, Maryland, Virginia and West Virginia.

"Rick's first challenge is to get the group excited enough and innovative enough to grow sales and earnings," Smith said. "That market is getting a lot more competitive."

The second challenge, of course, is to successfully manage the Ukrop's acquisition, preserving its community focus and imparting a more price-oriented image in the banner.

"Ukrop's is very much a hometown grocery store — they do a lot with the community, and they are very employee-focused," Smith pointed out.

"And while Ukrop's might be price-competitive, they don't have a strong price image," he added. "The challenge will be to assemble that into the Martin's format, and try to reverse the negative sales trends."

One observer, who asked not to be identified, noted that although Herring has a wealth of experience with the Giant banner and is surrounded by strong management, he is a much more quiet and reserved person than one might expect for someone in that role.

"Usually the people in that position would be more outgoing, and come from a marketing or operations background," the observer said.

Before being named president in December, Herring most recently was executive vice president of finance and had been chief financial officer since 2003. He was also instrumental in the organization of Ahold Financial Services, Ahold USA's shared financial service center located in Carlisle, the company said.

He reports to Carl Schlicker, chief executive officer of Ahold USA Retail. "Rick has the experience and character to assure a steady hand at the helm of Giant-Carlisle," Schlicker said after Herring's appointment. "He has demonstrated superb leadership skills throughout his 20-year career at Giant and I am confident he will build on Giant's successful heritage into the future."

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Preston of Preston and Reffett said he believes Herring could someday run the chain from the first time he met him 20 years ago.

"I said to [former Giant President and CEO] Allan Noddle at the time, 'You ought to hire this guy, because someday he's going to end up running the company.'"