This summer (June-August) I completed an internship with Hardie’s Fruit and Vegetable Company, L.P. in Houston, Texas. John Hardie, whose family had been involved in the produce industry for many years prior, founded Hardie’s in 1943. The company is still almost completely family owned and services restaurants and retailers all over Texas. Hardie’s headquarters are in Dallas, and they have warehouses in Dallas, Houston, Austin, San Antonio, and a small dock in McAllen. The company is split into four main divisions, which are Dallas, Houston, Austin, and San Antonio.

Hardie’s main source of revenue comes from the sale of produce to food service providers, including familiar chains such as Luby’s and Torchy’s Tacos. During my time there I noticed that Hardie’s Austin actually provided several products to the Texas A&M campus restaurants. Although Hardie’s tries to buy as much of the produce we sell from local Texas farms, there are a number of items that cannot be grown in Texas and must be purchased and shipped from places like the Salinas Valley in California, Yuma, Miami, and Colorado. When purchasing and shipping these products, Hardie’s tries to buy from a cooperative that they are a member of called Pro*Act. They purchase from Pro*Act both to get special member rates and to increase their share of the dividends distributed yearly from the coop. Even when buying locally there are a number of Pro*Act members in Texas that we buy from, mainly out of the south Texas valley. Produce bought out of the west coast typically comes from the Salinas Valley in the spring and summer, and moves to Yuma, Arizona for the fall and winter due to a more favorable climate.

My preplanned objectives were altered quite a bit by the time I began my internship. I believe that before this process began I told Dr. Litzenberg that I was going to be working on a project that had to do with product packaging and profitability. Within my first few weeks there were several situations where the purchasing department either had a person of vital importance leave for vacation, or they were simply extremely busy and could use extra assistance in the office. I ended up spending more time with the purchasing department than anywhere else in the company, and as a result I learned quite a bit about what it takes to be a successful buyer.

Throughout my time with the company I worked in several different departments and had the opportunity to observe numerous experienced professionals in their daily work environment. My first several days on the job were spent with the receiving department shadowing one of the head receivers, Felix. Felix explained to me the process of docking the truck, unloading the product, and placing it in the warehouse in its designated area. When receiving a shipment, the receivers are the first people to see the quality of the product and provide the initial check to determine whether or not we should accept and pay full price for it. If the receivers deem it the product to be of acceptable quality, they then receive it through scanners that they carry to input the product into the company’s inventory. Once they drag the pallet to its destination in the warehouse they scan a barcode...
near the bay it will be stored in, letting anyone who looks up the product know where it is physically located within the store. Different products are stored in different coolers depending on the temperature at which they need to be stored. Onions and potatoes for example are stored at higher temperatures than raspberries or mushrooms. The receivers then fill out a receiving form which, when completed, is then taken to the procurement office.

During the portion of my time at Hardie’s spent in the procurement office, I learned how to properly file the paperwork involved with buying produce as well as how to efficiently buy the produce itself. When the receiving form is brought to the procurement office it is matched and compared to an invoice that we received from the selling company. If we received the correct amount that we were charged for and the product was of good quality, a purchase order is then printed and attached to the invoice and receiving form and sent to the main accounting office in Dallas so they can pay the company that we owe. If the product is of bad quality, a trouble report is filed and we will either seek a refund or protection for our purchase if the product cannot be sold. Pictures of the product are taken as soon as it arrives and attached to the trouble report that is then sent to either the company we purchased it from or to Pro*Act if we purchased it through the coop.

When we placed an order, we would record what we ordered into the software that we used to essentially manage everything from checking inventory to determining selling prices. The software was called ProducePro and it was similar to working with a Linux operating system on a computer. It was somewhat difficult to learn at first, but once I became accustomed to the commands and shortcuts to get around I was able to move through it fairly quickly. When we placed an order either by phone or email we would input the products that we ordered into ProducePro using their four or five digit item numbers to assign an expected quantity to that product. Within one business day we typically received an invoice from the company with whom we placed that order, and then we would check it against the expected quantities of the products that we input into ProducePro for any discrepancies. Missing items on the invoice or even extra items that we did not include on the original order were not uncommon for a number of reasons. The item could be missing off of the invoice but still showing an expected quantity in our computer if the shipper realized that, while pulling our order, they did not have enough of that product or that the product was old or of bad enough quality to warrant not being sold. There could also be extra items on the invoice if, for instance, one of the other buyers in the procurement office knew that we had an order placed with this company and decided to add on a product that they needed for one of their salesman. For the most part everything ran smoothly and these problems were easily fixed.

When buying produce there were several different ways we went about purchasing the different items. We tried to buy through Pro*Act as much as possible because we got a price that was only fifty cents above cost (per case) and that extra fifty cents contributed to the dividend pool that would then be distributed to all Pro*Act members. We would either buy the products at market price, or through a contract that we had with the shipper/seller. These were either called fixed or high/low contracts. Fixed price contracts meant that we were involved in a contract
with the shipper where we agreed to buy at least 80 percent of a certain amount weekly, and the shipper agreed that if we purchased at least that percentage we would get them all at a predetermined price, despite what the market price was. This was advantageous to Hardie’s this summer when the market price for citrus fruits went well above average and we were still able to obtain them at the price we agreed on the year before. The high/low contracts are similar, but there are two prices involved. A high/low contract states that if the market price rises to a level above the predetermined “high” price, we would only pay what we agreed on for the high price. Similarly, if the market price dropped below the “low” price, we would still pay the low price, which would then be higher than market value.

We would set up an order on the west coast through Pro*Act every Wednesday and every Friday, so that the products would strategically land when we needed them throughout the week. Occasionally there would be shipping issues where a truck would break down or a pallet of produce would be picked late and the truck would then arrive late. When this happened it cost our company quite a bit of money because we would then have to buy all of the products that we had already promised to customers for that day from local vendors who are obviously going to charge much higher prices. The price differences could be as much as two or three times as much to buy these products locally, and then sell them to the customer for half of what we paid because we had already promised them that price or they have a contract with us. When this happens we lose a substantial amount of money, but it is still in the best interest of the company to keep the customer happy and fulfill the order despite the loss. The procurement manager, Jason, would then talk to whoever was responsible for the delay about what they were going to do to make the situation right with us. If we knew that the trucks were going to be late a little bit in advance, we could plan accordingly and dramatically cut our losses by reaching out to our other Hardie’s warehouses in Texas (called DC’s) and buying product out of their warehouse if they had it available at cost per case. Even if we were not able to get all of the products that we needed from our DC’s, it would still help offset the potential losses incurred from buying from local companies. Some products, such as herbs and mushrooms, are bought almost exclusively through local markets because we either have a good relationship with the company we are buying from, or we buy so little of the product that it doesn’t make sense to have it shipped across the country when we can buy it from someone who regularly gets large quantities of it delivered fresh.

When we got a large load delivered we were charged for the freight expenses of shipping the material from the seller to us. We would then take that entire cost of the freight and allocate it to all of the cases of the produce that were on the load by weight. For example, if there were twenty cases of oranges and twenty cases of lettuce, a greater portion of the cost would be allocated to the oranges because a case of oranges weighs more than a case of lettuce does.

The actual buying process is challenging and takes quite a bit of practice. Through Produce Pro, I learned how to run reports that would show what our current inventory and projected use for certain products would be. Produce Pro has several different ways you can view the projected uses and we used all of them for different purposes. If, for instance, we sold five cases of baby spinach on Wednesday
of every week, we would know that if we only had six on hand on Tuesday, we
would need to make plans to get more purchased so we could be ready for both the
following week and any unanticipated business that might come our way in the
interim. Produce Pro would also show us how long that product had been sitting in
inventory, and this would help us decide if it was good enough product to justify
selling to the customer. This is a very elementary example of how buying works.
Typically the numbers we were dealing with were in the hundreds or thousands of
cases with several customers making purchases every day of the week, and our
main goal was to purchase just enough to cover our business while maintaining a
low level of loss or expiration. However, I learned that it is always better to buy a
little more than you think necessary, because you never want to tell your customer
that you cannot provide their order, and you want to avoid buying products locally
as much as possible.

Managing your buying is all about having correct inventory. I worked with
the head of the inventory department, Noel, for several days and learned just how
important it is to have an accurate representation in the computer of the physical
products in the warehouse. Noel would count the entire warehouse inventory once
a week, and specialize in certain departments (dairy, berries, leafy vegetables, etc.),
on other days to make sure everything was staying accurate in the computer.
Discrepancies of one or two cases were not uncommon, and could typically be
attributed to the processing department taking an extra case to use due to bad or
unusable product. When the inventory was five or ten cases off, however, we had to
look into them a little bit deeper and find out what the reasoning was behind the
surplus or shortage. Most likely the product was recorded received when it actually
was not, or it was recorded to have shipped out to the customer when it never made
it on the truck to go out in the morning. These problems were less common, but
when they did occur they were dealt with seriously.

The processing department is an entirely different part of the company.
Houston is the only location that has an entire department devoted to taking raw
material and processing it into a product that the customer wants. Processing is
treated like it’s own division within Hardie’s in the sense that they purchase the raw
materials from the warehouse at cost. They then take these materials and convert
them into a new product that is then sold back to the warehouse. The price at which
the new product is sold back to the warehouse at is determined by the weight of the
new package and the amount of direct labor spent making that product. A flat labor
rate is allocated for each product depending on what is being produced. Using
chopped melons as an example, processing might buy five cases of melons from the
warehouse and then sell back twenty smaller boxes of chopped melons that have the
skin removed and are cut into bite size chunks. This job might have a flat labor rate
requiring five workers and a half hour of work, where this direct labor cost is then
allocated evenly to each box of melons. The smaller boxes of melons would then be
sold back to the warehouse at cost once again, with the cost of direct labor allocated
and applied to the end cost. Towards the end of my internship, the processing
department was becoming extremely busy with orders from school districts that
Hardie’s has contracts with.
I also had the privilege of being invited to lunch with a vendor that wanted to visit our facility. Mrs. Amy Holcomb of Lipman Produce came to visit the purchasing department at Hardie’s Houston while I was working in there. Upon meeting her I noticed her ring and found out that she graduated from A&M with a degree in Agricultural Economics with the food marketing option. She took Jason and I out to Houston’s for lunch and we discussed several topics ranging from business, to personal and school.

Several of the terms that I observed during my time at Hardie’s were terms that I had seen previously in classes that I had taken at Texas A&M. The allocation of the direct labor to the finished product that comes out of the processing department is something that I had learned about in Accounting 210 last year, and it was useful to see it in a real world work application. I also was able to see how the terms FIFO (First In First Out) and FOB (Free On Board) were used in scenarios other than an accounting class. In AGEC 105 I learned about contracts and how farmers and buyers worked with them to make deals that were advantageous to them both. The fixed and high low contracts that I saw at Hardie’s were not new to me and I had no trouble understanding their application to the business. When I first got to Hardie’s and learned that a large portion of our business went through a coop, I already knew plenty of information regarding what exactly a coop was and how it was structured from information I learned last year in Dr. Siebert’s AGEC 340 class.

This internship was a very useful tool in deciding what I would like to do with my future career decision. I thoroughly enjoyed my time with Hardie’s and I would thoroughly enjoy working with them after graduation. The entire experience was invaluable and it opened up my eyes to what a full time position with an agricultural related firm would be like. The opportunity to speak with clients and vendors in a professional setting will also prepare me for an occupation in any industry that buys and sells goods. At the beginning of this internship I was unsure of how I was going to like the produce industry, and didn’t know if it would be something that I would want to consider choosing as a career after graduation. After working with Hardie’s this summer however I can confidently say that I would have no reservations in pursuing a good career within the industry, and hope that I have the chance to sometime in the near future.

I would suggest anyone that is entertaining the thought of doing an internship with Hardie’s to make sure they get a broad view of the different parts of the company. Although I spent the majority of my time with the procurement department, I was able to see the other divisions of the company that provided me with a well-rounded view of how everything tied together and ran smoothly. Without knowing how to receive the product, I would not know how to find it in the warehouse. Without knowing how the transfer of materials from processing to the warehouse works, it might take me longer to find out where a missing case of produce was when taking inventory. All of these jobs cumulated to a greater understanding of how the company was structured overall and allowed me to learn more quickly how to effectively purchase produce.