

# NUTRACEUTICALS WORLD

*Serving the dietary supplement, functional food and nutritional beverage industries*

The following is reprinted from the April 2000 issue

## INDUSTRY INNOVATORS

*A look at companies defining innovation across the nutraceuticals spectrum.*



MenuDirect, Piscataway, NJ

Industry innovator MenuDirect, Piscataway, NJ, began in the early 1990's, the brainchild of Carl Randall, an expert in the international foodservice market, and H. Louis Cooperhouse, an expert in prepared foods technology and operations. The two men determined there had to be a way to connect the convenience of prepared foods with the healthcare movement that was growing in importance in the U.S. Add to that a burgeoning e-commerce technology and four solid years of market research and in 1996 MenuDirect was born.

"We believed there had to be a way to combine food, healthcare and the growth of the Internet and provide a convenient, accessible, great tasting product for consumers," said Mr. Cooperhouse, MenuDirect's president and CEO. "We watched the trends in the industry and thought we could capitalize on the home meal replacement phenomenon and the growing self-care movement. It came down to two words in the beginning," said Mr. Cooperhouse, "Compliance Strategy. We started out with consumers that had to eat a certain way, where they had few options and compliance was high. We knew if we gave these customers a better choice, this was a lifetime opportunity." MenuDirect now services consumers seeking solutions for diabetes,

obesity and weight management, celiac disease, PKU and dysphagia.

Three disease management and lifestyle targets were the initial thrusts of the company. The first market was targeted to people with dysphagia, or trouble swallowing, whether permanent or temporary. "No one was servicing this population at home and malnutrition was well documented. We began providing a nutrient-dense formula in a 23 product line (which now includes over 30 products) and the response in improvement of qual-

Table 1  
NUTRACEUTICALS WORLD  
INDUSTRY INNOVATORS 2000

AMBI	MenuDirect
Galagen	Omega Tech
Galileo Laboratories	Pharmanex
General Mills	Quaker Oats
J&J/McNeil	Stonyfield Farms

# INDUSTRY INNOVATORS

---

ity of life to our consumers was incredible." The company also has a fortified product line that has not yet hit the market.

Second on the MenuDirect list was celiac disease or gluten intolerance. Aided by the acquisition in 1998 of a company called Dietary Specialties, which is now the

---

*"Customers need to find a trusted place to shop. Eventually they will be confident that the Internet will bring them to certain trusted sources. That's the future—instant access and someone you can trust."*

*—Lou Cooperhouse, MenuDirect*

---

brand name for the product, MenuDirect offers 50 fully-prepared frozen products, including pizzas, pastas, snacks, cakes and cookies as well as about 50 shelf-stable pantry products. "We had a home run with this product," said Mr. Cooperhouse. "We witnessed the emotion of food as people who thought they could never eat pizza again literally cried for joy."

Subsequent to the acquisition of Dietary Specialties, MenuDirect established a U.K.-based company called Nutrition Point, which provides gluten-free products in the U.K. market, where many of them are reimbursed.

The third area on which the company focused is PKU, or phenylketonuria, which is a reimbursable product in many of the states in the U.S. today. PKU is a rare metabolic disorder caused by a deficiency of the liver enzyme phenylalanine hydroxylase. Failure to metabolize phenylalanine results in excess accumulation of phenylalanine in blood plasma, which interferes with normal brain development, causing severe mental retardation. Because phenylalanine is an essential amino acid, the standard treatment for PKU consists of a carefully controlled diet that provides only that amount needed for normal growth and development. Since phenylalanine is present in almost all natural proteins, special food preparations must be utilized that provide all the protein requirements but with severely restricted amounts of phenylalanine.

"Here is a market where people are desperate for good nutritional products that offer normalcy in their lives," said Mr. Cooperhouse. Products include macaroni and cheese, pizza and frozen baked products like bread and rolls with no-wheat flour. "We are now working on a peanut flavored spread so children can have peanut butter and jelly sandwiches," he said.

Mr. Cooperhouse summed up the company strategy in these three categories. "We have unique customers in each of our businesses. We satisfy multiple needs. Our objective is make nutrition simple and to give these consumers a trusted source for nutrition solutions." In all

three markets, "we knew we could make a big difference in the disease management area." All three of these lines have evolved substantially since their inception and now include breakfast, lunch, dinner and snack products in both ready-to-heat and ready-to-cook product formats.

With these product areas under its belt, MenuDirect dedicated its energies to a much more mainstream category: diabetes. Launched last fall, the 60 product line includes a full spectrum of breakfast, lunch and dinner entrees as well as snacks and desserts. "These products are specially designed with unique raw materials and formulation for handling glucose issues," said Mr. Cooperhouse. "All of our product technologies are extremely complex and these are no exception."

"Here is an area where there are greater alternatives available but still no trusted product line exists, even at the grocery level," said Mr. Cooperhouse. "And this is a market of 8-10 million diagnosed and another 8-10 million not diagnosed. Our products are low sugar, reduced carbohydrate products that emphasize a healthier lifestyle and balanced nutrition. Our foods work together and provide convenience." For example, part of the product line combines sweet potatoes with regular potatoes to add fiber.

"Great tasting food with a functional benefit is what we strive for," said Mr. Cooperhouse. "Functional products with absolutely no sacrifice to taste is extremely important to us. Our objective is to enable our cus-

---

*"There will be a point in time when we ask, what does personalization mean, and the answer will be very different than it is today. We can't even imagine exactly how this may change, as progress in genomics evolves; we have to be poised for what's going on and understand what's happening at the biotech level as well."*

*—Lou Cooperhouse, MenuDirect*

---

tomers to provide our foods to their whole family so they don't need to prepare separate meals."

He summarized, "Our core competencies are providing customized nutrition solutions, great tasting functional products that are specifically designed for the management of disease conditions or lifestyle needs. We also personalize the experience with individual consumers with our customer service center and our website and offer registered dietician support."

In the product development arena, MenuDirect has a three-tiered R&D approach. "The first spoke consists of registered dietitians and nutritionists, who establish the specifications for our businesses and our products; secondly, food technologists work on developing unique

# INDUSTRY INNOVATORS

---

products and determining equipment logistics, product costs and opportunities for patentability, while the third component is our team of chefs, who monitor restaurant trends and ensure the attributes of taste and quality are part of every product on a consistent basis."

Logistically, the company deals directly with the customer and to an increasing number of healthcare and retail accounts. The company's proprietary products are contract produced by a series of manufacturers around the country and consolidated to MenuDirect's 53,000 square foot facility in Piscataway. "We'll ship one cheesecake, 20 cheesecakes or one each of 20 different items; we personalize the distribution and we ship directly to homes," Mr. Cooperhouse commented. MenuDirect ships frozen and shelf-stable foods; dry ice and insulated containers keep foods at the proper temperature. "We like to think of ourselves like a restaurant, meeting the needs of consumers and continually providing innovative products to them," he added.

MenuDirect has also realized the importance of getting the word out to healthcare professionals. For example, the company has worked with endocrinologists for those suffering from diabetes, speech pathologists for dysphagia patients, gastroenterologists for those suffering from celiac disease and pediatric clinics for PKU sufferers.

The Internet will also help the company expand its base geographically. The MenuDirect website, [menudirect.com](http://menudirect.com), is constantly updated, with changes that provide a

platform for further growth in the e-commerce channel.

For the future, weight management products are the next focus, with a product launch expected this year.

---

*"Innovation is the perpetual process of redefining yourself. The industry is changing so quickly, a company must continually redefine its objectives to adjust to the needs of the marketplace. We operate under the 'no constraints' guideline; every day we look at what we want to change."*

*—Lou Cooperhouse, MenuDirect*

---

"Our strategy is to meet rather than create consumer demand in this category by servicing many of the weight loss programs that exist today. We do not want to create another diet," said Mr. Cooperhouse, "but rather to broaden the scope of current diets." The strategy in both diabetes and weight management segments includes partnering with diet companies, pharmaceutical companies and healthcare organizations to best provide nutrition solutions to our customers. We are also working together with Internet companies to facilitate the whole solution and best access the customer. The Internet will become an increasingly integral part of MenuDirect in the future."

NW

By Ellen Schutt  
Editor