In the early 1950s, John Paterakis was in charge of a family bakery that faced an uncertain future. H&S Bakery had been established in 1943 by his father, Isidore (Steve) Paterakis, who was joined by John’s brother-in-law, Harry Tsakalos. While the business had grown considerably during the 1940s, the retail baking business was declining nationwide.

A shift from a retail to a wholesale focus was just one of any number of prescient steps by John Paterakis that helped catapult H&S Bakery and its leader to the top ranks of the wholesale baking industry and have made Mr. Paterakis an inductee into the Baking Hall of Fame.

Born in Chios, Greece, Steve Paterakis immigrated to the United States in 1921 and found work as a baker in Monessen, Pa. Seven years later he brought his wife, Kyriaki, and daughters, Liberty and Despina, from Greece. The family settled in Baltimore, where John was born in 1929.

Steve worked for Athens Bakery in Baltimore as a baker. Harry Tsakalos, who married Liberty in 1942, also worked for Athens Bakery, as a driver.

In creating H&S Bakery, the two partners acquired Olga and Son, a 1,500-square-foot bakery in East Baltimore. John Paterakis began working at the business soon after it opened, making Italian bread by hand and baking it...
in an old brick flat-hearth oven. A single delivery truck was driven by Harry and handled wholesale and home delivery service.

In 1946, the company expanded by purchasing Klime’s Bakery, which not only served as the company’s second baking location but also as the home of Steve, Kyriaki and John Paterakis. The business had expanded to 14 employees and three trucks.

John Paterakis took charge of the business when his father died in 1953. Soon thereafter, H&S acquired an empty 5,000-square-foot building that had served as a bowling alley on Fleet Street. It was in this building that H&S installed its first high-speed mixer and a revolving oven. As the business flourished, more modern equipment was purchased.

By that time, Mr. Paterakis recognized the retail baking industry nationwide was in a slow but inexorable decline. He broadened the company’s product line and landed an account at Food Fair, a local supermarket. Other accounts followed, buying from the bread, rolls, submisses and sweet goods baked by H&S. A major early customer was Harley’s, a chain of sandwich shops that bought its rolls exclusively from H&S.

The baking business grew steadily in the 1950s, swapping the Fleet Street bakery for a 12,000-square-foot land parcel on Bond Street, the location that formed the nucleus of a baking and distribution complex that grew steadily over the next several years. Development of this area presaged major development work Mr. Paterakis has done outside the baking industry in recent years.

Perhaps the most dramatic step in Mr. Paterakis’s career followed his 1965 acquisition of Athens Bakery. Mr. Paterakis automated the bun plant and then agreed to a “handshake” contract to bake rolls for McDonald’s. Fueled by the McDonald’s relationship, the bun business (later renamed Northeast Foods) grew rapidly. A second automated roll plant was opened in Worcester in 1971 and a third was opened in Edison, N.J., in 1975.

The company has continued to expand, steadily investing in technology to make production efficient and to ensure product consistency.

This investment reflects one of two principles that Mr. Paterakis said has been key to the success he has achieved over the past 55 years:

1 – Control costs
2 – Don’t ignore capital expenditures

Ensuring consistency always has been a fixation for McDonald’s suppliers, Mr. Paterakis said.

The company currently owns or has an ownership stake in 22 baking plants and related businesses employing more than 3,500. Northeast Foods is the largest single source baking supplier to McDonald’s in the United States. The company’s annual sales exceed $500 million.

Mr. Paterakis has been active in industry affairs. He is a director of the American Bakers Association and is a past chairman of the International Baking Industry Exposition.

The magnitude of his success may be seen by the scale of Baltimore development projects Mr. Paterakis has spearheaded in recent years. One part of his Inner Harbor East project earlier in the decade totaled 3 million square feet, just under half of a larger effort that cost hundreds of millions of dollars to complete. A far cry from the 1,500-square-foot bakery where John Paterakis began his career in the early 1940s.