

CONTRACT COMESTIBLES

Custom Food Manufacturing



Topics of the Day

- Being an Entrepreneur
- Product Development
- Commercialization
- Working with a Co-packer

It is a great time to be an Entrepreneur!



Personal Challenge

- When was the last time you ate the same thing for lunch two days in a row and didn't complain about it.

Food Trends for 2016

- Unique
- Different
- Better / Healthier
- Products with a story
- Clean Label

Why do People Eat?

(and what will they pay for?)

- Tastes / Flavors
- Health Benefits
- Memories
- Causes
- Status
- Locations
- Tradition

Your Customers are Crazy

- They don't think like you
- They don't eat like you
- They don't use your product the way it is supposed to be used
- They won't pay what you will pay
- They usually will pay much more

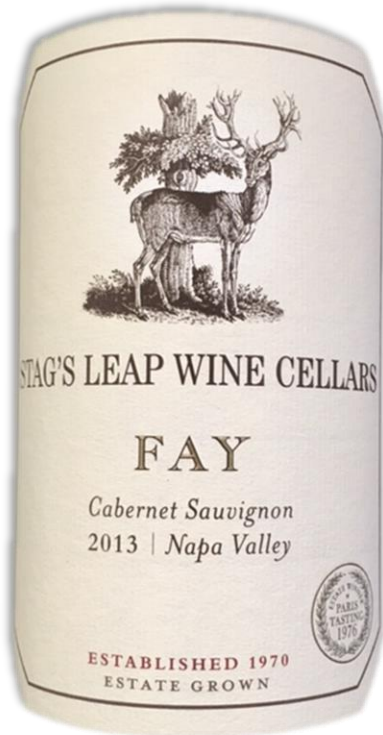
Learning through Beer

U.S. BEER SALES VOLUME GROWTH 2015



SOURCE: BREWERS ASSOCIATION, BOULDER, CO

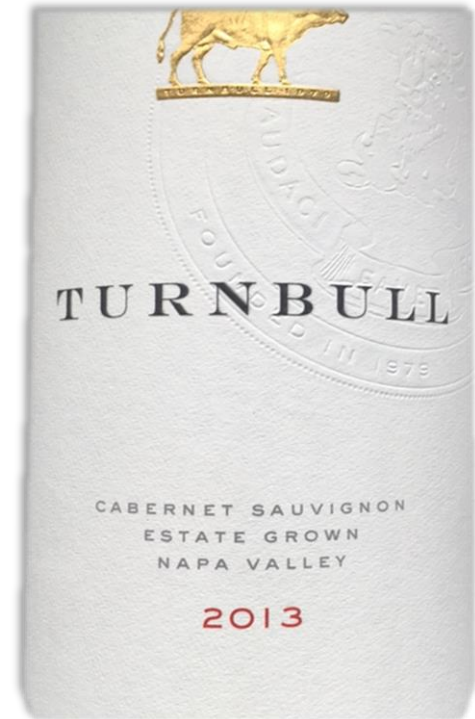
The Amazing World of Wine



\$149.99



\$17.99



\$49.99

It's a terrible time to be an Entrepreneur



Who's BBQ is Best?



\$2.19

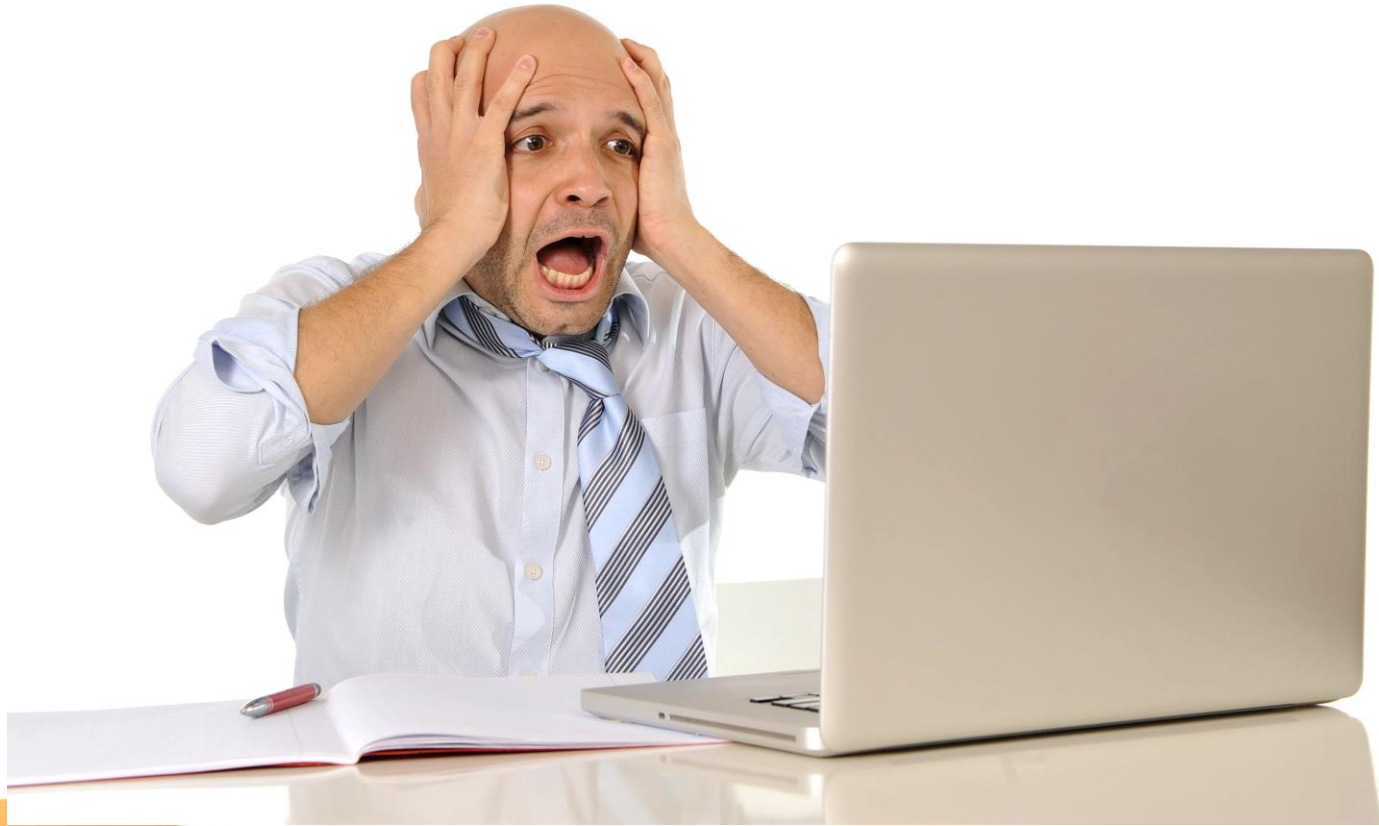


\$7.49



\$4.99

How to Lose Money in Food



Golden Rule of Manufacturing

Everything is better with Volume
Pricing
Efficiency
Consistency

Unfortunately, Volume comes **after the sale**

The Price of Sugar



\$0.81 / lb – Local Grocery

\$0.54 / lb – 50lb bag

\$0.51 / lb – 2,500 lbs

\$0.47 / lb – truckload bags

\$0.45 / lb – truckload totes

\$0.42 / lb – tanker

\$0.38 / lb – train car

Don't Compete

There is always
someone Bigger
(and less expensive)



How to Make a Profit in Food – Step 1

- Think Craft Food
- Have a Unique Product
 - Unique Story
 - Unique Flavor
 - Unique Brand

How to Make a Profit in Food – Step 2

- Raise your price!!!
- If you get nervous, raise your price again!
- If people start to complain, ignore them.
- If you raise your price \$1 and lose half your customers, you are probably better off.
- If they are looking at the price, they are not your customers.

How to Make a Profit in Food

Important Corollary

- If you raise your price \$1 and lose most of your customers, you were doomed from the start and are better off knowing now rather than wasting the next 10 years of your life.
- Fail Fast. Fail Cheap.

Provide Value



Kat and Tony Becker
Stoney Acres Farms
Athens, WI

Organic Pizza
\$15- \$20 per pizza

Continual Trial and Error



Commercialization of Food



Details, Details, Details

- Non-Disclosure Agreements
- Sourcing Ingredients
- Equipment Purchasing and Maintenance
- Process Authorities
- Documentation
- Contracts
- Negotiations

Shelf Life and Coding



Acronym's Galore

Why you want a Co-Packer

- GMP's
- HACCP
- FSMA
- GFSI
- Audits and Auditors

Entrepreneurs don't like Co-Packers

- Entrepreneurs are Artists



- Co-Packers are Scientists



Co-packers don't like Entrepreneurs



Good Co-packers can:

- Save you time
- Provide resources
- Provide expertise
- Provide certifications
- Save you money if you grow

Control your Recipe

- Taste your own product regularly
- Require your co-packer to document all changes to your recipe (including supplier changes)
- Require your co-packer to give you a copy of the batching instructions

CONTRACT COMESTIBLES LLC

