SUMMARY

Cooking Up A Business

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Summary of “Cooking Up a Business” by Rachel Hofstetter

Written by Lea Schullery

Lessons From Food Lovers Who Turned Their Passion into a Career - and How You Can, Too

Introduction

Author Rachel Hofstetter considers herself a food entrepreneur groupie. Her job as a food editor for popular magazines like *The Oprah Magazine* and *Reader's Digest* introduced her to a world full of food entrepreneurs, and while the various foods she tried were enticing and delicious, she found herself drawn to the *stories* of each entrepreneur. As she gave friends a new cheese to try, she'd then spend the next twenty minutes carefully detailing the story of the woman who left her corporate job to raise goats and make chèvre. Throughout her career, Rachel met hundreds of food founders, each discussing various challenges and lessons learned from starting their business. Soon, Rachel was sharing the advice she picked up over the years, and thus, a book was born. She decided to focus on entrepreneurs who created their business in the past decade in the age of social media, Whole Foods, artisanal products, food trucks, blogs, and gluten-free food. It is the stories of these entrepreneurs that Rachel wants to impart to you. Each one is different, each story comes from people of all walks of life, all ages, genders, and life experiences. These people, however, are just like *you*. Through these stories, you'll learn "innovative ways to hustle so you can make and market your product on the cheap, get meetings with grocery store buyers, and build a national brand with no connections or start-up money." You'll learn from big brands like Kopali Organics, Love Grown Foods, Justin's Nut Butters, and Popchips. The stories will inspire you, motivate you, and teach you how to start cooking up a business yourself! So if you're ready to learn everything there is to know about becoming a food entrepreneur, then let's get started.

Use Your Resources Instead of Securing Large Amounts of Funding

One of the biggest obstacles for starting a food business is knowing where to start. Sure, you might have a great idea, but is it practical? Let's take a look at Maddy D'Amato and Alex Hasulak, a young couple in college with a dream to merge their passions of entrepreneurship and nutrition. First, they considered selling Maddy's homemade pesto. They quickly realized that storing large amounts of basil and fresh pesto in a small college apartment would be a logistical nightmare. They decided to take a step back and look at how they could run a company that would stand the test of time - in both business and food quality. And that's where Maddy's mother's granola came in.

Ironically, Maddy never really liked granola. But there were three big advantages to making and selling granola: it was nonperishable, transportable, and could be easily scaled for large batches. After many hours in the kitchen tweaking recipes and testing various batches, they were ready to put their recipe on the market. Of course, being college students, they didn't have much funding. So they used the resources they had: broke, college students! Alex and Maddy filled snack-sized plastic bags with samples, printed Love Grown Foods on return address labels, and stuck them on. They stocked their backpacks with samples and gave them out to their peers and professors.

Of course, those who wished to partake in a free sample had to fill out a short survey. Did they prefer their granola crunchy or soft? Sweet or salty? Would they buy it at the store? What did their name and logo communicate? They took every bit of feedback and used it to refine their recipe, product line, and vision. After they graduated in May of 2008, Alex and Maddy saved money by living with their parents and working regular full-time jobs. They utilized Google and government sites like sba.gov (Small Business Administration) to figure out the ins and outs of selling homemade food. And by the spring of 2009, they rented a commercial kitchen from a catering company and bought ingredients in bulk from Costco.

At night, the couple hauled their ingredients down steep steps, baked their granola, and packaged and hauled their products back up the stairs before dawn. The first clients for Love Grown Foods were two local coffee shops that agreed to put the granola on their shelves because Maddy had known the owners most of her life. While working as a teller at Wells Fargo, Alex got to know the manager of the Aspen City Market grocery store who came in a few times each week. Eventually, Alex mustered the courage to ask him to try out their product. It worked! In just a month and a half, they needed to bake up hundreds of bags' worth of granola. They worked hard to meet their deadline, and after just one month on the shelves, the manager of the grocery store told the couple to talk to King Soopers, a larger grocery store chain.

They created a presentation and landed a deal with the major chain that brought Love Grown to 40 of their stores. Not long after that, the chain wanted to expand their product to 80 stores! At this point, Alex and Maddy realized they could scale Love Grown Foods, so they quit their jobs, and just 18 months after their first supermarket deal, Love Grown Foods was stocked in 1,300 stores.

Stay Loyal to Your Brand Story

Perhaps the most important part of a food business is the product, right? Well, sometimes successful products can emerge from a simple business idea. This is exactly what happened when Zak Zaidman had a dream to support organic farmers in Costa Rica and, instead, found himself selling a successful product. All it takes sometimes is passion and a story.

Upon arriving, Zak immediately fell in love with the Costa Rican landscape where his friend was growing his own food. He felt an immediate passion and connection with food and the land. One day, however, as he was driving through the local town of Bribri, he became mesmerized by an ocean of yellow bananas stretching for miles. Suddenly, he witnessed a plane overhead spewing smoke into the air. He was sure he was witnessing a plane crash! But soon, the realization set in that the plane was spraying fungicide over the surrounding banana crops. His eyes began burning, his throat clogged, and that's when he noticed a nearby playground full of kids whose daily lives consisted of breathing in this toxic poison.

Every day planes dropped tons of pollution over the banana plantations. Zak met men who were infertile and farmers with cancer. Yet billions of perfectly yellow bananas were being shipped around the world. He knew there had to be a better way, and he began to wonder what Costa Rican farmers could grow and make organically that could be sold in the United States. What about banana vinegar? A non-perishable product that could give farmers a better quality of life seemed like the perfect thing to introduce to the United States. Soon, Zak realized that vinegar wasn't a high-turnover product; instead, it was like ketchup, flour, and sugar which have a slow-turnover because they have a long shelf-life and aren't used often.

So Zak began importing chocolate and dried fruits which caught on much more quickly. Today, Zak's company, Kopali Organics, stocks its products in every Whole Foods store around the United States. While his first product wasn’t a success, he kept his brand story the same: selling organic, fair-trade products. In the end, choosing a product with a rapid-turnover and staying loyal to his brand’s mission was key in turning Kopali Organics into the successful company it is today.

How to Manage the Challenge of Scaling

Oftentimes food entrepreneurs dream of turning their small recipes into a nationwide success. This requires scaling a small recipe that typically feeds a few people into a recipe meant to feed thousands, even millions! As you can imagine, this doesn't come without some obstacles. Mary Waldner learned about the struggles of scaling when she decided to turn her gluten-free cracker recipe into a small business. You see, Mary struggled with celiac disease her entire life, but it wasn't until the 1990s when she finally received a diagnosis. At the time, she only knew of two people with the same dietary restriction: her and her son.

At first, Mary's recipe fed only her son and herself, but when she began to share her gluten-free crackers with her friends, they encouraged her to take her recipe to the market. Thus, Mary created Mary Gone Crackers. Soon, Mary's crackers were becoming more and more popular, requiring her team to open up a co-packing operation. It was then that she realized the problem of giving up control of her product: the quality of crackers suffered. As production sped up, quality decreased and Mary was unhappy with the final product. So she decided to secure some venture capital and open up her own factory. Of course, this meant she wouldn't be able to produce nearly as much stock.

Despite slower production, Mary had full control over the production process. As a result, the quality of her crackers increased. In the end, Mary sacrificed rapid growth for quality and learned the hard way the struggles of scaling rapidly. While some companies, like Mary Gone Crackers, encounter problems when scaling too quickly, other companies struggle to scale at all. Take Phil Anson, for example. For Phil, his only goal was to simply make enough money to support his passion for rock climbing.

On a trip to Joshua Tree National Park, Phil came up with an idea to make burritos and sell them to climbers. If he could sell 500 burritos a week, he could pay rent and groceries and still pursue his passion. How easy!

Quickly, Phil realized that people were skeptical to buy burritos from a random guy selling them out of a cooler in a parking lot. Confused and a bit discouraged, inspiration suddenly struck as he walked into a local market and spotted premade sandwiches in a refrigerator case. The best part? They looked semi-homemade! So he rushed back home and came up with Phil's Fresh Foods and stuck a label on his pre-wrapped burritos.

After some success in selling in local markets and gas stations, Phil was pretty certain he wasn't following proper food safety laws. So he rented a prep table at a local sandwich shop for $12/hour. The shop owners helped Phil gain connections to food suppliers, taught him how to write invoices, and helped him register with the city's health department. Within a few months, Phil's Fresh Foods was growing aggressively, and eventually, the U.S. Department of Agriculture (USDA) came to visit. Unfortunately, they told him he had to cook in an official USDA-inspected facility. He quickly realized that manufacturing rules are complex and industry standards are incredibly strict.

Scaling a fresh food product comes with many challenges as there are many laws and regulations set by the USDA and FDA. As a result, Phil decided the best way to grow quickly without sacrificing his physical and mental health was to switch to frozen foods. And so the brand Anson's Evol was born. Today, his product is stocked in 7,000 stores and his business has become a multimillion-dollar brand.

How to Compensate for Lack of Capital

When it comes to starting your business, one of the biggest issues is finding the necessary funding. As we learned in the previous chapter, food businesses must adhere to strict guidelines and regulations, making it a costly endeavor. As a result, food businesses don't typically see a profit for quite some time. Well, there is one strategy that is proven to help at this stage. When people asked Cameron Hughes how he was able to make a small fortune in the wine business, he replied with, "by starting a large one!"

Cameron and his wife Jessica Kogan started their wine business with no fortune to speak of. Today, they own one of the largest wine companies in the United States. Cameron got his start when working at two wine-importing start-ups. Both companies failed, but it was during this time that Cameron learned about the concept of *négociation*. The term refers to an old European business model in which you buy other vintners' excess inventory, everything including grapes, fermented juice, or even completed wines. Next, you handle the rest of the process and sell the wine under the *négociant's* own label.

These start-ups Cameron worked for didn't grow their own grapes, crush their own wine, or age their own juice. They simply created blends from the high-quality leftover juice, then bottled the wine, imported it to the United States, and sold it. Of course, in the case of these start-ups, they didn't sell! But as Cameron looked at the California wine market, he realized that nobody was doing anything like it. Could he?

Soon, Cameron was talking to a friend who couldn't sell a particular brand of Syrah. This is when the idea for the Cameron Hughes Wine Lot Series began. Lodi Syrah became Lot 1 under the Cameron Hughes brand. His customers could see the region, year, and varietal, but wouldn't know the small, name-brand winery it came from. And once it was gone, that was it. Cameron states, "Honestly, we were the original flash sale." But what made the business model even better was the decision to sell to bulk retailers. The $28 Lodi Syrah became an $8.99 Cameron Hughes sold at Costco.

When the local Costco buyer and their regional buyer were ready for more, Cameron Hughes Wines needed a strategy. Costco provided a temporary line of credit that Cameron then used to purchase bulk wine. Once Cameron delivered the wine, the credit was then paid back in full. As a result, this strategy allowed Cameron Hughes Wine to scale up its business without much initial capital. While this strategy works, another way to secure capital is through offering shares in your company. For instance, Justin Gold of Justin's Nut Butters turned to senior businessman Lance Gentry for assistance. Gentry has recently turned another smaller company into a $25 million enterprise, and Gold would never be able to solicit his help without offering him something in return.

Instead of paying him a huge salary, Gold gave Gentry equity in the company. Together, Gold and Gentry found more investors and distributed the shares fairly between them so that Gold always had more control and the final say in his business. Ultimately, offering equity instead of salary is a great way to scale-up without much initial capital.

Finding Success in Simplicity

By 2001, a woman named Kara Goldin was living anything but a simple life. To get through the busy days with small children, she found herself stocking her pantry with convenient meals and snacks that could be prepared and eaten quickly. It was when Kara started reading the long lists of ingredients, that she began to realize the foods she and her kids were eating were also anything but simple. Just about everything they were consuming was filled with chemicals. The biggest culprit, however, was sugary drinks.

Her kids were drinking about five cups a day of juice; meanwhile, she was drinking Diet Coke regularly. Kara and her husband decided to go cold turkey on sugary drinks and immediately switched to “good old tap water,” a change that lasted all of two weeks. Bored with plain water, she noticed she and her family had stopped drinking liquids altogether. Desperate for a solution, she became inspired after locating a bowl of fruit on the counter. She chopped it up, tossed it in a pitcher of water, and chilled it. A few hours later, she tasted her concoction. It was delicious! Even better? Her entire family approved.

Eventually, Kara and her family tried everything they could. Once she even cracked open a pomegranate and stuck it in the pitcher of water, rind, seeds, and all. There was nothing special about it, they simply threw various fruit in a pitcher and let it infuse the water with flavor. It was when Kara received a phone call from a mother down the street asking about the raspberry water her daughter enjoyed that Kara had her first epiphany. She wanted other families to drink water, not sugar. And thus, Hint was born.

Kara got her product into the local Whole Foods under the stipulation that if it was successful, she would need to go through the proper channels to get it delivered. That is, she would need to go through the standard distributor protocol, a process that takes a few months to get from the seller to the supermarket. The problem was that Kara was cold-filling her nonpreservative product, meaning her product only had a shelf life of three months! To meet the shelf-life requirements, she would need to either add preservatives or heat it to kill potential bacteria. Of course, heating fruit drastically changes the flavor. But she needed to make a compromise.

In the end, Kara chose to heat her product to avoid adding preservatives. To do this, she experimented in her kitchen to create low-calorie “essences” that evoked the flavor and smell components of fruits and vegetables. She and her team solved the riddle of compensating for the addition of heat. So in April of 2007, Hint converted to hot-fill production and achieved a nine-month shelf life. And by 2008, they had worked their way up to an 18-month shelf life. Ultimately, Kara’s business was born out of simplicity and compromise. After Kara exhausted all of her shelf-life options, she realized Hint would never make it to the national market if she didn’t compromise somewhere!

Build Buzz Around Your Product

As you browse through the grocery store, how often do you stop at the free samples to grab a taste? It's hard to resist the taste of something delicious, right? So why not use this to your advantage? It's hard enough to create a food product, but to create one that sells? That's even more difficult. By 2007, Keith Belling had everything he needed to launch Popchips: he had a name, a logo, an identity, a package, and a product. But that's where the real work began, Keith needed to come up with a way to capture consumer attention.

First, Keith decided to launch Popchips at Safeway, the second-largest grocery chain in the nation. A larger grocery store meant more competition, but there was a reason for this business move. You see, Safeway is based in the Bay Area, so Keith and his team could travel to local stores and use personal connections to introduce their friends and acquaintances to Popchips. His campaign on the West Coast revolved around promoting a snack for those living a health-conscious lifestyle. When that became a success, it was time to launch nationally. In New York, Keith was forced to change his approach to meet the demands of a tougher market.

Keith and his team knew they had to think creatively. How could they create the biggest buzz for the buck? They decided to create a grassroots-inspired three-part sampling campaign. He knew that getting Popchips not only into people's hands, but the *right* people's hands, was the key to success in Manhatten. Popchips began handing out sample bags at Susan G. Komen races, charity parties in the Hamptons, and even Fashion Week. Next, they did in-store demos in places like Whole Foods and Costco. Finally, they launched "the Influencer Campaign" where they focused on getting samples into the hands of influential New York tastemakers.

Each person on the influencer list had to be a personalized contact, someone on one of their teams had to know them. Eventually, they had a thousand names divided into categories like hospitality, fashion, design, architecture, retail, finance, event planning, media, and fitness. For each person, they created a colorful care package full of Popchips samples and a handwritten note referencing the shared connection between Popchips and the recipient. Each box also included a “Pop It Forward card,” which prompted the recipient to go online and send the same care package to three friends along with a similar note.

The results were extraordinary! Almost every influencer gifted Popchips to friends and buzz began to swell. In 2008, Popchips' first full year, they sold $6.5 million worth of chips. And four years later in 2012, customers around the globe bought almost $100 million of Popchips. Even more impressive, Popchips became the fastest-growing potato chip brand in America. In the end, Popchips' success can be attributed to the buzz they created. They used their connections to grow exponentially, as those connections had even more connections! They surprised and delighted their customers by sending them a Popchips care package that was both bright and personal. In the digital age, personalization outside of an email is an unusual delight. So how can you do the same?

Final Summary

If you’re looking to turn your passion for food into a business, then it’s time to get started. Making it in the food business presents many challenges, but after reading Cooking Up a Business, you’ll be ready for them. Whether you’re struggling with securing funding or scaling, you’ll be prepared for the various obstacles that come along with growing bigger. But if you can be creative, create buzz, and remain loyal to your brand’s values, you’ll soon taste success as your innovative idea flies off the shelves and into the hands of hungry (or thirsty) consumers.