

Genius Case Study

Managing Business success

10th September, 2014

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We will be talking about



- Indicators of product success /scalable
- The joys and challenges associated with product success
- Expansion - Moving from asset light to asset rich
- Maintaining and developing the Genius brand and cultural values, in a rapidly expanding business

When you know you have a great product



Sales

- Rapid growth in the top line
- It is hard to keep up with demand and capacity becomes squeezed
- Urgency to expand into other markets and channels
- Demand for other great products within the portfolio increases

Endorsement from stakeholders

- When consumers express excitement that they have found a product that changes their lives for the better and offer to spread the word
- Children ask for more – they never lie!
- Enthusiastic write ups from journalists
- Every retailer wants to stock it
- Manufacturers want to work with you, understand how the product is made and try to copy and compete with you

Making sure quality capacity is available

Momentum



Things to watch



- IP protection
- Success can lure you down paths that suit others and in hind sight would have been better avoided
- Opportunity is plentiful with focus and prioritisation becoming difficult
- The more you make the more challenging it is to maintain product quality



The expansion process



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Increasing manufacturing capability can happen in a number of ways:

- Remaining asset light and asking specialists to manufacture for you
- Becoming asset rich by investing in your own manufacturing facility
- Doing a mixture of both



The Asset light model



Benefits:

- Team numbers minimised
- Avoid being involved in all the operational and resource challenges involved in manufacturing
- Allows your business to operate in an unlimited number of product categories
- Allows investment to be targeted at building the brand.
- We followed this model for the first 4 years

Asset light challenges



Manufacturing partners don't always share the same level of passion for your products

Product quality

- heavy reliance on manufacturing partners to maintain the product standards agreed initially
- Further expansion of similar product lines may be difficult to coordinate – who pays and owns what

Product know how protection

- Once manufacturing partners know how to make your product they may choose to compete with you
- Innovation can be difficult to arrange - who's recipe is it? If a manufacturer has had a part in developing a product, they naturally want to own it.

Relationships with the trade

- Who owns what?

Clear concise contracts and ways of working are essential. Invest time and resource here.

The Asset rich model



Investing in manufacturing capability provides a business with control of

- Freedom to act in all areas of the business
- Product quality
- Innovation
- Recruitment of skilled resource
- Fuller relationships with retailers and distributors
- Cost to produce etc
- Tangible assets

It can be achieved by:

- Buying a facility and setting up from scratch
- Acquiring a going concern

Making the transition from an asset light to an asset rich model makes sense as the brand and its core products gain real traction in the market place

Moving to an asset rich model



Last February, we acquired two bakeries from Finsbury Food Group, who had manufactured Genius products from the launch of our first two products in 2009

Over night we moved from an asset light company

- of 26 team members in one office to team of 420 over three sites
- That made no products to managing and manufacturing a product portfolio of over 200
- That was gluten free brand only to one that owned a healthy gluten rich bakery business and a sizable retailer own brand business
- The learning curve has been enormous and we haven't got everything right

Embracing an asset rich model has been the best thing we could do for our fast growing business



Since February 2013



- We have launched over 15 Genius products
- In 7 countries
- The Genius brand has grown by 47%
- We have been able to support significant sampling activity as a sponsor of the Commonwealth games and at Genius pop up cafes all over the UK.
- We have invested over £2million In new manufacturing equipment and working environment

Invested in our people, now numbering 450 through

- introducing the Peoples Pension
- Training programmes to turn our skilled work force into a team that can comfortably compete on the world stage
- Bringing in experts from Blue Chip organisations

We have ambitious plans and we need the best tools for the job and people to realise the opportunity .



With progress comes change and new challenges

- Understanding the customers' agenda
- Staying true to what our consumers are looking for
- It is essential that our 450 employees located across three sites, work as one team
- That each function treats all other functions as customers
- An engaged team will deliver
- That capacity planning is always front of mind
- Due care is taken to invest in the right new lines – sometimes difficult to do in this nascent category
- That the teams work to a clear and concise list of priorities



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Maintaining our brand and cultural values

- We value our workforce and business culture.
- Our consumers sit at the heart of our business
- Striving to deliver to our customers' requirements
- We are determined that fast growth will not change this.

To ensure Genius stays true to its values throughout its journey we have found the following areas key to our cultural and business success:

- Providing the right tools for the job
- Clear lines of communication through the business
- High level of staff training
- Permanent production staff who understand and show passion for the products

Yummy Genuine Loved



In summary



Expansion involves great change and it is important to welcome it.
While managing your way through the process:

- Welcome investment to help you grow
- Invest in your team and recruit the been-there's
- Invest in the brand and products
- Stay close to your consumers
- Understand and deliver against your customers' agenda
- Be bold, be confident
- Be prepared to make the hard decisions
- Accept some things will go wrong on the way but don't dwell, learn
- Maintain a clear vision and stay true to your values
- Enjoy the ride

Thank you for listening

