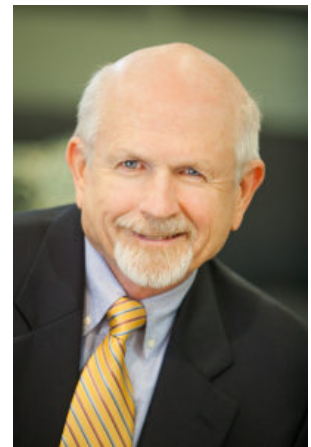


Creating a Start-up Model



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The recently completed FABREO Expo 2018 (Pasco, WA) was a fascinating exercise in creating a start-up model for specialty food and beverage companies in the Pacific Northwest. Most start-up companies follow a fairly well-defined path:

DISCOVERY

They start with a brilliant (at least in their minds) product idea. They begin experimenting and developing a product in their home kitchen, until that brilliant idea becomes a “this is it, I’ve got it!” moment. Then comes the “Guinea Pig Step” where relatives, friends, neighbors and unsuspecting pedestrians taste the product and either spit it out in disgust, breaking the heart of the budding entrepreneur, or “ooh and aah” them into the realm of business empire hope.

MANUFACTURING

With successful consumer testing complete, they manufacture their newly developed product in a certified commercial

kitchen, such as the Pasco Specialty Kitchen or the Red Mountain Kitchen (Kennewick, WA), where they learn the many ins-and-outs of food and beverage manufacturing and packaging.

MARKETING

With their product and packaging developed, they are now ready to introduce their product to the fickle world of the consumer. This is traditionally done through farmers markets in their local communities, eventually expanding to a network of regional markets.

FOGGY FRONTIER

The *Foggy Frontier* is that mysterious space occupied by industry brokers, distributors, retailers and exporters (aka brokers/buyers). In other-words, the means of getting a company's products onto retail shelves and into consumer's hands. It takes time and patience to identify the brokers/buyers, gather their contact information and actually get the opportunity to present their products.

This can be accomplished by exhibiting in the major food and beverage trade shows. The problem is cost. These shows are too expensive for most small companies. Some economic development organizations provide "Community Themed Pavilions" with reduced participation costs. When considering travel, hotel rooms, meals and miscellaneous items, costs are still high. These "Community Themed Pavilions" are often poorly located, in areas less traveled by the brokers/buyers, who walk the main halls featuring more established companies.

It's easy for start-ups to get bogged down in the quagmire of unfamiliar industry language such as slotting fees, buy-backs, mark-ups, commissions, discounts, advertising allowances, freight and payments terms as well as a basic understanding of the industry, who does what, culture and personalities. The fundamentals of trade show participation are often misunderstood, which can be tragic when exhibiting in a major

trade show on a limited budget.

For three years we experimented with format development for the FABREO Expo. After the 2017 Expo it became clear, at least to my often unclear mind, there was an untapped opportunity focused on start-ups. The opportunity was to develop a non-threatening, educational, sales-oriented event that would provide the logical next step from the home kitchen, the commercial kitchen and the farmers market to the world of the major trade shows and brokers/buyers.

To the best of my knowledge, the FABREO Expo 2018 was the first food and beverage trade show to focus on start-ups! It was the ideal industrial marketing challenge, the opportunity to dominate a dynamic, but overlooked, niche in the market. You know the old marketing adage, "Find a need and fill it." But, what does a start-up trade show look like? We identified four basic elements necessary for success: Education, Networking, Inspiration and Sales:

EDUCATION

There is much to learn in the food and beverage industry. Best to bring in the experts. And bring them in we did through the Food & Beverage Boot Camp seminars. Seminar titles included The Necessity of Marketing and Selling Your Products Online (Artnil Design), Disruption in the Food and Beverage Industry (UPS), Legal Entity Selection for the Food and Beverage Industry (CliftonLarsonAllen, LLP), Why is the Right Package Important or Secrets to Packaging Success (Sonderen Packaging) and Gaining the Advantage in Foreign Markets by Working with Export Experts (Washington State Department of Agriculture).

NETWORKING

Another old marketing adage, "It's not what you know, but who you know" applies here. A young company needs to develop a team of experts in various disciplines to be successful. The Columbia Basin College Networking Reception provided

refreshments, a place and time to accomplish just that.

INSPIRATION

Young companies are struggling companies. They need inspiration from each other to continue the struggle. The Opportunity Luncheon, presented by the Tri-Cities Port Districts, presented speakers representing 20 start-ups telling their story within 3 – 4 minutes: the trials, tribulations, lessons learned, mistakes made and victories earned. As the marketing materials stated, “Their presentations will bring tears to your eyes and joy to your heart!” And they did.

SALES

The bottom line *is* the bottom line. Even though direct to consumer marketing is growing, the industry is still supported by retail shelf space. To address this need, we recruited 23 industry brokers, distributors, retailers and exporters all looking for new, undiscovered, break through products. They found them at the FABREO Expo 2018.

One of the major challenges was identifying potential start-up exhibitors. They tend to escape the attention of list brokers or anyone outside their immediate community. To solve this problem we reached out to food and beverage focused economic development organizations. These included Seattle Made, Blue Mountain Station, the Washington State Department of Agriculture, Business Oregon, the Oregon Department of Agriculture, Idaho Preferred, the Idaho Department of Agriculture and the University of Idaho Food Technology Center. Thanks to these outstanding organizations, 77 percent of the food and beverage exhibitors were start-ups from Washington, Oregon and Idaho. We picked up new sponsors interested in the start-up market and, unfortunately, lost some that weren't.

The start-up exhibitors appreciated a trade show focused on

them. They attended the Boot Camp seminars and learned. They made new contacts at the Networking Reception. They heard other start-ups share their life-changing stories at the Opportunity Luncheon and learned their problems were not unique and their dreams not impossible. They learned how to work a trade show and what questions to be prepared for. Some even learned they were not ready for or interested in the world beyond the farmers market.

The FABREO Expo 2018 was a fascinating exercise in creating a start-up model for the specialty food and beverage industry. It was the beginning. Most agree it was a successful beginning. It was the necessary next step in developing a viable, long-term specialty food and beverage industry in the Pacific Northwest.