COVER STORY

STARTING STRONG

Why Impossible Foods is banking on a technology-enabled trade strategy to fuel its growth and limit its risks.

by Andrea Fryrear

With revenue in the hundreds of millions of dollars, food and beverage startups are officially big business. Every year more new brands receive multi-million dollar valuations and expansive media coverage. But simply grabbing headlines doesn't guarantee a new food company's success.

FOOD AND BEVERAGE STARTUPS: WHAT'S AT STAKE

Food startups, many of whose sales are in the tens of millions of dollars, may be leaving millions on the table by neglecting trade spend optimization. As competition for VC funding increases, a solid trade spend strategy may mean the difference between staying on top or going under.

NOT SO SMALL STARTUPS

$48.3 MILLION

Halo Top Creamery

$16 MILLION

Single Serve Beverage Distribution

$13 MILLION

LifeAid Beverage Company

Halo Top shook up the freezer section in 2017 by becoming the top ice cream pint seller, and its predecessor Chobani did the same thing the previous year by beating out long time yogurt giant Yoplait to become America's most popular brand.

In the face of such competition, established companies like Tyson, Danone, General Mills, Kellogg's and many more have established venture capital funds to invest directly in emerging companies. But for every underdog miracle there are dozens of companies that go under.

Even with enormous venture capital backing, some food startups explode onto the scene and fizzle quickly. It turns out that it doesn't matter if you're selling software or soft drinks, cash is king in the startup world. That means that inefficient trade spend practices have the potential to sink a promising brand.

CASH IS KING

Impossible Foods has raised $400 million since the company was founded in 2011, with half of that coming in the past 18 months.

> “SOMETIMES YOU HAVE TO SLOW DOWN TO GO FAST. IT MIGHT BE PAINFUL, BUT IF IN A COUPLE OF MONTHS YOU CAN GO FROM 10 TO 100 MILES PER HOUR, AND THEN GO 100 FOR THE REST OF THE LIFE OF THE PRODUCT, WHY NOT DO THAT?”
>
> — **STEPHANIE LIND**, IMPOSSIBLE FOODS, SENIOR VICE PRESIDENT OF SALES

Impossible Foods has successfully navigated the treacherous food startup world, thanks to its early commitment to powering trade spend with technology. The Senior Vice President of Sales, Stephanie Lind, shared more about their journey and what it means for other food startups.

DRAWING ON EXPERIENCE

After more than two decades working both sides of the desk in retail and foodservice, she's familiar with the mishaps that can befall young companies trying to establish a trade spend strategy, and she doesn't hesitate to point them out.

Lind joined Impossible Foods last year, and before that spent time consulting there and with other CPG companies. “One of the first things we'd often do is pull apart pricing and put it back together,” she recalls. “We created a model that took into account all the people who are involved with trade. If you don't understand how they're all related, you end up with a pricing architecture that leaves you with no margin.”

That lack of margin can be the death knell for a small company, which means they need a trade spend strategy that's just as rigorous, if not more so, than those used by established brands. For Lind, technology is what makes that rigor possible.

“Small companies generally spend more on trade to accelerate sales, and without technology to help manage that you have no way to look back and evaluate your choices,” she points out. “Was it profitable? Did it get you the right customers? Did those customers stick around? With technology you can see if you should do it again, scrap it or make adjustments.”

When she joined Impossible Foods she brought this technology first attitude with her. She asked her controller if he would rather hire a staff of accountants to manage all their deductions, or make use of the technology already designed to do just that. They chose the latter, partnered with Blacksmith Applications and haven't looked back.

In the startup world, where Impossible Foods still operates, cash is king. If you don't spend it wisely, it runs out quickly and “you start making decisions that aren't ideal because you're forced to choose fast, not smart,” Lind tells us. Technology-powered trade strategy, on the other hand, lets her see where the money goes. “And my CFO is ecstatic about it. He can have an informed conversation with investors and account for spend, ROI and beyond.”

For those not fortunate enough to have technology already in place, Lind encourages them to make it happen. It might feel expensive at first, and it may be a little bit painful, but the temporary slow down becomes worth it right away.

“Sometimes you have to slow down to go fast. It might hurt up front, but if in a couple of months you can go from 10 to 100 miles per hour, and then go 100 for the rest of the life of the product, why not do that?”

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