Mastering the Co-Man Search

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Jim Costello
John Castillo
Where are you in your journey?

• Choosing the right time and considerations
  • Revenue
  • Company size
  • Growth Plan
  • Sales and distribution channels
  • Current capacity and constraints
  • Ingredient and Packaging procurement

• Understand why you are choosing a co-man
  • Focus
  • Time commitment
  • Not your area of expertise
Challenges

• AURI/R9/FoodOps Gap Analysis Summary
  • The entire environment is lacking connectivity to a statewide system that supports innovation, growth and resilience.
  • We don’t have enough in state services
  • Current costs and MOQs are too high
  • Over the last 18 years we have not planned for growth (ranked 32nd).
  • We have underutilized capacity.

• Understanding the Co-mans
  • Cost & Efficiency
  • Overhead
  • Hit the easy button
  • Forecast, MOQs and Capacity
Considerations

• It’s all about finding the right partner
  • Dating
  • Home search
  • Buying a new car

• You should be approaching $1M in revenue
  • Proven sales history
  • Cash flow
  • More structure
More Considerations

- MOQ – can you meet it?
- Certifications (Organic, SQF or 3rd Party, Allergens, nonGMO, Kosher, etc)
- Food safety program/Quality systems
- Location and distribution/3PL
- Are you welcome in the plant?
- How is feedback received/acted on?
- Do you understand what your sales/distribution channels require from you?
More Considerations

• Partner Slate
• Food Ops
• Rodeo
• Whole Brain Consulting
• MDA
Develop Your Strategy

• Know your numbers
  • COGS/Margins
  • Forecast (1-2 Years Out)
  • How did you arrive at your forecast (velocity, turns, UPSPW)?

• Have the most complete specifications sheets for your products
  • Formulation
  • Ingredients (Supplier Approval Program)
  • Certifications
  • Testing
  • Labeling & pack out
  • Ti-hi pallet configuration
  • SL

• Know your process
  • Unit Operations
  • Lead times

• Know your timeline
  • Development/scaleup
  • Initial pipeline
  • Follow up orders (2 and 3)

• NDA and questions prepared
The MSA

- What is it?
- Timeliness
- Communications/Expectations
- Key Points
• Products must be produced to the specifications
• Must produce to at least FMSA
• Define lead times
• Define MOQ’s
• To address Volumes your will provide a 90 day forecast in lieu of a volume commitment
• You own all formulas
  • Expect to pay for their R&D services, otherwise they may have claim to your formulas
• You have the right to refuse the product within 14 days if the product doesn’t meet specifications
• Must document all of their certifications that you are counting on.
• Tolling fees well defined
• Payment terms defined
• Terminations defined
• NDA
• Assignability if you sell you company
• Lawyer stuff like Indemnification and Insurance.
Closing Comments

• Thank you for attending
• Slides can be made available for you
• Stay prepared
• Contact Jim/John if you have questions