



Setting 2021 Goals

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HIRSHBERG
ENTREPRENEURSHIP
INSTITUTE

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- Advisory work in bringing natural, organic and specialty products to market across most classes of trade
- Go-to-market plans for international companies entering the US market
- Write business plans for raising capital and growth strategies for management teams
- Co-Author/Publisher of the *Natural Products Field Manual, Eighth Edition*
- Co-produce and co-lead seminars on “Becoming a More Effective Sales Manager in the Natural and Specialty Channel” and “Financing your Consumer Products Company”
- Serve as outside director of: EcoFish, Saffron Road, King Arthur Baking Co., Cali’flour Foods, Uncle Matt’s Organic, Halsa Foods
- Advisory Board: Soapbox Soaps, Noops, Wildgood
- Former director: Stonyfield Farm, Orgain, Equal Exchange, Stirrings, FoodState
- Former Co-chair, Specialty Food Association’s Natural and Organic Council
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- Prior to consulting was VP Sales and Corporate Development for Stonyfield Farm for 11 years

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2021 New Year's Resolutions: Context and Working Assumptions

- Getting on top of the pandemic:
 - Based on realistic distribution of the vaccine, consensus seems to be that will most likely reach an epidemiological end to the pandemic (herd immunity) in Q3 or Q4 2021. – McKinsey Insights, Dec 2020
 - If can pair these vaccines with more effective implementation of public-health measures and effective scale-up of new treatments and diagnostics, alongside the benefits of seasonality, we may also be able to reduce mortality enough in Q2 to enable the United States to transition toward normalcy. – McKinsey Insights, Dec 2020
 - Factors will be effective supply and distribution of vaccine as well as adoption
 - Easy access to rapid accurate testing
 - Effective therapies



Context and Working Assumptions...

- K-shaped recovery
- 20-30% of restaurants could be out of business next year
- Reduced catering, weddings, parties, events
- Long term 25-35% reduction in business travel
- Meaningful number of people still working from home and home schooling
- Related - sustained greater percentage of food consumed at home vs. away from home
- Millions of people need/want to lose 15 pounds (so I have heard)
 - **Web MD: The Quarantine Diet: More Sugar, Carbs, Alcohol**

Yet More Context and Working Assumptions...

- Some flight to suburbs
- Dramatic impacts on commercial/office real estate
- Related impact on local downtown cafes, restaurants, caterers
- Continued interest in health and wellness and immunity
- Continued challenge for brands to get discovery at retail
- Conscious consumption rising
- Still a divisive political climate, temporary lowering of the temperature due to muting Trump on social media, remains to be seen where impeachment goes and whether he continues to be a disruptive force or gets mired in lawsuits and karma
- Related – new fresh post-Trump approach to tackling serious problems or continued logjams in congress and polarizing discourse on cable and social media?

2020 was Transformative, What Else Changed?

- The trend for grocery eCommerce might have accelerated 10 years worth in 10 months. For most consumers there will be seamless integration between eComm and in-store shopping
- Focus on click & collect, home delivery
- Probably some hangover in irregular category reviews, interest in innovation but still a focus on essentials and streamlining assortment and value until we get the pandemic behind us
- Companies were forced to get a deeper understanding of their supply chain and related vulnerabilities
- More companies tuned into DEI issues

2020 was Transformative, What Else Changed?

- Covid shopping behavior – fewer trips, bigger baskets, shopping from lists
- Implications of working and schooling at home on consumption
- Integrating smart home with shopping
- Rapid to adoption to virtual meetings
- Dark stores for fulfillment/home delivery
- Think of categories affected by mobility

What is Your Covid Exit Strategy?

- You've been through the ringer
- We've all seen the world transform in real time before our eyes
- We need to bet on the trajectories we see going forward coming out of this
- The *what* and the *so what*

2021 Resolutions - What

- Elevating Amazon, eComm, DTC - here to stay and essential part of your channel mix
 - At this point, fully integrated into most people's daily lives
 - If you haven't jumped in with both feet, now's the time
- Understand or get help on how to optimize social media, ad words, influencers, digital marketing
- Optimizing Instacart, click and collect, retailer's own eComm
- Understand what is available to drive trial and discovery: Inmar, Ibotta, SocialNature.com, others
- How to retain new windfall customers you might have gotten because of Covid
- Companies taking action on DEI issues. On teams and on boards
- Action on sustainability issues as climate change becomes more dire and more consumers are tuned into brand's transparency in supply chains.
- Think about "what does our company/brand stand for?" How do we live that and communicate that?

What Else?

- Retailers and distributors will expect suppliers to be flexible and responsive to inventory demands
- Take learnings from 2020 forward. “Make 2020 pain into 2021 exponential gain” - Where were the rocks? What needs improvement?
- Streamline product mix to ensure core items always available
- Maintain the discipline – supply chain, trade spending etc.
- Continue active cash management
- Emphasize being capital efficient vs. grow at all costs and shooting for the unicorn exit

So What?

- Never a better time to stop doing things you've always done because “we've always done it this way”
- While working remotely obviously *can* work, there's sometimes magic in the in-person discussions, relationship building, creativity, clarity etc.
- Need to make inventory investments in raw materials and finished goods – unpredictable demand, unexpected delays, strained transportation system
- Be where the shoppers are

So What Else?

- Even as the vaccine is being rolled out and the end is in sight, must stay vigilant, don't lapse, keep up safety and hygiene practices until well behind us
- If you run your own manufacturing facility, must do cross training so if someone is out, someone else can sub for them – same for key roles in the office
- With all the new ways of engaging with consumers, try to get to know them better - their behaviors, needs, how to build a long-term connection with them

Final Thoughts

- Acknowledging the very real suffering, illness, disruption and economic hardship by so many - for many in CPG, Covid has been a *gift*. Not just a surge in demand in so many categories but in a larger sense it also has forced us to look at our businesses with fresh eyes and accelerate how we adapt and show up in a changed world
- The ones who do this well will come of this stronger and better positioned as the recovery gains momentum and life comes roaring back

Alvin Toffler

- *The illiterate of the 21st century will not be those who cannot read and write, **but those who cannot learn, unlearn, and relearn***

Future Shock (1970)

Future Looking Bright



Natural Products Field Manual *Ninth Edition*



- Complete, comprehensive, 4 volume, guide on “how to go to market” for natural, organic and specialty products
- Includes Flash Drive with directory of top natural retailers, mass-market natural buyers, distributors, brokers, industry resources, budget models, new item forms and store logos
- Practical, proven, best practices shared and illustrated by industry veterans
- Rich, insightful guest editorials by notable natural buyers, brokers and CEO’s
- \$100,000 in coupons
- Half Day consulting by author
- www.NaturalConsulting.com

Questions?

