

THE MONTH END

EPISODE TWO

Red Clay Hot Sauce

MOLLY FIENNING



SHOW NOTES



SPEAKER BIO

Molly Fienning is the CEO of Red Clay Hot Sauce, a cold-pressed, barrel-aged hot sauce and hot honey brand based out of Charleston, South Carolina.

Prior to Red Clay, Molly co-founded Babiators, a baby sunglasses company. Her role in Babiators was CMO--she spoke to the consumer, helped find their tribe, and helped develop the brand's voice, look, and feel.



With Red Clay, she wears all of the CEO hats that she did not have to wear at Babiators. It has been a huge growth opportunity for her on the finance, operations, and team management side of the business.

TAKEAWAYS

Sales Channel Advice

- **Bring an Amazon expert in-house** or partner with a third-party Amazon team to build out your site.
- **Grocery is pay-to-play and very capital intensive** on the front end for businesses that are small. There are ways to get in as a small business though. Whole Foods has a local partner program that waives slotting fees, for example. Red Clay is going into grocery cautiously; they are currently in Whole Foods, The Fresh Market, and Publix.
- **Direct-to-consumer is Molly's favorite sales channel** because you really get the chance to tell the full brand story to your customer. (And it has the highest margins!)

On Thinking Outside of the Box

Red Clay is cold-pressed and aged in bourbon barrels to get depth of flavor. This makes a complex and flavor-forward sauce, but one that is tricky to manufacture. Because most hot sauces are boiled and quickly bottled, Red Clay had trouble finding a co-manufacturer. They couldn't find one that was certified to cold-press, so they started thinking outside of the box and called juiceries and kombucha makers. They finally found a kombucha factory that was willing to take them on as a fermented sauce. They might be the only hot sauce that is being manufactured in a kombucha factory, but they weren't willing to sacrifice the process and the product for ease..

On Handling Big Grocery Orders

- **When Molly stepped in as CEO, the hot sauce was very much hand-crafted.** Geoff, the chef-partner, was very hands on in how everything was made batch-to-batch to ensure that it honored what he committed to producing. When Whole Foods ordered 10,000 bottles, their process had to change a bit. They raised 700K in an angel round and spent a lot of that money on operations - finding the right co-manufacturers to grow with them while still honoring their original process
- **Red Clay partnered with a debt firm** that does raw goods factoring. The firm buys peppers on Red Clay's behalf, they take out the line of credit, and then charge Red Clay interest. Then they are the first to be paid when cash comes in.

KPI'S THAT CPG BUSINESSES SHOULD BE REVIEWING:

- Gross sales (daily)
- Month-to-date sales
- Year-to-date sales
- Year-over-year sales
- On the customer side:
 - reorder rate
 - average order value
 - lifetime consumer value

CPG BUSINESS DO'S AND DON'TS

CPG Business Do:

Entrepreneurship is a marathon, not a sprint.

The companies that really thrive are the ones that persevere through the stuff--through the ups, through the downs, through the COVIDs. No one decision makes or breaks a business. It is a million small decisions, and baby steps, and getting up every day, and working hard for years. And you're working hard for years--a commitment to that. And that is how success in entrepreneurship comes. There's no overnight success. It is years of work and you need to enjoy the journey and enjoy the day-to-day.

CPG Business Don't:

Don't get too rigid.

Businesses fail that don't pivot or adapt or stay flexible or nimble or agile. For example, Red Clay is a restaurant hot sauce. They were created in a restaurant, they were on restaurant tables, and that's how people got to know them in Charleston. It was a big strategy for Red Clay's brand awareness. It was going to be one-third of their revenue in 2020 and then all of the restaurants closed for months. The restaurants that reopened were not putting hot sauce on the table for communal enjoyment. They had to pivot in the moment and they really leaned hard into influencers and celebrity chef giving.

NOTABLE SHOW QUOTES

From Molly:

"I think being a good CEO is recognizing your strengths and your weaknesses."

On What Molly Learned From Running Babiators:

"I like to keep the core team really small. Our in-house, full-time employees are lean, mean, and super top performers. And then we partner with expert vendors on everything else. I don't want to build a big team because I don't have the bandwidth to manage the politics of a huge team and the people management of a huge team. I would much rather have my "A-Team" that knows how to run their 5-6 vendors and check in."

From Brad:

"Understand your strengths, understand your weaknesses, and then identify key vendors that can help you along the way."

From Molly on Cash Flow:

"Cash-flow whiplash is what keeps me up at night."

"Between worrying about cash and raising cash, that's a lot of my bandwidth. But that's the role of CEO."

DISCOUNT CODE:

Use code **Accountfully30** at checkout for 30% off the entire site.

BUY RED CLAY HOT SAUCE PRODUCTS HERE:

- Whole Foods (nationally)
- The Fresh Market
- Publix
- Amazon

MOLLY RECOMMENDS:

Molly recommends trying the All-Star bundle for three of her favorite flavors:

1. Original Hot Sauce
2. Verde Hot Sauce
3. Barrel Aged Hot Honey Sauce

SHOP THE ALL STAR BUNDLE



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RED CLAY

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