

THE MONTH END

EPISODE ELEVEN

Après

A portrait of Sonny McCracken, a man with short blonde hair and a beard, wearing a dark blue t-shirt, sitting on a wooden chair and smiling. The background is a light-colored wall with a subtle pattern.

SONNY MCCRACKEN

SHOW NOTES

The word "APRÈS" in a large, black, sans-serif font, centered within a thin grey rectangular border.

APRÈS

SPEAKER BIO

Sonny McCracken is the CEO of [Après](#), a plant-based protein drink. Après was founded in 2016 as a healthy option to bridge the gap between a workout and a meal at the suggestion of his girlfriend, now wife. Sonny is a former athlete and played football in college, so the intersection between fitness and nutrition has always been very important to him. He saw an opportunity in the market to tell a different story about protein and create a healthy post-workout drink.

TAKEAWAYS

Sales Channel Advice

- When Sonny first started out, his approach to building the business was to talk to as many people as he could that had been in the space so he could get an idea of what the benchmark targets were. He then put that into a financial model and built a plan. And the one thing that he knew about the financial model was that it was going to be wrong--he just tried to limit the variance of how wrong it was going to be.

TAKEAWAYS (Cont'd)

Sales Channel Advice (Cont'd)

- They went digital first and were focusing on the incremental customer that you would find in a boutique fitness studio. Being able to go digital where you can tell a story about your product is important when you're changing habits, or creating habits in the first place. Après was targeting the customer that might not currently drink a protein drink because there hasn't been anything that has spoken to them in the past. Once they brought customers into the fold, they looked at repeat rates which are super indicative of how well the product is working.
- It's the role and the responsibility of the brand and the brand/customer relationship to reduce the amount of friction in getting the desired goods to the customer in the way in which they want to buy. Après is generating revenue from five different channels. (Sonny would not recommend being in five different channels!) On one hand, the channels all talk to each other and compete. On the other hand, they do really help each other if you do it right. Your strategy has to make sense across all of the channels and then you have to have faith that they're going to work together in a complementary fashion.

On The Evolving Role of Being a Founder

- You start out as a founder being a product-centric problem solver, then you move into a founder/manager role where you start to bring on a team, then you move into a chief sales person role, becoming an ambassador for your company. Eventually you become an executive, pushing downward decisions to your team as you get more comfortable with what's happening in the business. Sonny says:

"For me right now, I'm somewhere along that path. I'm working on a lot of product development which is where the original spark still lives. But we have a team of about seven putting processes in place so it's not just a fire drill every day."

TAKEAWAYS (Cont'd)

Inventory Advice

- Après has product in HQ, D2C warehouses, wholesale-oriented warehouses. And it can be really challenging to move product around. Especially liquid product, it becomes really expensive and it can eat into your margin.
- They do a revenue build for every single channel and update it as frequently as possible and adjust expectations.
- They are currently working with a partner that basically pays for the inventory, and then charges interest on the inventory, and takes a percentage of sales back. It's a combination of D2C financing, A/R financing, and general inventory factor financing. That's been huge because it's allowed them to order slightly larger runs and expand their margins.



CPG BUSINESS DO'S AND DON'TS

CPG Business Do:

Spend the time where it matters, and then hire people to handle the day-to-day stuff. The more important something is or the more thought that it takes or the more strategic direction that your team needs, the more time you should be spending on it as a founder. The more plug-and-play or routine that something is, the more you should not be doing it, but you have to have someone that you trust doing it, otherwise you're going to be looking over their work. If you don't trust it, you're not actually getting leverage into the business. For example, a huge part of that is accounting, which we have Accountfully doing for us. Sonny states to Brad, "if we didn't trust you and I was having to go back over the financials every single time you guys did them because I didn't believe them, then that's not actual real leverage for the business."

Make sure that you create time for yourself as a founder to do the things that are high impact and high thought. Get other people to do the other parts for you.

CPG Business Don't:

Don't introduce complexity where it's not needed (this is something that is easier said than done). You're going to be presented with a million growth opportunities and the more simple that you can have your business the better. Complexities find you, fire drills find you. The easier and more simplified that you can keep the day-to-day operations and strategy of the business, the more time you'll be able to have to think about how you can do it better or what other things that you can do. When you add complexity into the business make sure it's a step change for the business, not a linear change.

NOTABLE SHOW QUOTES

From Sonny on starting with the digital sales channel first:

“One thing that I learned was that with customers what they do and what they say they’ll do are totally two different things. So being able to test and identify what’s working and what’s not pretty quickly allows you to evolve your business before you go into more opaque channels, like retail.”

From Sonny on talking to investors:

“Huge fan of bootstrapping. Obviously the more of your business that you can own at the end of the day the better. You can unlock the most creativity by having very defined constraints on what you’re able to do. And money is obviously the biggest constraint for early stage businesses, at least so far that I’ve encountered. But I found that the investor convos early on in our life cycle were fantastic. You get really smart people in the space asking you questions that you hadn’t thought of. Again I’m an outsider, I didn’t know what I didn’t know. And you learn to think about things through their lens, which can be really helpful.”

From Sonny on creating a financial model:

“One of my tips is that I live in my model. My financial model is a live document.”

From Sonny on starting with a simple financial model:

“If a founder isn’t very financially sophisticated, totally fine; make a simple model. The model that we use today from a layout and functional aspect is very similar to the first model that we started out with, it’s just that we’ve been able to get the assumptions tighter.”

From Sonny on managing inventory:

“How do we manage inventory: imperfectly.”

“Nothing ruins a relationship with a customer more than not having product when they need it. It’s huge to make sure that you have that product, but it’s expensive to have more product than you need.”

From Brad on selling in multiple channels:

“Understand that each specific sales channel that you sell in is a different business, it’s a different model, a different metric analysis, a different reporting mechanism. And reconcile everything you’re doing to cash.”

From Sonny on financing inventory:

“The first thing I’d recommend is that anybody who is in the market and has a steady sales record, I would go find a partner to finance your inventory.”

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