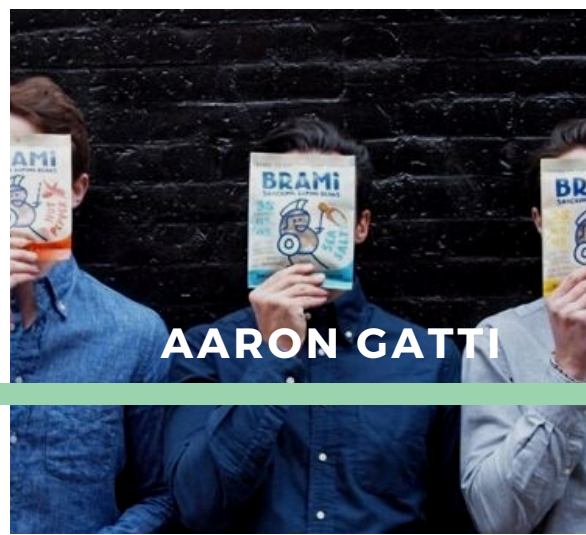


THE MONTH END

EPISODE TWELVE

Brami



SHOW NOTES

BRAMi

SPEAKER BIO

Aaron Gatti is the founder and CEO of **Brami**, a plant-based whole foods CPG company that is striving to make the slow-food Mediterranean diet easy for the modern consumer. They sell ready to eat lupini beans and lupini bean dips. Lupini beans are incredibly unique in the plant world; they are high in protein and fiber, while having zero net carbs.

TAKEAWAYS

Sales Channel Advice

- Aaron would like to say that they had a very well thought out sales channel strategy, but the reality is that wasn't the case. After their first production run, they went to Expo West and the natural food buyers really saw the benefit, uniqueness, and opportunity of the product. They quickly launched into retail right out of the gate. That took up most of their bandwidth and capital in the beginning. After they got their footing, there they were able to look into other sales channels.
- They view retail as a big opportunity to grow a brand, but it needs to be managed carefully. They are still in the early adopters phase, so they have to be very selective on how they build that out. Online it's a lot easier to connect with the natural food consumers.

TAKEAWAYS (Cont'd)

Sales Channel Advice (Cont'd)

- Every channel has its challenges and opportunities and Amazon has definitely been a big sales channel for Brami. Out of the gate, it was hard to get the flywheel going for them, so it was not terribly fruitful at the beginning. Gatti says, "I think that's true of every channel - you need a certain amount of time and capital to get it going, but once Amazon started going, it was a really great driver of growth."

Supply Chain Advice

- The supply side was a massive challenge for them. They were the first company (that they know of) doing a pickled veggie in a shelf stable ready-to-eat pouch. The closest thing was the olives in pouches. There were zero manufacturers in the U.S. that were set up to make the product. Aaron was trying to avoid importing the product, but with the uniqueness of the product, they had to use Italian vendors.
- Brami has partnered with their Italian supplier. They are a shareholder and they have a strategic relationship. They have a long term Euro exposure that's virtually impossible to manage over a lifetime. According to Gatti, the best that you can do is manage two years out depending on your capital position.
- There are a few companies out there that are non-bank foreign exchange providers.
- They used to do everything in Italy including kitting for eCommerce, which was not a great setup. Now they import the product in bulk and do all of the kitting stateside, which helps them with lead times and inventory management.

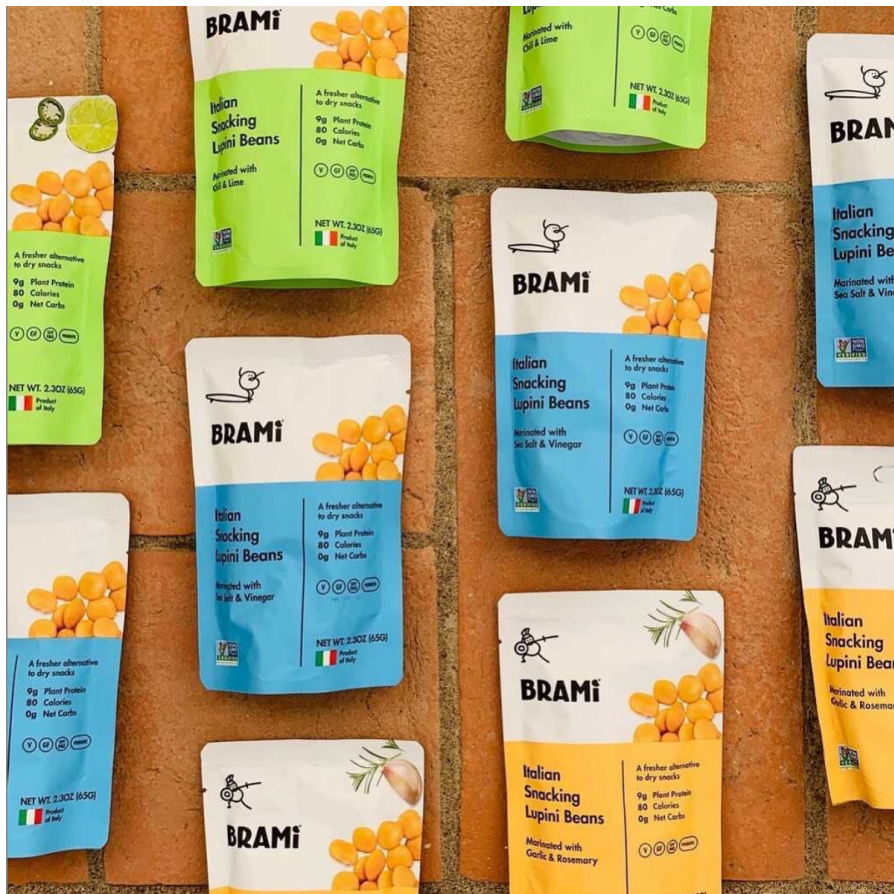
TAKEAWAYS (Cont'd)

Handling Freight, Duties, and Taxes

- Brami uses a freight broker based in Italy who has great relationships with the shipping lines and they really lean on them a lot to help out with the freight, duties, and taxes. Their duties are fixed on weights and for a long time their shipping rates were stable, but that unfortunately changed when COVID hit.

Getting Through COVID

- Aaron saw the "slow moving freight train crash" happening in Italy. The bad news was that they were in the European epicenter, but that also put them way ahead of the curve.
- They scrambled to get as much product as they could out of Italy. He had to reallocate capital from sales growth to inventory, and went into batten-down-the-hatches mode on the cost side of things.



CPG BUSINESS DO'S AND DON'TS

CPG Business Do:

Really be on top of your forecasting and supply planning. It's not an easy thing, especially if you're omni-channel, but you want to get really buttoned up on your forecasting and lead times and supply planning so that you can manage the right weeks on hand for your key products and key customers.

You don't want to invest so much in getting accounts opened, and not be able to deliver (literally). There's so much that goes into getting channels set up, you don't want to find out after making that investment, you don't have the supply. On the other hand, you have to manage your capital and inventory out-of-stocks. Getting the right weeks-on-hand number, and having a really solid forecasting foundation to manage that is essential.

CPG Business Don't:

Don't overlook the importance of having healthy margins. I see entrepreneurs discount the needed margins to be successful in this business. So unless you have a lot of capital and a very sure way to grow, you need to have very healthy margins. There's a lot of deductions, a lot of marketing spend, and it's a capital intensive business, so you want to have very healthy margins and be very precise in your calculation of them.

Relatedly, you want to know your contribution margin in any channel that you're in (or want to be in), and think through what the capital implications are of launching a new channel.

NOTABLE SHOW QUOTES

Aaron on launching an Italian product in the US:

“I really picked a doozy of an item to launch here.”

Aaron on consumer education:

“Online is a great way to educate consumers these days.”

Brad on Aaron’s expertise on dealing with foreign currency:

“Wall Street has a job opening for you if Brami doesn’t work out.”

Brad on supply chain:

“Consistently review your supply chain and you can find some savings.”

Aaron on the importance of a reliable freight broker during COVID:

“I wouldn’t have wanted to have the wrong freight broker in place during these times.”

Aaron on managing inventory during a pandemic:

“We took the approach that it was better to keep our current customers happy and save where we can on gaining new customers than try to get too smart on inventory management at the expense of our existing relationships.”



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