

THE MONTH END

EPISODE 17

Over Easy



SHOW NOTES



SPEAKER BIO

Kyle Maggard is the CEO of [Over Easy](#), a modern breakfast company. Their goal is to give everybody the healthy, exciting start that they all deserve in the morning. The company was founded in 2018 when Kyle, a West Point graduate and Army Captain, was looking for a healthy breakfast bar that he could take on the go. Over Easy's first product is a high protein, high fiber, oat based breakfast bar, and they'll be releasing some new products soon to build out their portfolio of healthy, delicious, and convenient breakfast foods.

TAKEAWAYS

Growing a Team:

It was just me for the first 15 months. And this is when I was creating the recipes. It took me about a year to land on the recipes in my kitchen, take them to a commercial kitchen, and to a contract manufacturer. I hired my first teammate, who actually came from Kind with an extensive field sales and field marketing background. I really needed somebody who had industry experience since I was in the military before I started this and didn't really have experience in CPG besides being a consumer and loving food and loving to make food.

TAKEAWAYS (Cont'd)

Growing a Team (Cont'd):

It was her and I for about six months, until we brought on somebody on the operations side. Then it was the three of us for a while, and we just started building out different pieces of the puzzle for us from there.

Identifying Success in Sales Channels:

In retailers we identify success based on velocities. How are we doing in the stores in which we have distribution? Now, there's the common pitfall that everybody talks about in CPG is gaining distribution before you build awareness and build velocities and your current distribution. That's great in the short term, but it could be a death sentence.

When you have widespread distribution, you've paid a lot in terms of trade spend in order to get that distribution, and then no one's buying your product. So velocities on a unit per store, per SKU, per week basis is the number one KPI for us in retail. Online in DTC it's lifetime value.

We also have a huge foodservice business too. We're in nearly every NFL locker room. We're in dozens of MLB, NBA, NHL locker rooms, college athletic departments around the country. We measure the success of that by the number of accounts we get into.

Pricing the Product:

We've learned a lot, and we're actually learning a lesson right now on it. So to start, we priced based on the market. We have to be priced to be competitive, but we have very premium ingredients. We have no fillers in our product. There's no added flavors. We tried initially to be like, "well, let's see what all the competitors are doing and be somewhere in there that we're not too expensive, we're not too cheap". It crushed our margins doing it that way. I was under the false understanding that you could continue to drive down COGS, and that you just make more, and then COGS would be a linear decrease. And it's just not true.

We are very good at working with our partners, and have some great partners that are in it for our long term success, and obviously understand that the more we sell, the better margins we have, that's a win-win for all of us. There is a floor to where you can get your COGS down to. If you don't price yourself appropriately to your product, then you won't be successful, right? You'll just continue to burn cash. That's what we've learned, probably over the last year.

TAKEAWAYS (Cont'd)

Inventory Management Advice:

From a high level, we work very, very closely with our contract manufacturer on sourcing all of our ingredients. It has been a challenge, given the current world. I know I'm preaching to the choir, everybody listening to this, and you probably experienced this a lot too, with all your clients and their supply chain challenges across every industry. For us, it's about having a very close relationship with our contract manufacturer and our 3PL to make sure that we are not building our working capital more than it absolutely has to be.

KPIs to Review:

Now we are very focused on getting to profitability. Our cash conversion cycle is a big KPI that we're focused on, so we can continue to grow and fund our own growth and not be reliant on external funding to take on the next big client or you know, build up inventory if we're going into a big retailer/ big wholesaler.

I'd say each sales channel is just an equation. I think of like the end result is net revenue, it's just an equation.

- For DTC, it's website traffic, multiplied by your conversion rate, by your average order value. And then it's your repeat order rate.
- On food service, or in retail, it's your average velocities, multiplied by how many placements you have in storage, multiplied by how many stores you have.

We break it down, we get very particular there, because there's certain variables you can control and certain variables that are just in the equation. So for us, when we break down our financials, we want to know, what is the equation for each sales channel? And what is the key metric that we can actually make a decision around, that's going to impact that variable or that metric?

CPG BUSINESS DO'S AND DON'TS

CPG Business Do:

I have a few and I guess they apply to people at different stages, and of course, I'm still learning as I go. I think a big do is not to underestimate the power of having spectacular people on your team.

Everything that we've done at our company, and everything that we will continue to do with Over Easy, is just a result of having fabulous people; like hard working, salt of the Earth individuals that believe in our mission, that are smart, that are resourceful. That is it. Everything after me deciding, "okay, I'm going to start this company", is all a result of the people involved.

Everything that happens is just a product of the people that are involved, the good and the bad, so I think it's the biggest challenge of a startup is it's all a people business, and making sure you have the right people on the bus.



CPG BUSINESS DO'S AND DON'TS (Cont'd)

CPG Business Don't:

Don't get complacent. I would say that I've heard this narrative so much about, "you just need to own this one business, like this one product, you just need to own your one specialty, or one area of your core business and just focus on that..."

I can tell when certain parts of our business are not going to be a success. I think that a lot of companies out there are working really hard to their own death, that are already set up for failure. Be very honest with yourself, being very humble, and making changes before the industry tells you that there needs to be a change, before someone gives you the negative feedback that says, "hey, there needs to be a change".

We at look ourselves in the mirror and we're not perfect. We have failed at this plenty of times, and we'll probably fail at it plenty more times. We asked ourselves, "is this really going to be a success?" No one said it hasn't been and we have no reason to believe, other than our own intuition that it's not going to be a success, but something in our gut is like "no, that's not right". Or on the opposite side; being very honest with ourselves like, "hey, I know everybody said don't do this, and this is against the industry best practices, or the industry guide, but screw it, we think it's the right way to go".

You have to trust your gut. So just being very honest, very open, removing any ego - which is always harder to do than to say - that's probably the biggest thing. That is the biggest advice that I've been trying to tell myself, I will continue to tell myself and, you know, hopefully it's helpful for other people too.

NOTABLE SHOW QUOTES

From Kyle on Growing a Team:

"There's no replacement for great people and great partners, there's really just no replacement for that."

From Kyle on Having Clarity on KPI's:

"I just think that visibility and clarity around KPIs and where the business stands, is the only way you can make smart decisions. Otherwise, you're just flying blind."

From Brad on Managing Inventory:

"The key to any inventory based businesses is inventory efficiency, inventory ROI, having the least amount of inventory in hand to generate the highest amount of revenues, but not to lose sales. And so it's this constant game."

From Brad on Blazing a Path:

"The entrepreneur mindset is against the grain."

From Kyle on Entrepreneurship:

"That's the whole beauty of entrepreneurship, is that you get to do something for the first time in a way that nobody else has done it."

From Kyle on the Path to Success:

"The biggest lesson I learned is there is just no blueprint."

WHERE TO BUY OVER EASY:

- The [website](#)
- [Amazon](#)
- Whole Foods

KYLE RECOMMENDS:

The Toasted Coconut flavor. He is a fan of GirlScout cookies, and this version reminds him of his favorite; the Samoa.

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