

THE MONTH END

EPISODE SEVEN

Yellowbird Foods



GEORGE MILTON

SHOW NOTES



SPEAKER BIO

George Milton is CEO of Yellowbird Foods, a spicy condiment company. In 2012, he started the company with his partner Erin in South Austin, Texas. They were both creatives; George was a musician and Erin was a graphic designer, but they started making hot sauce in their kitchen. Today, Yellowbird is one of the best-selling hot sauces in natural grocers in the US.

TAKEAWAYS

Sales Channel Advice

- They first started selling Yellowbird at Farmers markets in Austin. It was George's dream to be a local Austin brand so he started selling the sauce door-to-door at local restaurants. It wasn't scalable at first, but Erin built a website and they saw some early success there.
- Their first big break came accidentally. In 2013, they got a call from the Whole Foods office when their procurement team came across Yellowbird at some of the local restaurants and called George to carry it. It took him a year to be able to make enough hot sauce to be in 40 Whole Foods stores.
- Their largest sales channel is retail grocery but George's favorite sales channel is direct to consumer because there isn't a gatekeeper that says that you can or can't access certain customers or a group of consumers.

TAKEAWAYS (Cont'd)

Supply Chain Advice

- When they first needed distributors, they were too small for most, but because Yellowbird is shelf stable, they had the option to deliver their sauce directly to stores or mail it. Using distributors UNFI and KeHE is the route that they had to go eventually. They started doing well regionally in Whole Foods and expanded nationally. It took them six years to become a national brand with Whole Foods.

Deductions

- The first three words that come to mind when George thinks about the word deductions are, “all expletives - and I don’t know what the rating is on your podcast.”
- Yellowbird manages deductions by having everyone; Accountfully, their sales team, pitch in and help with deductions management disputes.
- They have had to develop systems where everything gets signed off. Everything gets a video and a picture.

Inventory

- When Yellowbird first got into Whole Foods, they went through several co-manufacturers. Their first co-manufacturer added 20% water to their first Whole Foods order and the product had to be returned. It almost put them out of business. They went through a couple of co-manufacturers between 2014-2016 and eventually moved into their full time manufacturing facility in late 2016. They’ve always managed their raw inventory. They want to ensure that they’re getting fresh produce, that’s certified organic, and it’s meeting specifications.
- When Yellowbird transitioned to having their own facility, it was easier for them to manage inventory. In 2017, they had complete ownership of raw inventory, packaging, produce, labels, everything. When they started with Accountfully, they switched to NetSuite to manage their inventory. They lease their equipment through private companies; they use lease-to-own deals.
- One of their first hires was an operations director. Managing inventory is a key part of his job.

CPG BUSINESS DO'S AND DON'TS

CPG Business Do:

Do take risks! You have to take risks to do anything important. I would certainly encourage the me from years ago to not be afraid to take risks.

CPG Business Don't:

Don't make the same mistake twice. You can take a risk and it can be a mistake. If you learn from that and don't make the mistake again, it's a fairly cheap education. Failure is a great education, but don't make the same mistake twice.



NOTABLE SHOW QUOTES

From George:

"It was really by accident that we started this business and that's one of the reasons that it's been really important to us to surround ourselves with people who are experts in certain fields."

From George on the Early Days of Yellowbird:

"The beginning stages of Yellowbird were the wild west. We didn't have any money. We were just taking what we could get."

From George on Selling D2C:

"Shopify is great, selling online direct to consumers. The more that you can democratize these things--I love that! Not everyone will have a successful business, but anyone can start a business."

NOTABLE SHOW QUOTES (continued)

From George on the Gate Keepers of Retail:

"The less gatekeepers you have, the better. In my mind we should let the customer decide what they want to buy."

From George on Amazon:

"It's hard to turn a profit selling on Amazon, but it is a great marketing channel."

From George on Using the Big Distributors:

"I do think that there needs to be alternative routes because UNFI and KeHE have a bit of a stranglehold on that aspect of the business, and they do take advantage of that from a financial standpoint."

From George on Managing Deductions:

"We have had to build a massive amount of documentation around everything. It's made us more sophisticated."

From Brad on Managing Deductions:

"When you get into the distribution world, make sure that you talk to some people with experience about best practices."

From George on Managing Raw Inventory for Quality:

"We're not just selling customers marketing terms we are actually fulfilling a promise that we make to people."

From George on Cash Flow:

"Even when you figure out a good way to count inventory and account for raw ingredients, and packaging, and account for the builds, and finished goods. It's Business 101 on cash flow management: you can be really successful and run out of money so that was a piece that we wanted to get into place."

From George on the Importance of Operations:

"Getting the operations part to work, in my mind, and pretty famously, is one of the ways you have a business that sticks around."

From George on Prioritizing the Fundamentals:

"Anyone who has an early stage company, I want you to hear me say: you could go raise 10 million dollars today and in two years you could be out of business if you don't get the fundamentals down. We prioritized that early, early, early, and we continue to prioritize that."

From Brad on Mistakes:

"Take calculated risks, learn, don't rinse and repeat, learn from it, and move forward."

BUY YELLOWBIRD PRODUCTS HERE:

- YellowbirdFoods.com ([their website](#))
- Whole Foods
- Natural Grocery Stores Nationwide
- Amazon

YELLOWBIRD®

FOLLOW YELLOWBIRD ON SOCIAL MEDIA:



INSTAGRAM

@YellowbirdSauce



FACEBOOK

@YellowbirdSauce



PINTEREST

@YellowbirdSauce



TWITTER

@YellowbirdSauce



YOUTUBE

Yellowbird Channel



LINKEDIN

<https://www.linkedin.com/company/yellowbird-sauce/>



CONNECT WITH GEORGE ON LINKEDIN

<https://www.linkedin.com/in/george-milton-a8348956/>

VISIT THE YELLOWBIRD WEBSITE

www.YellowbirdFoods.com

