

THE MONTH END

EPISODE FOUR Wildway



SHOW NOTES



SPEAKER BIO

Kyle Koehler is the co-founder of Wildway, a Paleo based granola brand. They also make hot cereal, trail mix, and fruit and nut snack mix. Wildway is based in San Antonio, Texas and is manufactured in-house. A portion of their profits go to help protect and preserve Texas parks.

TAKEAWAYS

Sales Channel Advice

- Wildway's sales are split evenly between e-commerce, traditional retail (natural and specialty grocery), and food service.
- E-commerce and food service are Kyle's favorite sales channels because it takes out the middleman and distribution problems.
- It's important to understand the profitability of each sales channel and what drives that profitability. What a lot of people don't realize is that they want to jump into e-commerce because the margins are higher there. At the end of the day, a lot of times, the margins in e-commerce might be your lowest because of the money that you need to spend on advertising in order to get noticed and get the sales.
- Wildway has been really big in diversifying sales channels. Each one is going to fluctuate and have it's ups and downs, especially this year due to COVID.

Amazon

- Wildway has always fulfilled Amazon orders on their own. They got really lucky to start selling on Amazon so early because they were grandfathered into policies that people aren't privy to now.
- With Amazon, you really get hurt both in search rank and seller rank if you don't deliver on time, so being able to have that control has been really important to Wildway.

Fulfillment

- Kyle calls it the "Amazon Effect" : everyone expects the product to ship in two days and they expect it to ship for free and they expect it to get there quickly. Wildway (or small businesses, in general) can't compete with the amount of money that Amazon loses on shipping every year, but customers still expect that timing. Having to compete with that has been very difficult.

Manufacturing

- Wildway has manufactured their own product from the beginning.
- It was never their intention to keep everything in house, it just kind of happened that way. Kyle says of how they got into manufacturing for a private brand, "when we were really small we got approached to co-pack a private label product for a large customer and their main requirement was that we couldn't outsource the manufacturing. It was going to grow 8-10 times our revenue at the time. So without a plan, we just said 'yes' and thought we'll figure it out later. We scrambled, asked for better terms from our suppliers, and leveraged those relationships to get the ingredients and expand into two new warehouses."
- Manufacturing in-house has allowed Wildway to co-pack private label products, and offer fulfillment. All of that brings in other streams of revenue.

Managing Inventory

- Wildway doesn't have really complicated processes in place. They have their production team do an inventory check weekly, and they work to keep about two weeks of raw materials and goods on hand.
- They don't deal with a ton of ingredients and they have back-up suppliers for just about everything. Some ingredients they source directly from the supplier. The supplier relationship is just as important as the banking relationship.
- They produce four days per week and have about a dozen warehouse personnel.

CPG BUSINESS DO'S AND DON'TS

CPG Business Do:

Diversify! It has been incredibly important for us. I think of our business just like I would think of a portfolio--you need to diversify your assets. Stay diversified across the board.

CPG Business Don't:

Don't shortchange your happiness. At the end of the day you can run a hundred million dollar company and be absolutely miserable doing it. It took us far too long to realize that this was our business and we were going to run it how we wanted to to run it and it has made us much happier

FIND WILDWAY HERE:

- Amazon
- HEB in Texas
- Wildway Website
- Wegman's
- Whole Foods

KYLE'S FAVORITE:

Try the Gingerbread Granola - it is a seasonal offering.



NOTABLE SHOW QUOTES

From Kyle on Manufacturing:

“Keeping it simple has been our motto from the beginning.”

From Kyle on Growth:

“Luck’s part of it, it really is.”

“We grew one piece of equipment at a time, one employee at a time. We did what we could do, really keeping in mind profitability and margins along the way so we could grow sustainably.”

From Kyle on Banking Relationships

“When you’re small and don’t really have the finances or history to get traditional lending, a lot of it’s really about relationships at that point in time.”

From Brad on Banking Relationships

“It’s never too early to start a relationship with a bank.”

From Kyle on Managing Inventory:

“We want to prepare for the worst-case scenario but at the same time, cash is always king--the bank doesn’t care if I have \$10,000 in walnuts sitting in my warehouse.”

From Kyle on Offering Other Services:

“It’s all about driving new forms of revenue for us and it’s about diversification as well.”

From Kyle on What He Does on a Day-to-Day Basis:

“I just put out fires all of the time.”

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