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**BUILDING  
BREAKTHROUGH  
BRANDS**

**KARA CISSELL-ROELL, CO-FOUNDER, VMG PARTNERS**



SNACK FACTORY



# Expanding demand for natural and organic products.

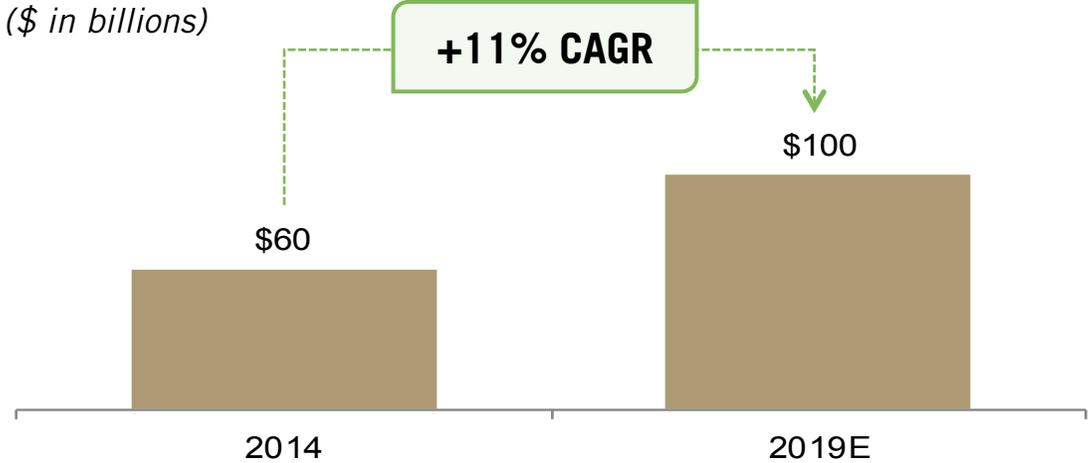
## BRANDS AND CONSUMERS

Expo West	2005	2015	Growth
Presenters	1,500	2,700	80%
Attendees	36,000	71,755	99%



Brands and retailers are seeking to keep pace with demand; however, only 15% of all new products launched survive over two years.<sup>1</sup>

## RETAILERS AND MARKET<sup>2</sup>



Natural and Organic Food and Beverage Sales<sup>2</sup>



\$15 billion natural and organic



\$11 billion natural and organic



\$4 billion natural and organic

1. Nielsen Breakthrough Innovation Project, 2014.

2. LOHAS Goes Mainstream, Headwater fall 2015 report.

# Cutting through the clutter: trends versus potential fads.

## LASTING TRENDS

- 
- Minimally processed, whole, and nutrient dense
  - Superfoods and power-ingredients
  - Convenience and snacking
  - Good fats and balanced nutrition
  - Digestive health
  - Transparency
  - Environmental sustainability
  - Non-GMO ingredients
  - Naturally “free from” options

## FAD RISKS

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- The diet du jour: Raw, Paleo, High Fat, No Carb, and Hollywood Cookie?
  - Cleansing and detoxing
  - Protein insanity
  - Hardcore and extremist food views
  - Franken-food and chemistry projects
  - Fake “missions”
  - Unsubstantiated claims
  - Food that does not taste good

# Building on real trends.

Sustained success requires clear differentiation and a disciplined innovation strategy.

The logo for Vega, featuring a stylized green leaf icon to the left of the word "vega" in a bold, lowercase, sans-serif font, followed by a trademark symbol (TM).

- Identified and met a demand for clean, plant-based protein alternatives
- Met need for “healthier” breakfast options
- Created a lifestyle brand with mainstream appeal

The logo for KIND, featuring a horizontal bar divided into four colored squares (yellow, red, green, blue) above the word "KIND" in a bold, uppercase, sans-serif font, followed by a registered trademark symbol (®).

- Launched the first fruit and nut bar with a genuine mission
- Pioneered ingredient transparency
- Transformed from nutrition bar company into a convenient, healthy snacking platform with multiple successful launches in contiguous categories over time



# Identifying and building iconic brands.

Emerging brands require significant strategic support to reach their potential.

## Nature

- Established proof of concept
- Passionate consumer base
- Profitable, scalable business model
- Adequate market opportunity
- Collaborative founder(s) and operator(s)
- Shared objectives among stakeholders

**Nature**

**20%**

## Nurture

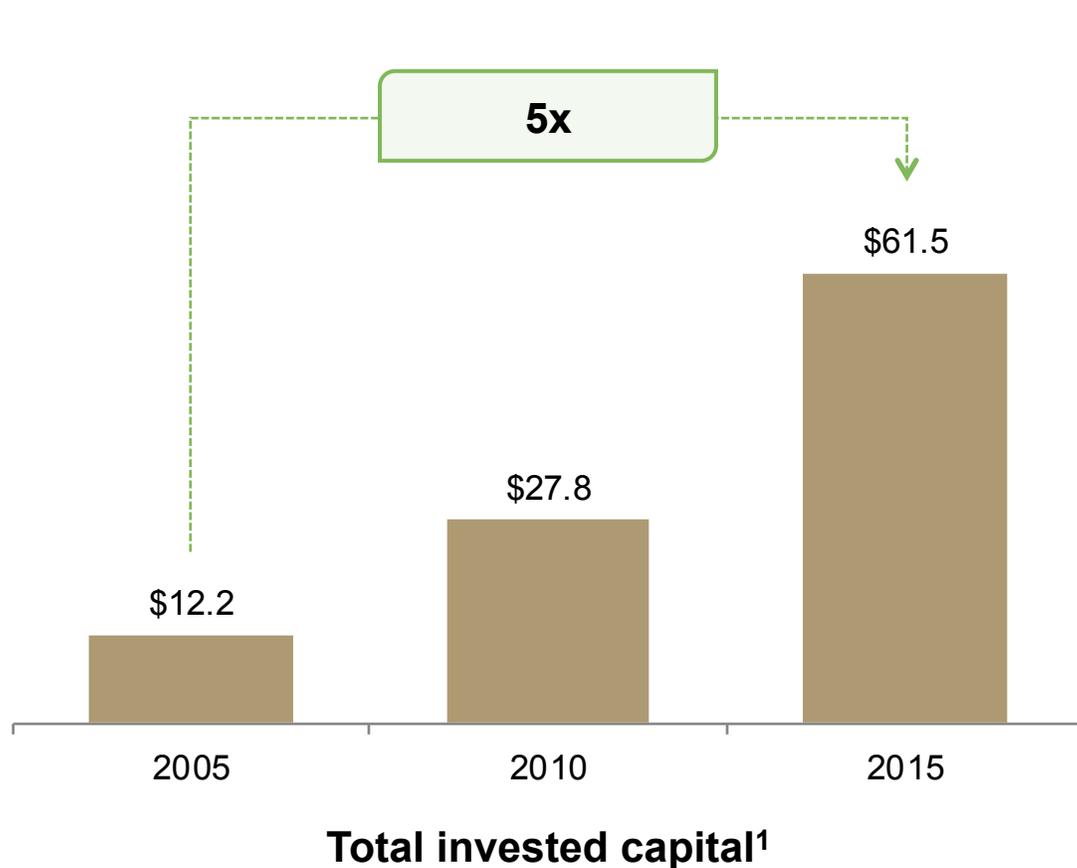
- Define differentiated brand positioning and core consumer evangelist
- Consistent brand look and feel across all touchpoints – simple message
- Disciplined channel, customer, and product strategy
- Strict product efficacy and safety
- Secure and protect intellectual property
- Team building and incentive alignment
- Adequate access to growth capital

**Nurture**

**80%**

# Consumer private equity growth and evolution.

Significant growth in the amount of capital, number of funds, and type of investors in consumer.



- 278 new private equity funds were raised in 2015, up 56% from 2010 levels
- Value-add resources provide differentiation
  - Entrepreneurs increasingly seeking more than just money
- Institutional capital available for the smallest of brands, displacing angels and shortening the “bootstrapping” phase
- Many new flavors of “investor” emerging
  - Venture arms of big CPG, former entrepreneurs, former operators, crowdsourcing (Circle Up), incubators, family offices, tech/VC

1. Pitchbook; reflects total value of capital invested in the U.S. in the apparel and accessories, consumer durables, consumer non-durables, and other consumer products and services sectors.

2. Pitchbook; Annual 2015 US. PE Breakdown.

# VMG overview

## 2005–2015

### FUND ONE

- \$325 million fund
- Fully invested and fully realized
- 11 brands



## 2012–2015

### FUND TWO

- \$382 million fund
- Fully invested, not yet realized
- 10 brands



## 2015–Present

### FUND THREE

- \$510 million fund
- Currently actively investing
- Four investments to date



ENERGY FOR LIFE'S GREAT JOURNEYS



Highly Focused Investing: Food, Beverage, Wellness, Personal Care, Pet, and Household

# The VMG model: complementary skills.

Effective collaboration among all stakeholders is essential to VMG's approach and is a cornerstone of its ability to repeatedly partner with and foster iconic brands.

## FOUNDERS/ENTREPRENEURS

- Provide critical brand DNA, guardrails, and strategic vision
- Source of creative energy and NPD
- The brand “Lorax”



## OPERATORS

- Day-to-day execution of company strategy and tactics
- Persistence and perseverance are essential qualities – GSD mentality
- Everyone wins ownership culture



## INVESTORS

- Industry knowledge and perspective
- Long list of successful brands with best practices and lessons learned
- Fundamental understanding of team alignment and resource allocation



# The VMG portfolio effect.

VMG's unique model and proven history of cross-collaboration among successful consumer companies has created a powerful support network of brands and founders that amplifies success across the portfolio.



# The VMG toolkit: selected examples.

VMG's narrow consumer sector focus enables it to provide a proprietary set of tools that are highly transferrable among its emerging consumer brand partners.

## BRANDING



## EVENT MARKETING



## SOCIAL MEDIA



## FIELD ACTIVATION



# Proven path to success.

Limited barriers to entry in consumer packaged goods; focus on breaking barriers to survival.

## FOCUS

- Specialized sector-focused funds able to leverage resources and knowledge across entire fund, creating powerful portfolio effects that benefit all stakeholders.

## STRATEGIC EXPERTISE

- Building iconic brands is 80% execution so choose partners who have done it before.
- Benefit from best practices and lessons learned from deep sector focus.

## COLLABORATION

- Best investors understand the importance of the interplay and balance of boundaries between founders, operators, and investors.
- Aligning incentives and working toward common goals is an integral component of brand building.

## ALIGNED PARTNERSHIP

- Shared objectives and aligned interests are critical components to all partnerships.
- Capital is a commodity. Expect and verify the availability of value-add resources.
- Life is short and building brands is hard work – choose people you like!