
**BUILDING
BREAKTHROUGH
BRANDS**

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SNACK FACTORY



nature's bakery

ENERGY FOR LIFE'S GREAT JOURNEYS



Expanding demand for natural and organic products.

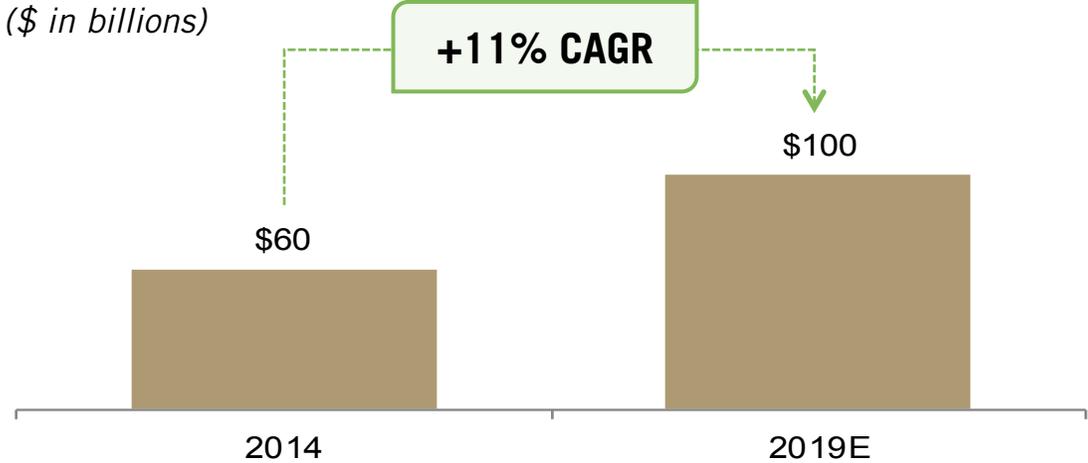
BRANDS AND CONSUMERS

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.¹

RETAILERS AND MARKET²



Natural and Organic Food and Beverage Sales²



\$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

- 
- 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, with a trademark symbol (TM) to the right.

- 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, with a registered trademark symbol (®) to the right.

- 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

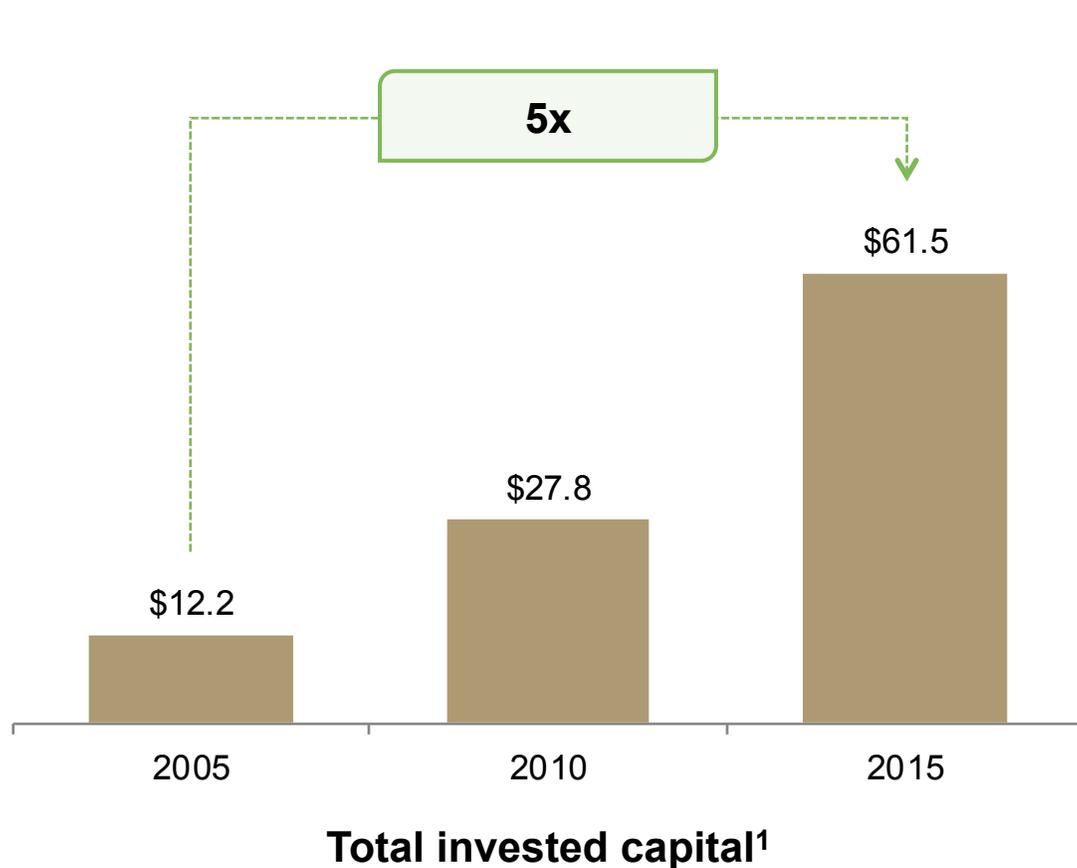
80%

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

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!