

Good Food Resilience

Toolkit



Table of contents

PAGE 3

Introduction

PAGE 4

Who participated in the study

PAGE 5-7

The impact of Covid-19

PAGE 8-9

The impact of Brexit

PAGE 10-19

Tips and stories for resilience and pivot

PAGE 20-22

Case study: pivoting a food and drinks business

PAGE 23

General growth tips for good food and drinks businesses

PAGE 24-28

Advice for business support programmes, retailers and investors

PAGE 29

Looking ahead: consumer insights

PAGE 30

Acknowledgements



Introduction



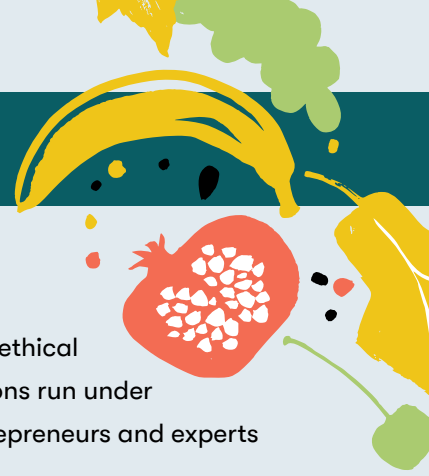
Drawing on lessons learned and experience working with businesses that have faced the twin crises of Covid-19 and Brexit, this toolkit offers a roadmap for impact-led food and drinks businesses to build resilience and better deal with major challenges. It is designed to be used by businesses themselves, and also by the ecosystem players who support them. The findings and guidance we offer are geared specifically towards:

- Food and drinks businesses that are driven by social impact and ready for growth - operating for 2+ years, revenues cover payroll and other costs, understand customers and business model, and are considering financing to grow
- Small businesses with up to 50 employees and below £2m in annual revenues
- Business support providers and infrastructure organisations operating within food and drinks products and services and more widely across the social enterprise and SME support sector
- Social investors who are looking for insights that enable them to offer more aligned support for food and drinks businesses

The past two years have created acute challenges for small businesses, especially those in the food and drinks sector. Some of these challenges were new, but most were already prevalent and have been heightened by Covid-19 and Brexit. Businesses have responded in a number of ways: pivoting what they do completely, offering new products and services, targeting new customers, closing their operations altogether or, in some cases, growing.

This toolkit explores the initial and ongoing impacts of both Brexit and Covid-19, highlighting examples of how businesses' have and can respond to different challenges. These responses and the insights gathered can be used to prevent and prepare for future business challenges, enabling entrepreneurs and their teams to think about how they can build their business's resilience in advance of any future crisis – small or large.

Who participated in the study



To create this toolkit we gathered learnings from:

- The [Feeding the City Accelerate 2020 and 2021 programme](#) (Impact Hub King's Cross sustainable and ethical food accelerator), including workshops and peer sessions run under the programme and frequent discussions with the entrepreneurs and experts involved
- Interviews with several good food and drinks businesses
- Interviews with food experts working directly with businesses
- Interactions with investors and food buyers (retailers and food service)

We studied a variety of different businesses across the UK, from hospitality to products-based, and retail to direct-to-customers. Some work to tackle food poverty, while others work to make a positive impact on food growing or food production.

This report has been developed by **Impact Hub King's Cross** and has been generously funded by the **Connect Fund**.

Impact Hub is one of the world's largest networks focused on building entrepreneurial communities for impact at scale. We are part of a global network that has: 100+ Impact Hubs in 50+ countries with 16,000+ members, and established over 10,000 socially focused startups.

Since 2009, Impact Hub King's Cross has worked to strengthen the capacity and sustainability of social enterprises so they can accomplish greater impact. Our purpose is to catalyse entrepreneurial ecosystems for a socially inclusive, zero emissions economy.

Bettering the food sector by supporting good food entrepreneurs is part of our core strategy. Through [Food Talks](#), an event series with our partner organisations Food Ethics Council, Sustain and Organico, we explore the challenges and opportunities of our food system. Through Feeding the City Startup and Feeding the City Accelerate, we support entrepreneurs and their teams to start or grow good food businesses and offer affordable, healthy and sustainable food for all.

The **Connect Fund** is a £6 million fund that has been set up to strengthen the social investment market in England to better meet the needs of charities and social enterprises. The fund provides grants and investments to develop resources and support infrastructure to make social investment more accessible. The Barrow Cadbury Trust manages the **Connect Fund** in partnership with Access – the Foundation for Social Investment

We would also like to acknowledge **Bank of America** and **People's Postcode Lottery** for funding the Feeding the City Accelerate programme. This toolkit could not have been developed without their support.





The global impact of Covid-19 has been vast, wide-reaching and varied. The same is true of its impact on small food and drinks businesses, which have experienced a range of challenges and consequences.

Consumers' appetite for good food and drinks businesses

An unexpected impact of the pandemic was that some consumers became more interested in where their food came from. People with continued employment and reduced travel and leisure expenses found themselves with more disposable income, and those on furlough also had more spare time. Many of these consumers began to research good food and drinks, and spend more on ethical and sustainable options.

The result was a sudden growth in sales for certain types of businesses, such as London-based veg box scheme **Local Greens**. However, as the lockdown and other measures ended, people started eating out, travelling or moving outside major cities, causing demand to drop back to pre-Covid levels. This fluctuation in demand meant businesses have had to deal with both the urgent need for extra capacity, and the subsequent disappointment caused by losing customers – which in some cases involved making staff redundant.

FEAST With Us, a charity offering community meals from surplus food, saw a similar pattern. During the early stages of Covid-19, they could serve many more people in need thanks to the number of people offering their time to volunteer due to being furloughed. As offices have reopened and the furlough scheme has come to an end, they are now struggling to find enough volunteers to meet the continued need for their services.

Supply and distribution chain issues

Many businesses faced supply chain issues during lockdown, either because suppliers were not operating or because big operators were monopolising the market. This led to huge delays or a complete lack of ingredients. Brexit also played a big part in this, which we will explore in a later section.

For example, there continues to be a shortage of aluminium cans, as most of the annual supply has been bought by big drinks companies who could no longer supply pubs in casks during lockdown, so had to offer takeaway options in cans. This has affected companies like **Equinox Kombucha**, the first B Corp kombucha company in Europe, who struggle to find aluminium cans at scale – which, in terms of carbon, represent a more environmentally friendly solution than glass.

We saw several cases of food and drinks businesses that made small orders being cast aside by suppliers who favoured bigger orders.

The companies that fared the best in this context were those who owned a significant part of their value chain. However, deciding to own part of the value chain can be challenging and carry risk, especially for early stage businesses.



Big buyers reluctant or not ready to engage with small businesses

Social distancing measures meant that, for small food and drinks businesses offering food services (i.e. catering), revenues almost completely disappeared during the pandemic. Those that relied solely on this type of revenue stream therefore struggled to survive. The hospitality sector has been slow to recover, which has created reluctance to bring on new suppliers – so that even the surviving food service businesses are still seeing small revenues.

Similarly, for small and upcoming brands it was and continues to be difficult to engage with retailers and other big buyers, who are typically cautious when it comes to new brands. General market difficulties caused by Covid-19 and the other rolling problems in the economy and supply chain more widely, as well as HFSS (High in Fat Sugar and Salt) regulations, are making buyers hesitant to list new products.

Early in the pandemic, there was also uncertainty around what consumers wanted. For example, demand for smaller snack bags plummeted as people moved towards “share bags”. For healthy snack company **Pep & Lekker** it meant that their ‘grab & go’ bags were less successful than expected when they launched with a big retailer.

Disruption to trade shows and other in-person events has also limited the opportunities for small brands to connect with big players.



Team wellbeing and morale

Though less visible than the more practical consequences of Covid-19, the effects on the wellbeing and morale of small food and drinks businesses has nonetheless been considerable. Remote working, furlough, supply chain challenges and fluctuating demand have all put strain on business owners and their teams.

Businesses with small teams in particular have found that there is no time for a break, and instead move from crisis to crisis without the opportunity to reflect. Not least because food businesses had to keep up with continually changing government guidelines and workplace secure measures, including the related costs. **Well Kneaded**, one of the restaurants we spoke to saw their team’s wellbeing and motivation drastically affected, for example, when the government made a last minute decision to close hospitality for Christmas, providing them with very little notice.





The challenge of maintaining impact

Some businesses were forced to make difficult decisions in an effort to balance their impact and their financial survival, or simply to meet new safety regulations. Examples of this include:

- Increased demands due to food poverty and changing availability of resources. FEAST With Us experienced this impact, and with a lack of volunteers available, they couldn't support the needs of their community
- Risks posed with large pools of volunteers requiring additional health and safety and PPE due to Covid. According to a survey conducted by Co-op Network, 'since lockdown, 21% of enterprises stopped using volunteers, 29% have reduced the number of volunteers'. Reduced volunteers meant that businesses did not have the workforce needed to deliver against the needs of their community needed¹
- Staff redundancies, which was particularly challenging for those employing disadvantaged people. Where this was on a part-time contract basis (rather than full-time employment), such as in food markets, government support was not available
- Disrupted supply chains due to suppliers with reduced supply, capacity and some going into administration. For example businesses having to drop reusable packaging such as coffee cups

EXAMPLES OF SUPPLY CHAIN DISRUPTION

A business we spoke to that uses juice pulp that would otherwise be wasted to make food products, could not supply that key ingredient anymore as almost all their suppliers went into administration

The lack of aluminium cans that Equinox faced, meant they couldn't expand their aluminium can production and launch new products in cans over glass bottles

Wild Thing Cardiff, a pay-what-you-can vegan cafe that also offers community dinners, chose to deliver their meals and DIY kits themselves as they couldn't find an ethical and sustainable delivery company. Whilst it allowed them to control their impact, it also created significantly more work for the team

¹Good Food Enterprises adapting to lockdown: survey report, 2020 https://www.sustainable.org/publications/good_food_enterprises_adapting_to_lockdown/

Impact of Brexit

The companies we spoke to have had mixed experiences of the impact of Brexit. While some haven't been affected at all, especially those operating solely in the UK with UK suppliers and producers, others have had to deal with increased bureaucracy and costs when dealing with European countries. Generally, however, these are risks that have and continue to be managed relatively better than those caused by Covid-19 and in some cases have led to new opportunities.

The impact of Brexit has been three-fold for the good food businesses we spoke to:

1. Staff shortage
2. Increased bureaucracy and costs to manage
3. Supply issues

1.

Staff and volunteer shortages

Brexit, combined with the pandemic, has created staff shortages for many food businesses. Hospitality businesses now struggle to find employees, especially those that are based in remote areas or smaller cities, as many European workers who previously filled these roles moved back to their native countries, and the overall pipeline of new workers has reduced. The increase in direct-to-consumer purchases has also created high demand for certain jobs, such as drivers for home deliveries. This has led larger corporations to offer more attractive salaries and benefits, making it more difficult for smaller businesses to attract the workers they need.

While this has presented challenges, it has also created opportunities for more vulnerable groups. For example, **NEMI Teas**, a London based tea company that provides employment opportunities to refugees, sees these shifting patterns of employment as an opportunity for the refugees they work with to more easily find work.



2.

Increased costs and bureaucracy

Brexit has created more paperwork and delays, as well as new VAT regulations and increased costs. Selling into Europe has generally become trickier and more expensive than previously.

Selling to individual customers in Europe comes with a high duty, so some smaller businesses who previously sold online to individual customers in Europe have decided to close down. The Food and Drink Federation (FDF) figures show that EU sales dropped by 47% in Q1 2021 compared to the same period in 2020².

Other businesses have responded to these changes by considering the option of opening a production base in an EU country. This will enable them to sell – and even produce – from the EU, to both EU customers and to the UK (which is less problematic than selling to the EU from the UK). Others have discovered new opportunities in the rest of the world, such as Saudi Arabia, Australia and China.

But many small businesses have decided to limit their focus to the UK. One of the business owners we spoke to was aware of the challenges that come with selling overseas, particularly when it comes to understanding and building a reputation in a new market. They pointed out that building a presence and demand in a new country is crucial for attracting major retailers.

Brexit has caused issues even for businesses that don't deal with the rest of Europe. One of the cafés we talked to was trying to fit out their new space, but the materials price tripled due to the new duties and limits on quantities that were imposed on importers. They raised some money initially, but found they needed to raise more.

There are hopes that the current issues caused by Brexit will be short-lived. Idea to Shelf, a specialist consultancy focused on helping small-to-medium FMCG brands successfully bring a product to market and develop fast-track growth, told us they expect some of the bureaucracy and cost barriers to decrease, and that it will overall become easier to deal with the EU.

3.

Supply issues

For **Local Greens**, Brexit slowed the import of EU fruit and veg, making it more difficult to source organic UK produce due to increased demand. This worsened the 'hungry gap', a time of year between the end of winter and the start of summer crops when there is not enough food growing in the UK. The choice and variety of produce was limited, making box contents less appealing to new customers and trying the loyalty of existing customers, some of whom cancelled their subscription.

²Q1 2021 Food and Drink Trade Snapshot, 2021. <https://www.fdf.org.uk/fdf/business-insights-and-economics/export-statistics/>

Tips and stories for resilience & pivot

Now that the effects of Covid-19 and Brexit have been examined, we will look to the stories of resilience and success from small good food and drinks businesses who survived or even thrived.

What makes some businesses more resilient in a crisis than others? Why can some businesses pivot more easily, and what can we learn from the decisions made both before and during times of crisis?

The tips below are for business founders and their teams, but are also useful for those who support them, such as advisors, mentors, business support programmes and investors.

TIP ①

Set up for resilience

Starting and running a business means founders will find themselves dealing with the unexpected – often having to respond quickly and change direction. Some ways business owners can reduce their vulnerability is by:

- Building financial reserves for at least three months.
- Maintaining relationships with backup suppliers. One of the businesses we spoke to suffered when their main manufacturer burnt down; another was cut off by their supplier when the supplier started receiving more requests for their own products.
- Diversifying revenue streams with multiple customer groups and product/service types.

The tips that follow are geared towards helping business owners to deal quickly and efficiently with a crisis, but should also help build resilience more generally.

TIP ②

Prioritise, simplify and optimise

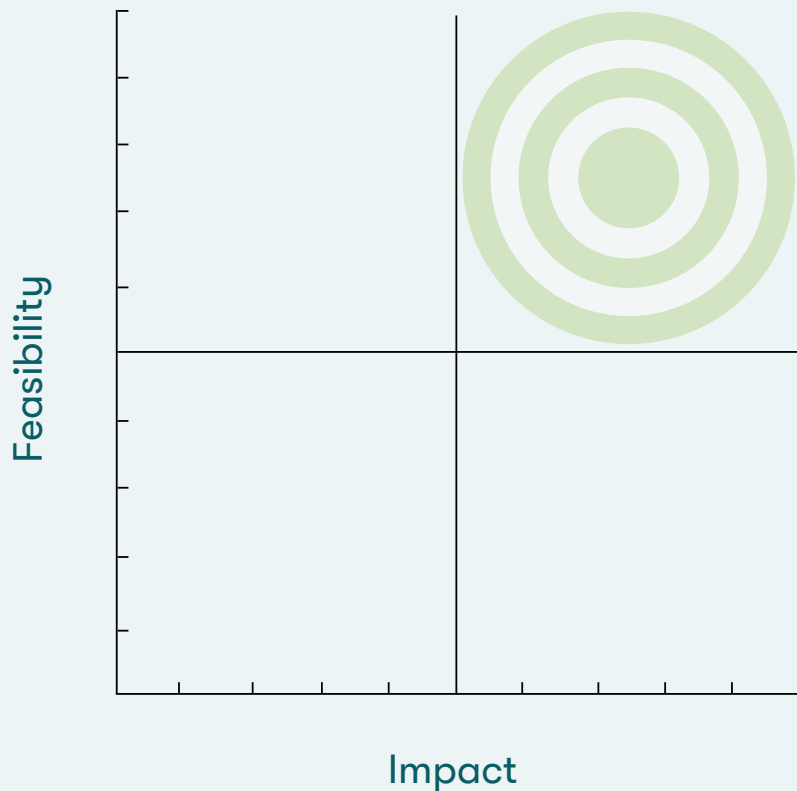
One of the first steps when dealing with a crisis is to prioritise and simplify. Business owners should write a list of all the tasks that need completing, then rank them from the most business critical to the least. All tasks should be included, no matter how small they seem. Tasks that may need considering include:

- Contacting all suppliers and distributors
- Contacting customers and investors with any relevant information
- Speaking to the team honestly about the situation
- Increasing or decreasing production
- Realistically reviewing financials and updating projections
- Reviewing expenses and identifying which can be cut.

Business owners should then list all the resources available to them (people, time, money, etc.) and, based on this, identify which business tasks can be completed. It is important to acknowledge that not everything will get done.

Next, it is time to simplify. This means finding ways to make processes more simple or efficient or dropping some activities altogether. The following diagram can help guide which activities should be prioritised or dropped:

The most feasible and impactful (whether financially or environmentally/socially) activities should be prioritised. During times of crisis, the most profitable avenues may need to be followed, though this should be considered against any long term negative impact on the business's overall mission.



TIPS IN ACTION

In the early months of Covid-19, people cooked more at home and sought out better quality produce. **Sutton Community Farm**, a veg box scheme and community farm in South London, was one of the businesses that grew during the pandemic. To meet the sudden demand, they stopped some non-core activities like school and corporate volunteering. Though important for their impact, these activities would take up a lot of time and resources to transfer online.

This allowed them to focus on their core mission. Now that social distancing measures have eased and demand has dropped, **Sutton Community Farm** will have to reallocate resources and consider what to reintroduce.

Dealing with a crisis can create an opportunity to assess the business's activities and remove those that are not central to its positive impact. Being able to adapt resources easily is key here. Adaptability can be increased through simplifying and structuring the business's systems and processes.

Before Covid-19, **Sutton Community Farm** took a relatively informal approach to managing volunteers. They could join with no commitment and turn up at any time – a flexible approach that the team at Sutton assumed people would prefer. Covid-19 brought with it an increased demand for produce and volunteers as well as the need for extra safety measures. So the team introduced a rota system, separated out different volunteer activities and introduced a checklist of tasks to be done and safety measures to be followed. This made the process easier to manage and freed up the time needed to meet increased demand. It was also preferred by volunteers, who could more easily plan their time.

TIP ③

Build a strong community of customers and brand advocates

Businesses that have cultivated strong relationships with their customers – who are therefore likely to champion their product and make repeat purchases – have a better foundation for growth, and are more able to survive difficult times.

TIPS IN ACTION

Better Nature Foods, who sell plant-based products using natural ingredients, launched in January 2020 – just as the pandemic began. This made it difficult for them to get in front of retailers or food service buyers, who had stopped onboarding new products altogether while they assessed the sudden changes in consumer demand.

Instead, **Better Nature Foods** focused on building their online presence and creating strong relationships with their new customers. They launched a newsletter full of valuable information, and cultivated a social media presence that strengthened their brand and gave them the chance to interact frequently with their consumers. When the opportunity to pitch to larger buyers came round later, they had a strong customer base who were advocates for the brand. They had also gathered useful consumer insights that were valuable in their discussions with retailers.

Wild Thing Cardiff used their thriving Instagram account as a channel to promote new services like takeaways, deliveries and meal kits during lockdown (while maintaining their usual valuable content types like updates and vegan recipes). Meal kits proved particularly successful and helped the business attract new customers. **Online customer engagement had always been a key business priority – and this paid off when the crisis hit.**

TIP 4

Give customers a say

Social media offers a way for customers to help decide where a business goes next. Their opinion on how a business might be considering changing its offering is invaluable data to guide business owners, and can help prevent a misstep.

TIPS IN ACTION

Before launching her first café, Lauren, the founder of **Wild Thing Cardiff**, had invested time in building an online presence and community on Instagram by sharing recipes and other useful vegan news and content. When she opened the café, her Instagram followers were the ideal customers – so it was no surprise that they queued up to visit on the café's opening day. Lauren later decided to launch a new space, and asked **Wild Thing Cardiff's** Instagram followers for their input on new locations. She learned where there was a need for a vegan café, and had a customer base waiting in the new location.

Other spaces – online or offline – can also create opportunities for useful input from customers. During the lockdown, **Better Nature Foods** hosted a virtual panel discussion with meat-free foodies who tasted their products. **There are many creative ways to engage with customers in a way that is relevant to the business and its products.**

TIP 5

Find other ways to reach customers

During times of crisis, some sales channels may not be available. To find new ones, business owners should ask: who are my customers, and where else do they shop? **Customer profiling is key to this, and should be updated continuously as a business learns more about their customers over time.**

TIPS IN ACTION

Prior to the pandemic, much of **NEMI Teas** revenue came from offering food services to corporations – which was no longer viable during lockdown. To continue selling their products, they identified where else their target customer was shopping, and the answer was zero waste shops. They successfully sold their products there, and also launched a chai syrup for cafés and restaurants.

TIP 6

Use what's already available

Pivoting a business need not mean a wholesale change. Small, well thought through adjustments can be just as effective.

Whether temporarily adjusting business activities to deal with a crisis or making a bigger change, business owners should first assess the resources and expertise that are already available to them. Perhaps some can be re-used or adapted for the same or different sales channels, or a new product could be sold to the same customer.

Once they have established the different options for adapting their resources, business owners should then identify which will be the most impactful (financially or for their mission) and which will be the easiest to achieve.

TIPS IN ACTION

Well Kneaded, a sustainable pizzeria in London, started selling DIY pizza kits during lockdown that offered the same high quality ingredients with which they make their restaurant pizzas. After success with targeting the local community – those who would normally dine at their restaurant – they then made the kits available online for nationwide delivery. Using what they had, they discovered a new customer base and sales channel.

9Kitchens provide ethnic plant-based catering to corporations as well as cooking classes as a tool to train and employ women facing barriers to employment. Their usual operations came to an abrupt stop when lockdown began, so they launched two new services that proved successful:

- Online cooking classes for corporations, who wanted ways to engage and entertain their employees. Using knowledge of what their customer needed, they targeted the same customer and offered existing expertise, but reached them in a new way.
- Local meal delivery, through local community groups on Facebook and Whatsapp. Using their existing operations, they successfully targeted a new audience.

TIP 7 Partner up

Like minded partners are key to business success, often providing valuable brand exposure as well as a support network.

Times of crisis are when business owners should reach out to their existing partners – or identify new ones. Offering value to new partners is essential, so that both parties feel there is mutual benefit.

TIPS IN ACTION

During lockdown, **Wild Thing Cardiff** turned to food bloggers. They helped **Wild Thing Cardiff** successfully access new customers by writing about the café and promoting the new takeaway and DIY kits they had launched.

NEMI Teas and **Superfoodio**, a plant-based treats company, together launched a gift box that contained both their products. **One Planet Pizza**, a frozen plant-based pizza company, partnered with many other plant-based companies on a subscription service for their pizza. The entire cohort of Feeding the City Accelerate worked together to run an Instagram competition to win their products, which gave each brand exposure to the others' audiences.

Partnerships can offer other practical benefits, beyond sales. For example, businesses can team up to share manufacturing and storage space when demand is lower, or use their collective purchasing power to bulk buy or share delivery drivers.

TIP 8

Take time to assess what's most important

Several entrepreneurs we spoke to used the lockdown to understand what works for them as business leaders. They asked themselves:

- How stressed do I feel about work and how do I manage it?
- How do my professional and personal priorities balance each other?
- What do I enjoy doing at work?
- What does success look like?

It's easy for entrepreneurs to get caught up in the number of products they've sold, meals they've served or followers they've gained. But if the business is growing to the detriment of their mental and physical health, is that really success?

TIPS IN ACTION

We spoke to one entrepreneur whose mental health had been suffering prior to the lockdown, partly because of lack of personal time. The pandemic created downtime for their business, which they used to rest, reconnect with their family and rethink what was important to them. The answers to these questions helped them to change how they delegate tasks and to delay their expansion plans without feeling guilt or shame. Business owners should remember that it's not possible to run a business and maximise impact while burnt out.

TIP 9

Consider selling direct to customers

Direct-to-consumer (D2C) channels are very competitive and can be difficult to make work. But individual customers offer, collectively, a more resilient revenue stream. Though typically a smaller revenue stream, it can also be more profitable and less susceptible to setbacks – especially when brand loyalty is built. **D2C was a significant source of revenue for many good food and drinks businesses during the pandemic.**

TIPS IN ACTION

Superfoodio has grown their business using D2C channels, with a particular focus on personal engagement with their customers. For example, the chocolate boxes they deliver to customers contain a handwritten thank you note from both founders.

TIP 10

Assess risks to the business's value chain

Owning more parts of the value chain – from ingredients and production right through to distribution – may be more costly, but also enables better risk management.

Business owners should create a business continuity (or 'risk register') document, which identifies which are the most vulnerable parts of the business – those that have a higher chance of failing, and those that would cause the most significant disruption if they were to fail. These can then be taken in house.

TIPS IN ACTION

Equinox Kombucha have their own chilled lorry and directly employ drivers. Due to driver shortages during the pandemic, it was challenging to book deliveries with transport companies. Owning their own truck meant that Equinox can continue delivering their stock even as the pandemic continues to impact global supply chains.

TIP 11

Create good relationships with suppliers

When a crisis hits, business owners should be in contact with their suppliers immediately. It is important to inform them of any changes and discuss what the business might need, and also to understand the challenges they may be facing. Strong, trusting relationships may also make it easier to weather uncertain or difficult times, and to ensure that suppliers continue to work with the business in the face of risks or challenges.

TIPS IN ACTION

The Wonky Food Company makes a range of products from wonky fruit and veg saved from farms. Their close relationships with the farmers that supply their ingredients have stood them in good stead during challenging times.



A strong business is built on strong relationships,” explains co-founder Ashley Cavers. “It doesn't matter how good your product or brand is.

If you haven't put the time and effort in to build those personal bonds with key suppliers and stakeholders, then you don't have a business that will stand you through thick and thin.

TIP 12 Find support

When facing a crisis or otherwise considering pivoting the business, entrepreneurs should always seek support – particularly that which exposes them to networks of peers, investors, buyers and relevant experts. **It may be financial support that is needed, but typically more important is the understanding and advice of like minded peers and industry experts.** A board of directors or an advisory group are good options, as well as business support programmes specifically for impact-led food businesses and other impact and food networks.

Networks help to find solutions

When Sustain asked their London Food Link members where they have gone for support throughout the pandemic, 53% of enterprises answered that being part of networks has been helpful, as they have been able to call on their colleagues and allies for advice and guidance which has aided their ability to shift more dynamically and efficiently, with many enterprises adapting through sharing resources.³

TIPS IN ACTION

When the first lockdown hit and **9Kitchens** saw most of its revenue disappear, they joined Impact Hub King's Cross Resilience programme. Through relevant workshops and advice from their mentor, the programme enabled the founder to put a proper sales plan in place, come up with new ways to deliver their mission and make an action plan. Above all, it offered a community of other entrepreneurs who were going through similar challenges. **9Kitchens** say that it's one of the biggest reasons they survived.

▶ **NEMI Teas** secured two board members and investment thanks to introductions made via the Feeding the City Accelerate programme.

Better Nature Foods, an alumni of Feeding the City Accelerate 2020, has offered invaluable support to **Superfoodio**, a participant of Feeding the City Accelerate 2021. Their experience has meant they are able to provide advice on raising investment, and introduce Superfoodio to their investors.

▶ For **Local Greens**, the Feeding the City Accelerate programme created the opportunity for much-needed time for reflection outside of running daily operations.

▶ For zero waste shop **Sustenance Zero Waste**, the programme's diagnostics were an eye opening experience and helped the founder think about the business's proposition as well as their own personal ambitions and needs.

▶ Snack company **Pep and Lekker** have seen a five-fold increase in their sales thanks to new processes and exposure to mentors and contacts through the Feeding the City Accelerate programme.

“ Being part of this accelerator has given us the time to work on the business, not just in it. I've been able to plan, strategise and think big – which has also reconnected me with what made me start it in the first place and renewed my passion and excitement for what the business could be. It has been so good to be reminded that everyone else goes through the same challenges and issues – that we all go through bumps in the road and crises of confidence.

THE WONKY FOOD COMPANY

³ Good Food Enterprises adapting to lockdown: survey report, 2020 https://www.sustainweb.org/publications/good_food_enterprises_adapting_to_lockdown/

This is the last tip, but also the most important. During normal operations, but particularly when dealing with a crisis, it is essential that entrepreneurs prioritise looking after themselves. Regular breaks and time away from the business are necessary for the long-term sustainability of the business.

This can be particularly difficult for those who run family businesses or who employ or serve vulnerable people. It is important to be aware that the prevalence of burnout is higher in the third sector than it is in other types of organisation – and to remember that it isn't possible for a business to make a positive impact if its founder is unable to work.

A 2018 study from Harvard Business Review sheds light on why this is, and how to counter it:

“

Our analysis revealed that, generally, stress is a significant problem for social entrepreneurs. When trying to achieve commercial goals and give back to the community at the same time, these entrepreneurs are likely to overload themselves with too many responsibilities and, consequently, deplete their personal resources. The cost of resource depletion can include reduced time with family and poor sleep quality.

However, we found that social entrepreneurs who enjoy a high degree of autonomy at work are less inclined to experience the same levels of stress. When these entrepreneurs can organise their business so they have control over how, where, and when they help others, they are better able to manage any work overload and stress levels.

TIPS IN ACTION

The founder of fruit crisps company **Spare Snacks** found that the one thing he benefited from during the lockdowns was taking time out for himself and his family. He was able to look after his mental health, reflect on where he is and what he is doing, and more readily face the next challenge. He advises other entrepreneurs to make their wellbeing a priority and always carve out time for it.

The leadership team at **Well Kneaded** decided to close the whole business for a week in August. With all communication channels offline, the whole team was able to take a complete break from work. They considered this a kind of 'sabbath' or 'fallow' for the team and the business.

Pivoting a food and drinks business



SUPERFOODIO®

Meg Doherty is the founder of Fat Macy's ('FM' below), a social enterprise that uses their restaurant and events catering business to train and support Londoners living in temporary accommodation and help them move into their own homes. During the pandemic their main operations halted and they had to find alternative ways to continue delivering their mission.

Husband and wife team Nirali and Jag Mankodi are the founders of Superfoodio ('S' below). During the pandemic, they took the decision to pivot their business.

How would you describe your original business operations?

S: Our original business operations and growth plans were focused on the retail and food service sector. When the pandemic hit the UK, government guidelines meant that most of our stockists had to shut their doors. The ones that managed to remain open saw a considerable drop in footfall due to people working from home and not commuting into London. Due to this, our business was severely impacted and we lost over 80% of monthly revenue overnight.

We knew we had to make some tough decisions very quickly in order to survive.

How would you describe your current business operations (i.e. after pivoting)?

S: Our current business is unrecognisable from how it operated pre-pandemic. We are proud to say that we have grown more than ever in the past year! The business has come out stronger, and the next 12-24 months are going to be incredibly exciting for Superfoodio.

Why did you decide to pivot?

FM: All events cancelled, no catering needed. We pivoted to a home delivery model during the pandemic - doing restaurant kits, NHS meals, veg boxes and hamper gifts. We then decided to open a customer facing restaurant as we needed this to survive.

S: When the first lockdown hit, we took the opportunity to reflect on where the business was at and listen to what customers were asking for. By investing this time, we realised that we needed to pivot in order to deliver on our mission and spread joy to people, especially during Covid-19, when it was needed the most.

What elements of your business did you change?

FM: Everything! We moved to online orders only and home delivery, and have since changed much of our team. Our charity pivoted to online delivery so we could continue one-to-ones with trainees.

S: Our mission and values as a business never changed. In fact, they were our north star, guiding us through our pivot journey.

The key elements of our business that we changed are:

1. Our product range and offerings

We decided to fast track some NPD (New Product Development) we had been working on to meet this need. This required a lot of commitment – physical, mental and financial. However, we were confident that there would be a demand for our better-for-you chocolates and confections.

2. Route to market

We adapted our route to market strategy to meet the needs of our customers during lockdown. We did this by focusing on our online and D2C channels. This gave us full control of the customer's journey and their experience interacting with us.

3. A full brand refresh

At the same time as developing our new product range, we also went through a major brand refresh. This was a real game changer for us. We worked closely with our designer to realise the full potential of the brand. This was one of the most challenging but most rewarding exercises to have gone through.

What do you feel made your pivoting such a success?

FM: We were very flexible and had very few overheads - we could pull out of all of our main costs and mothball through the pandemic. If we hadn't been able to do this we would have gone under.

S: We took some time to step back and work on the business, instead of in the business. This allowed us the time and space to reflect on all of our learnings from running a business and speaking to customers over the years pre-pandemic. We were then in a position to make educated steps and pivot the business in the right direction considering the climate and the change going on in the world around us.

What are you doing differently now in your business (i.e. after pivoting)?

FM: We've added a whole new restaurant business and we do more online delivery.

S: Our brand positioning has changed and we believe it's in a good way. We've become better at talking about who we are as a business and why we do what we do.

What were some of the biggest challenges in pivoting your business model?

FM: Not knowing what would be successful and what the cost of things would be, there was a lot of risk in trialling new products. The main issue was that the rules kept changing which made it hard to run with a product/idea for longer than a month.

S: As we were making quite a big change in our products and branding, there was a bit of education required to show people that we have the same values as a brand, just a different look. We ultimately started from scratch in terms of identity but believe it has given us a stronger presence and a more memorable brand.

Any other advice for entrepreneurs considering pivoting?

FM: It's really hard. Be flexible and reflect regularly on successes, failures and figures.

S: Our advice would be to ensure it aligns with the mission and vision of the company. The whole process needs to be thought through to take customers on the journey with you.

With Superfoodio, the pandemic forced us to reset and open up to new possibilities. However, it's not necessary to wait for something big and disruptive like the pandemic to refocus, re-energise and pivot. It can also be a bold and scary move, but as long as you believe in your goals and the reason for the pivot, it can also be the most amazing decision for your business.

Some businesses, like these, find that pivoting – even during a crisis – is an exciting time of growth and an opportunity to explore new routes to market. For other businesses, the time after a crisis is when they are able to return to their existing plans and focus on growth.

Superfoodio...



Fat Macy's...



General growth tips for good food and drinks businesses

While it is important to support food entrepreneurs to deal with crises, our ultimate aim is to help them grow sustainable businesses and teams that can serve as role models for emerging SMEs. The next section of this toolkit looks ahead to the time following a crisis, and shares how those that have weathered the storm can now grow their operations and impact with help of their ecosystem.

The following tips come from entrepreneurs and experts with experience in successfully growing a good food and drinks business.

KEEP THE RIGHT MINDSET

- Be very aware that everyone makes mistakes - you're not learning if you don't! Don't take it to heart if you get it wrong (which you probably will).
- Appreciate and reflect on what you have achieved.
- Identify a mission you care deeply about. Loving your work and knowing why you are doing it is important given the amount of time, effort and energy you will give it.
- Be clear on your mission and impact, and keep close to it: it is your guiding star.

BUILD THE RIGHT TEAM AROUND YOU

- Find a co-founder or team members who complement your skills.
- Make sure your team – including staff, investors and board – are all committed to your values and vision for growth.
- Find advisors and peers who can support you.

IMPROVE YOUR SYSTEMS AND PROCESSES

- Implement a sales monitoring system, especially with B2B clients.
- You might grow suddenly. If this happens, review your systems – can you sustain the growth?
- Outsource tasks that are inefficient or time consuming and that you don't enjoy.

CAREFULLY CONSIDER YOUR CUSTOMER

- Big retailers want innovation and might even prefer to work with exciting SMEs. Use this to your advantage: show them why they have to work with you.
- When pitching to big retailers, tailor your offer to each buyer's needs and interests. The pitch for Tesco should be different to the pitch to Waitrose.

Advice for food and drinks businesses, retailers and investors

Below we explore how different players can best support good food and drinks businesses, starting with the two main players that influence growth – investors and retailers. We also outline how small businesses can more successfully build relationships with both investors and retailers.

For more information about how business support programmes play an integral role in connecting entrepreneurs to the rest of the ecosystem, please read our separate resource [here](#).

Accessing capital for growth

While the below is written with social investors in mind, most of the advice is applicable to all kinds of investors. One of our key learnings from running Feeding the City Accelerate has been that investors and small food businesses both lack an understanding of each other's needs, as well as the appropriate connections. The programme aimed to bridge this gap with the methods discussed in the following section.

Challenges that businesses face when raising investment

- Small businesses find themselves stuck in a middle ground, too small in terms of impact and revenue for investors to support them, but in need of funds to grow.
- Many are unsure of the available options, or what is best for their needs and stage of growth.
- Reaching out to investors is a challenge, and many are unsure what to say when they do.
- Social investors don't often have food specific expertise or contacts in the space.
- Businesses need money, but they are often in greater need of support, expertise and connections.
- Social investors might have high expectations when it comes to seeing metrics, which most businesses haven't collected yet – and may be particularly difficult to measure. (This is why support programmes are instrumental in helping businesses to start measuring and communicating the most important metrics.)

How can businesses attract and secure investors?

CHOOSING AN INVESTOR:

- Put time into understanding what type of investment and investor is right for your business.
- Get advice from similar businesses who successfully raised money.
- Try to go for 'smart money' – investors who know the sector and can open doors.
- Consider a crowdfunder or even Dragons Den! Investors at the early stage are investing in people as much as the business.
- Make a realistic five year plan of how much you are going to need, from whom and when.

GETTING IN THE DOOR:

- Get investors interested in your business early in your journey by sending them a message, a sample or some news. Don't be afraid to use LinkedIn to reach out, as well as using more creative ways to get in touch.
- Speak to investors when a big milestone is approaching that will show evidence of real traction and tangible success.

PITCHING FOR INVESTMENT:

- Be prepared for meetings and always ready to pitch.
- When pitching, know and present clearly all the key information: your problem, idea, customer (and what they care about), market, competition, unique selling points and team.
- Show your skills, enthusiasm, knowledge, openness to be coached – and realistic projections.
- Create a simple presentation with few words and strong images/graphs.
- Communicate the specific things that make your business special. Why are you different?
- Set up a team of advisors and a board, and share information about this in your pitch – as investors often see small teams of one or two founders as more vulnerable.
- Know your numbers inside out.
- Always leave time for questions.
- Know that getting investment takes time – around six months to prepare and six months to secure. Plan for this runway.

“

Being able to communicate the three elements below in a manner that is carefully considered and engaging, will go a long way in helping early-stage businesses attract and secure investment from the right people!

- 1)** Ensuring that the problem they are solving is real and that their solution is genuinely solving the problem
- 2)** Ensuring that the vision of the business is clear and the roadmap for how the business will have an impact on its chosen problem is well thought-through
- 3)** Demonstrating early signs of success by delivering on the roadmap that they have set and showcasing metrics that their solution is having its desired impact

CHRIS KONG, CO-FOUNDER AND CEO OF BETTER NATURE FOOD

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When working with an impact investor, your impact narrative is as critical as your financial model and business plan. Take the time to succinctly clarify what your organisation does in order to create the impact you want. This clarity will also make it easier for you to determine what measures you want to put in place to evidence that change is taking place.

MEENA MANIAN, SENIOR CONSULTANT, IMPACT & INNOVATION AT RESONANCE



Ways for investors to better engage with good food entrepreneurs

- Get to know businesses early in their journey. A great way to do this is to support business support programmes and attend their events.
- Build your understanding of the challenges and trends in the food sector.
- Work with entrepreneurs who might not have an impact measurement system but are clear on their impact. Be realistic about what metrics you expect businesses to collect, particularly considering that business owners are time poor. Some metrics might look good but not actually show the real impact. And consider that metrics are not the only source of data – stories and testimonials are also valuable evidence of success.
- Give feedback on pitches even if unsuccessful. Help entrepreneurs to improve their theory of change and business model.
- Provide not just money, but industry knowledge and connections.
- Consider blended financial solutions, such as grants plus a loan, as they give more flexibility to small businesses and allow them the space needed to take risks.

Retailers

While there are a growing number of increasingly ethical routes to market (such as social supermarkets), many product-based food and drinks businesses rely on the big retailers to achieve the scale and impact they are aiming for. There is an opportunity for enterprises to capitalise on this trend to ‘fill the gap’ and cater for demand for independent and locally based and sourced food and drinks shops and producers. It’s also important to recognise and build upon the opportunity for ethical food and drinks to reach more customers by building relationships and working directly with larger retailers. In combination with local offers, this will promote growth and expansion for independent retailers whilst increasing the consumption of sustainable food and drink in communities across the UK.

Despite this ambition towards a more connected ecosystem, there tends to be a disconnect between what the retailers want and what small food and drinks businesses can offer. As the industry develops and moves towards this goal, we encourage and hope for progress that helps bring about a convergence between the needs and demands of small and larger retailers.

It is also worth mentioning that many small good food businesses find it difficult to compete on cost. Their price point tends to be higher, given that impact businesses are typically not cutting corners when it comes to social or environmental considerations. They therefore have to prove how their products will further the retailer's agenda, as well as showing evidence that customers will pay for their product at a specific price point.

Rebecca Oliver-Mooney, Head of Category for Community Buying for the Co-op, explained:

“

At the Co-op, we aim to build deep relationships with suppliers and we are continually looking to drive innovation, range diversity and agility. As a community retailer, we are committed to creating value in our communities and we know from feedback that innovation, provenance and supporting local businesses is important to our Members and customers. In a young and innovative small business I look for something unique to excite shoppers - often purpose-led with a real point of difference and relevance to local community life. Something that offers quality and value, with values, and resonates with our Members, customers and communities.

SUPPLIERS CAN CONTACT THE CO-OP BUYING TEAM BY VISITING: www.coop.co.uk/our-suppliers

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TIPS FOR SUCCESS



Getting in the door

- Find any opportunity to offer samples.
- Know what certifications you need to be a supplier.
- Accessing retailers is as simple as sending an email or LinkedIn message. Keep your message short and concise.
- Keep them engaged. Every message is an opportunity to update or educate the buyer on why they need you.
- Be patient – it may not always be the right time, especially if buyers are waiting on a category review.
- Bread & Jam and Product Guru pitch sessions can be a great opportunity to get in front of large UK retailers.

Pitching to buyers

- Be clear on your selling points and USPs, and explain how your product adds value to the category and to the customer.
- The buying team manages a category. Show that you understand the category, your competitors, the customer and how you fit into the ecosystem.
- Remember that the retailer is interested in adding money to the category, not replacing another product.
- Retailers often don't have a lot of visibility of consumers on the ground. Use your knowledge of your customer to offer insights on what they need and want.
- Bear in mind that retailers will return to the pre-Covid green agenda. Emphasise the sustainability benefits of your product.
- Don't forget about the marketing contributions. This is how a retailer will make money from you, especially in the first few years.
- It is worth spending money to get data – for example, how effective a promotion is, the typical basket value, etc.
- Don't be afraid to negotiate, especially around timeframes on range reviews. Getting on the shelves is only the first hurdle, staying on is the next one.
- Keep being persistent and don't lose hope!



Looking ahead: consumer insights

As we emerge from the initial impacts of Covid-19 and Brexit, businesses looking to grow should take stock of what has changed – and is still changing – for consumers, so that good food businesses can use the trends to their advantage.

Research with good food and drinks businesses on these trends highlight the following:

There is increased demand from consumers for products that have a backstory and narrative on the positive impact that have on society and the environment.

Consumers are more likely to pay higher prices for environmentally friendly products (58% would against 27% who wouldn't, YouGov Survey). Young generations are more likely to pay higher prices

Quality and taste are still the most important factors for customers

Green attributes in food has a perception of inferior quality/taste

The cost of food due to Brexit and Covid-19 has increased, but consumers expect to pay the same.

Demand for online shopping has sky-rocketed, and this trend is here to stay.

Brand collaborations are on the up.

Consumers are increasingly 'making at home'. According to Waitrose, three-quarters say cooking dinner now provides the break between working time and home life.

Local is a big theme, with manufacturing or sourcing locally has been a massive differentiator for businesses to increase demand from consumers

There is growing focus on gut health and the gut-brain axis.

There is growing demand for sustainable packaging.

44% of consumers want meat-free products with the same nutritional value as meat (Mintel Report)

Sales of certified products (eg. Fairtrade, Organic) have increased.

As the UK emerges from the early stages of the twin crises of Covid-19 and Brexit, there is hope for the future. If all these ecosystem players come together, they can create the foundations needed for more resilient, sustainable and impactful good food and drinks businesses.

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