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From home industry to global business

Wally and Debbie Fry, the creators of Fry's Vegetarian, started their business in their kitchen. Today they are in 23 countries and growing. They did it with zero outside funding. This is their story.

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SMALL FRY MAKES IT BIG

Without any experience and no knowledge of the industry, Wally and Debbie Fry – winners of the emerging entrepreneur category at the 2010 Ernst & Young World Entrepreneur awards – cornered an international market with Fry's Vegetarian, the home-grown brand that makes a vegan and vegetarian range of meat-alternative products. Their edge? Passion, the ability to learn quickly – and hard, hard work. Here's the story of the builder who turned vegetarian and grew a food empire.

BY JULIET PITMAN • PHOTOS BY ADRIENNE WEERHEIM





W

ally Fry is the kind of man who jumps in with his boots on. He never intended Fry's Foods to be an international company, shipping 6 000 tons of food products a year. In fact, he never intended there to be a company, having started making the meat alternative products for which the brand is now famous as "something of a

hobby." But, having made the decision to build something in 1992, he's been relentless in pursuing his chosen course of action.

"He's also an absolute perfectionist," says Debbie, his wife, with whom he started and now runs the company. Wally happily agrees. "I'm pedantic about absolutely everything. There is a process and a system for everything in the company. There's a process for how you walk into my factory – and if you walk in the wrong way, you have to know I'm going to *klap* you for it, because that system is there for a reason. It has its foundation in the mistakes that we've made and the solutions we've found to challenges," he says.

DOING IT ALL

It might sound overly dictatorial (and Wally uses the word *klap* in a strictly figurative sense) but, if anything, he has earned the right to his fastidiousness. He's the kind of entrepreneur who's done absolutely everything in the company, so he should know what works best and what doesn't. After all, this is a man who devised the recipes and developed the products and who, along with Debbie and a single employee in the early days of the company, weighed and measured ingredients, cooked the food, packaged it, boxed it and delivered it. He's fixed the factory machines, run the finances, done the marketing, secured supermarket listings, run the operations, managed the payroll, hired and fired staff, and steered the strategic ship.

Of course today the company has structures in place to run the different functions and Wally and Debbie have been freed up to focus on strategy and growing the business. But Wally gave up control of each function incrementally, and only once he was happy he'd put in place the right person with the right training to run things the way he believed they should be run. "The food we make is unique. No other company does it. It's not like we're running a bakery, for example, and can just hire someone who's worked in a bakery before. We have to make sure everyone understands our processes and systems, and our way of doing things. I had to write the manual on how things worked because every job was so specific," he says.

IGNITING A MOVEMENT

Fry's is responsible for officially launching Meat Free Mondays in South Africa, a drive to encourage South Africans to go vegetarian for 24 hours every week. Driven by Tammy Kelly, marketing director at the company and Debbie and Wally's daughter, the campaign has been more effective than any amount of advertising money can buy. By highlighting the impact that intensive animal farming has on the planet and driving consciousness about the benefits of meat-free or meat-reduced diets, it has increased Fry's market far more effectively than a direct ad campaign might have done.

"When we were packing 500 kg a day I said to myself, 'Now I've reached my goal. This is enough, I need to take a rest.' But somehow I never did and today we pack 16 tons a day."



It's that perfectionism talking again, along with a healthy dose of being a stickler for detail. But it's not like Wally is one of those entrepreneurs who refuse to relinquish control, believing only they have the magic touch to make the company a success – the company wouldn't be where it is today if he'd refused to delegate responsibility. It's not even that he believes he has a line into the one right way of doing things. It's rather that he knows what the right way is. He's learned what it is through trial and error, through working 18-hour days, and having done it himself. He's gone from making 20 sausages in his kitchen in his KwaZulu Natal home, using a Kenwood Chef, an AMC pot and a two-plate burner, to running a factory that produces 500 tons of food a month, and has cornered the vegetarian and vegan markets. And that has to count for something. So when he stipulates that things follow a particular course of action, he expects to be listened to.

Setting up systems has been central to the success of the business. Processes and well-defined ways of doing things are vital to any business, but particularly in an area where you want to maintain the same standards and quality throughout. Systems allow a business to scale up and repeat its initial success over and over again.

SIT UP AND LISTEN!

On that note, there's something commanding about him in general that demands you listen. Interestingly, what drives this hard-nosed, tough, uncompromising businessman is a deep passion for saving the planet. Get him talking on the subject of the environmental havoc being wreaked by animal farming and that passion flares. He was invited to speak on the topic at the World Preservation Foundation's 2010 Westminster Conference in the UK, addressing MPs, local government and the media, and got a standing ovation. People listen to him. This is not some peace-and-yoghurt hippie who makes vague hand-waving gestures in the direction of 'green issues', or even a fundamentalist who engages in heated rhetoric. He talks straight facts. He knows his stuff. He grabs your attention. Uncomfortably (for a sworn meat-lover) what

he says makes sense.

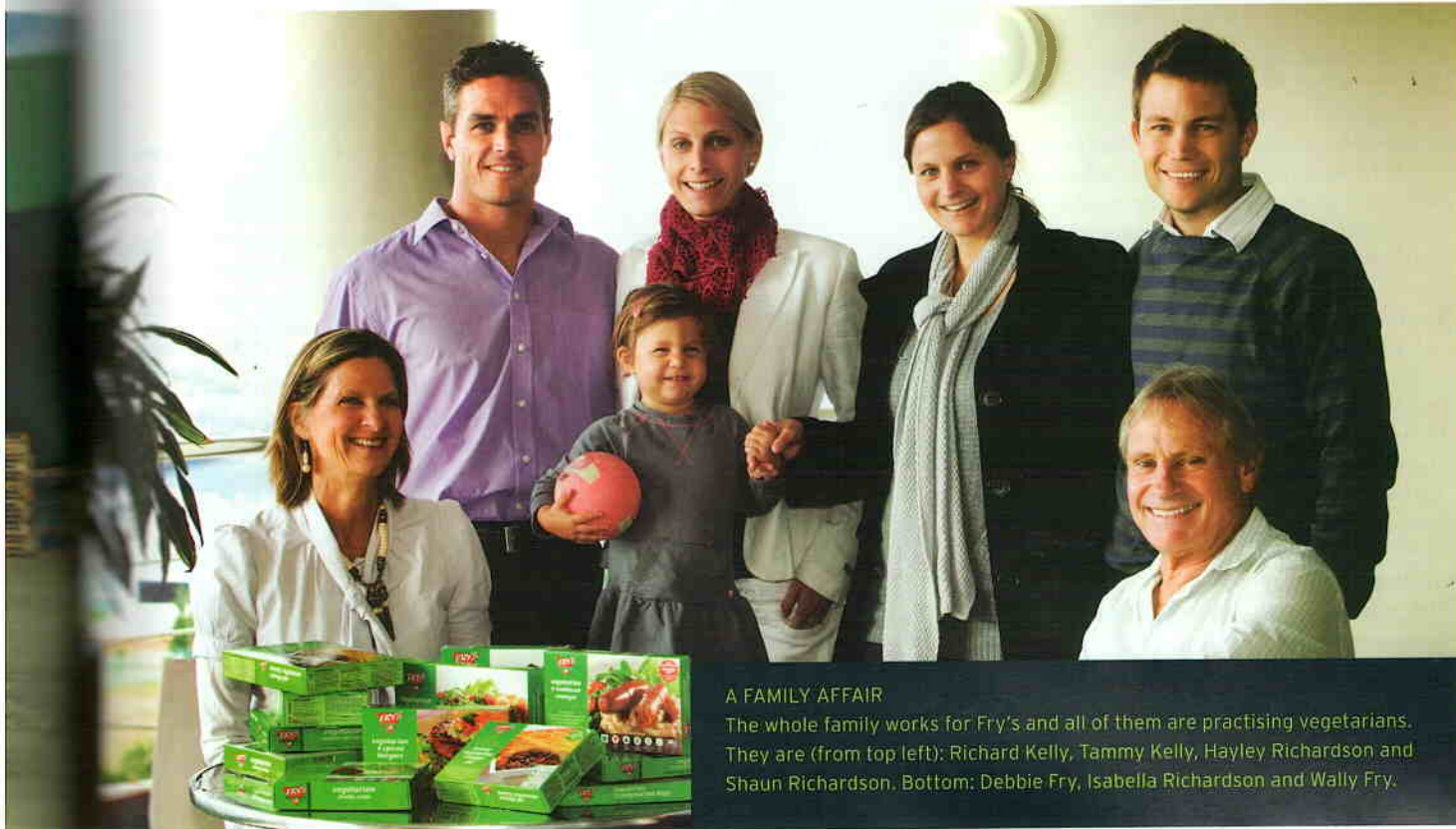
And yet Wally wasn't always a vegetarian (how many people who've been raised on a farm are?). "I've been a vegetarian since I was very young but Wally always loved meat, and it caused some degree of difficulty in our home because I wasn't used to cooking or preparing meat," says Debbie.

The change came by degrees but started, Wally says, when their daughter Tammy was born. "Since she could understand where meat came from, she refused to eat it. She'd ask me what she was eating and I'd say, "A drumstick" and she'd say, "Drumsticks are for playing drums" so I'd tell her it was the leg of a chicken, and that was it. She wouldn't touch it," he relates. The influence of his daughter and wife got him thinking and reading. "At the same time I studied Eastern religion, which of course is centred very much on vegetarianism. I started learning about the environmental collapse being driven by intensive animal farming, and I eventually decided I couldn't in good conscience continue to eat meat," he said.

TURNING PERSONAL PASSION INTO A BUSINESS EDGE

The fact that he had previously been a meat-eater was, in fact, the driving force behind the development of Fry's products. "Just because I believed it wasn't ethically right to eat meat, didn't mean I didn't miss it. It was really tough to give it up," says Wally. That's when he started experimenting with the creation of a meat-alternative. "I wanted something that had the same taste, texture and mouth-feel as meat," he says.

And therein lies the uniqueness of Fry's products. "No one else is making a vegan meat alternative range of products," says Wally. Not only is the product both vegan and vegetarian, it's also Kosher, Halal, Suddah and non-GM, making it very special in its category. Wally's conviction about environmental responsibility and ethics has driven him to extraordinary lengths in developing the product range. "We look at the ethics of every one of our raw material suppliers, and make sure that neither the company nor any of its shareholders is involved in any way



A FAMILY AFFAIR

The whole family works for Fry's and all of them are practising vegetarians. They are (from top left): Richard Kelly, Tammy Kelly, Hayley Richardson and Shaun Richardson. Bottom: Debbie Fry, Isabella Richardson and Wally Fry.

“another company that might have interests in animal farming,” Wally explains. The brand has been voted the Best Buy label in the UK, based on the company's ethics.

This was all driven by the Frys' passion, but it's had a positive business spin-off too, giving it a unique competitive edge in a market that's increasingly focused on sustainability and the ethics of animal farming. It's opened doors to a substantial international market and the company now exports to 23 countries around the world.

Passion is a significant motivator, and the Frys have it in spades, but is it enough to take you out of a home kitchen and into a global market? How does someone with no knowledge of food science or food manufacturing get to where Wally is today? Part of the answer lies in being willing to put in hours, days and years of hard, hard work. “We weren't particularly clever but my goodness have we worked hard. I think we're living proof that if you work hard enough at anything, you will succeed,” says Wally.

MASTERING THROUGH LEARNING

He's also proof that you can master an industry about which you know absolutely nothing, having learned most of what he knows from reading books and through trial and error. “I'd read up on the different properties of food ingredients and then experiment by putting together different combinations. I learned that if I put together two different ingredients, it would give me a particular taste or texture, and that's how our products evolved,” he says.

Wally also put himself through a crash course in machine engineering. “I bought all of our first machines for the factory on auction and I had no idea what they did or even if they were the right ones,” he says. He started learning and in a short time he was carrying out repair work on the factory machines.

And there's the thing. Wally is the kind of person who masters whatever he puts his mind to. He doesn't do things in half-measures. This is a ‘go big or go home’ kind of guy. Other entrepreneurs could learn a lot from him. “Someone once asked me what course I'd recommend an

entrepreneur should take before starting a successful business and my answer was ‘None’. You need vision and enthusiasm and you just need to go for it,” he says.

GRAB OPPORTUNITIES AND RUN

The story of how the company got started is testament to this willingness to grab opportunities and run with them. Wally relates the story of how an encounter with a marketing expert really got things going.

“A vegetarian friend of a friend heard about the products I was making, purely for family consumption, and asked if he could come over and try them. When he tasted them he tried to convince me that they needed to be marketed and listed in supermarkets, but I wasn't really interested in setting up a business. I was doing this as a hobby really,” he relates.

So convinced was the marketer of the potential success of the product that he offered to conduct market research and compile a full marketing plan for free. “His words were that I owed it to society to commercialise these products and that he himself wanted to be able to buy them in supermarkets,” Wally adds.

Being a natural businessman and entrepreneur, the realisation that there was a market out there was enough to galvanise him into action and he couldn't walk away from the opportunity once it had been pointed out to him. “The marketing person helped us with the package design, which we hand-drew on pieces of cardboard, I got my kids to make little flags stuck on toothpicks to identify the different products and I set off to go visit the supermarkets to get listings,” Wally recalls.

GETTING A FOOT IN THE DOOR

Anyone who's run a business in the food industry knows just how hard this can be. Getting listed in significant supermarkets is the make-or-break tipping point, but it's notoriously tough to do. Large supermarket chains hold all the cards and competition is fierce.

Here again Wally's ability to make people listen and to push where necessary stood him in good stead. “I took all my pre-cooked sausages

and other products and prepared them in the boardroom tea room before the meeting, sticking all our little home-made flags into the products. When the guys arrived for the meeting they told me they didn't do taste testings in these meetings, but I said, 'Well humour me. I've done all this work so you might as well eat it,' he relates. "They started tasting and then called in people from outside to taste as well, and when I left they wanted to know when I could start supplying them."

It was a good question. "We had no factory, no equipment, no staff. I had an AMC cooking pot! I didn't even know what equipment I'd need to buy," he says. Machines bought at an auction were loaded into two 20 ton trucks and delivered to a small factory space the Frys owned. Wally snapped up an experienced factory worker who knew how the machines worked – the company's first employee – and within 15 days Fry's was up and running. The first delivery was made within three months.

SLOWLY DOES IT

This makes it sound easy but the reality was anything but. "I had to learn everything from scratch. Food is a highly regulated industry – I needed to learn about food safety standards, how it should be prepared, cooked, frozen, packaged and distributed. I was also used to ordering raw materials in batches of a kilogram and I now had to order them in bulk," Wally says.

The first orders required large quantities, but thereafter Wally and Debbie would call the supermarkets every day to find out how many boxes had been sold as this told them how much new product they would need to prepare. "We did it very, very slowly, only making as much as was required. If they had only sold two boxes, that's how much we would make," Debbie indicates.

It's a far cry from the dream many entrepreneurs have of reaching a tipping point and 'making it big', but Wally stands by his experience of slow, steady, risk-averse growth. "I don't subscribe to the notion that you need to sit down before starting a business and draw up a detailed SWOT analysis. If you look at the pitfalls too closely, they will become your reality. You don't need to build an empire overnight. Just start something small and see if it works," he advises.

'IF I CAN'T AFFORD IT, I DON'T WANT IT'

Growth was incremental but continuous – and entirely self-funded. Wally's personal rule is, 'If I can't afford it, I don't want it' and he's applied that rigorously to the company, which has never borrowed a cent.

"If we had borrowed money the growth might have been quicker but we only know now that the product was a success. Back then, we didn't know that so we grew organically and we've been very happy with that," says Debbie.

The company was able to make use of factory space that it already owned, and some might argue that it's easy to make a business succeed if you are lucky enough to have access to such assets. But here's the thing. The reason the Frys owned that space in the first place was because Wally had already built up and then sold a construction company. This is the second time he's made a success of a business, the second time he's put in the long hours and the hard work to make something happen. So luck has nothing to do with it. And it's worth bearing in mind that while the Frys have never borrowed money, they risked their early retirement money to make the business work.

DEVELOPING A BRAND PEOPLE FALL IN LOVE WITH

As Fry's initially had no marketing budget, the product became known only through word of mouth. However, it was unique enough to make itself felt. "One supermarket told us they would have to delist us because they

simply weren't selling enough. Three months later they called us up and asked us to deliver stock because there'd been such an outcry from the vegetarian customers who had been purchasing our products," Wally explains. Listings grew incrementally, until the product reached that golden 'critical mass' where stores would be out in the cold for not stocking it.

Creating something unique that meets a previously unfilled need is one thing, but how do you develop a brand that people fall in love with? Ask Wally and he'll tell you it all comes back to passion. "You can't start a business just because you want to make money. You need to start it because you are inspired to deliver a service or a product to people that will make their lives better or easier in some way. You need to have conviction that what you are supplying is really great for people to use. Believing in and being passionate about your product will inspire other people to believe in it too. People buy into passion. You can't manufacture it," he says.

Fry's offers its customers an alternative to meat products, giving them the opportunity that Wally hoped for – to eat a meat-free or, at the very least, a reduced-meat diet. But it also offers them a chance to go green, save the planet, prevent animal cruelty and, ultimately, make a difference. That's what builds brand loyalty and getting it right is what every brand is trying to achieve.

TAKING ON AN INTERNATIONAL MARKET

Customers' demand for Fry's products indirectly drove its penetration into international markets, as expats who wanted to continue to buy the product contacted the company to find out if they could distribute it in their new home country. "We're represented in other countries by people who have the same passion and conviction that we do, and that makes all the difference to our success," says Wally.

The international market currently accounts for just 25% of the company's business, but Wally has a vision to grow aggressively on the international stage. "We just got into the States and the response has been phenomenal – our first container was sold before we had time to get the second one on the water," he says. He's certainly not about to ignore the South African market, but indicates that if the scales of economy are right in another country, the company would consider setting up an operation outside South Africa's borders. "It's not something that's on the cards right now but yes, we'd look at it," he says.

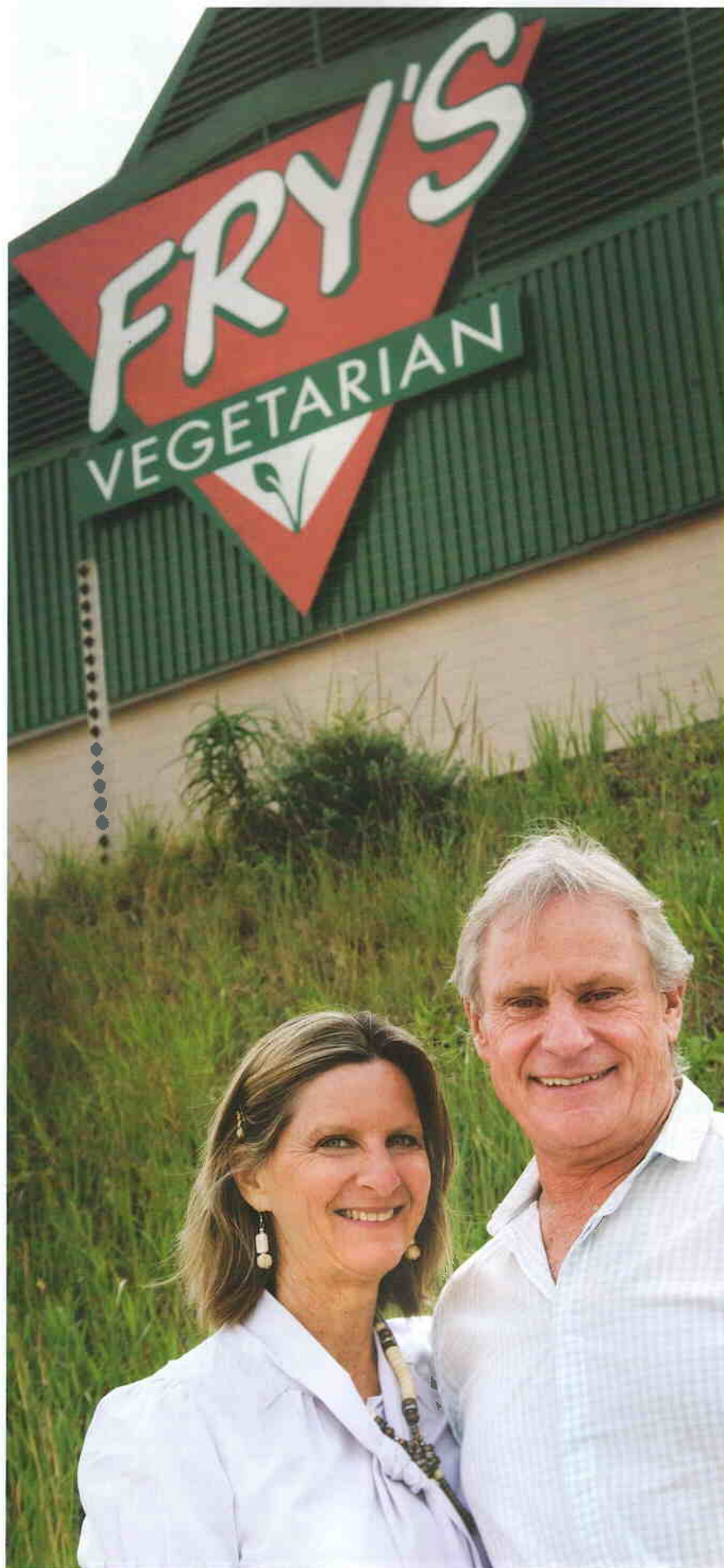
CONTINUOUS IMPROVEMENT

Wally's drive is relentless and sometimes surprises even him. "When we were packing 500 kilograms a day I said to myself, 'Now I've reached my goal. This is enough, I need to take a rest.' But somehow I never did and today we pack 16 tons a day," he says.

His drive propels continuous improvement in the company and the development of new product lines. A few years ago the company turned its attention to reducing the salt and fat content of its products. Today fat content is down from around 12% to between 3% and 4% while sodium content has been halved.

"We're researching new ingredients all the time. We look all over the world, and of course where we source from has to be aligned with our ethics and values. This means R&D can take months or even years, but it's worth it," Wally says.

"I'm working harder now than I ever have, but I'm loving every minute of it. I'm doing something I really believe in." It's something nearly everyone wants to be able to say, but in the case of Fry's Vegetarian it's no accident – it's integral to the business's success. And there must be a lesson in that for other entrepreneurs. □



THE IMPACT OF ANIMAL FARMING

"The world is currently raising over 50 billion farmed animals for slaughter each year and, in addition to its major impact on global warming, this is contributing significantly to the destruction of tropical rainforests and other valuable habitats. Because of its high degree of inefficiency compared to plant protein production, animal agriculture is disproportionately depleting the planet's dwindling reserves of fresh water, land, fuel, and other resources," says Tammy Kelly.

The company draws on hard facts to support its position. Here are some of their stats:

- At least half of all the greenhouse gases are due to livestock production
- If all Americans ate no meat, chicken or fish for just one day a week, this would result in the same carbon savings as taking 19,2 million cars off the road in the USA for an entire year, or save gas emissions equivalent to 46 million return flights from New York to Los Angeles
- It requires 500 times as much land to produce 1kg of beef as it does to produce 1kg of vegetables
- It takes 250 litres of water to produce 1kg of wheat, and 25 000 litres of water to produce 1kg of meat
- Cows, pigs and sheep bred for human consumption discharge millions of tons of methane, a more potent greenhouse gas than carbon dioxide. Livestock accounts for about 18% of greenhouse gases, more than all the world's transportation systems including cars.