



FOODS YOU LOVE WITH PROTEIN YOU NEED

Page 1 of 3

United States House of Representatives Committee on Small Business Subcommittee on Rural Development, Agriculture, Trade and Entrepreneurship.

June 6, 2019

Statement of Jennifer Bacon, Co-Founder, FlapJacked™

Chairwoman Finkenauer, Ranking Member Joyce, and Members of the Subcommittee: I am here to discuss how the Small Business Administration's (SBA) State Trade Expansion Program (STEP) has impacted my business in Colorado.

My husband, Dave Bacon, and I founded FlapJacked in 2012 on the premise that "we are what we eat" and believe that healthy meals should not only fuel our bodies but also taste fantastic. We began our FlapJacked journey as a result of trying to get our 5 children to eat healthier. We sought cleaner ingredients and shifted away from today's carb-heavy foods to provide more protein for our active lifestyle. This was especially important for our Autistic son who had difficulty with the texture of most proteins. Jace wasn't getting the nutrients he needed to thrive and so we set out to re-invent his favorite foods (pancakes, muffins and cookies) to include the balanced nutrition that his body needed.

Currently FlapJacked can be found domestically in more than 20,000 stores nationwide including large retailers such as Kroger and Walmart.

It is our continued goal to expand our brand exposure in the Better-For-You (BFY) space from the United States to abroad. We feel that healthy foods should be afforded by all people in all economic statuses (especially for children) but that can be difficult to accomplish while maintaining a healthy margin when exporting. Often times we are approached by distributors from other countries that ask for payment terms with extremely slim margins. It's also difficult to weed through the serious players versus scam artists.



FOODS YOU LOVE WITH PROTEIN YOU NEED

Page 2 of 3

On our own, it took us over a year to establish trust in our first export customer from the Dominican Republic. We would not accept terms and were advised by our local agricultural agency (USDA) to beware. We would only accept 50% deposit on all orders, assuming that at least our cost of goods sold would be covered. If the export partner wouldn't pay, we would not fill future orders. This was a huge risk for a young company. At that time, we netted just under \$1 million in sales.

The STEP program funds have enabled FlapJacked to get in front of retailers directly and bi-pass expensive distributors and middlemen making it easier to offer our products at affordable prices. We have taken advantage of STEP grants when they become available. To date, we have benefited from three grants that have reimbursed us for travel and allowed us to attend the following trade shows at no cost to FlapJacked; Fancy Foods 2017; ANTAD (Mexico) 2018; ANTAD (Mexico) 2019. In addition to the reimbursement funds the STEP program also pays directly to cover trade show booth, graphics, booth set-up, shipping of samples and printing of brochures. We have found that the support at these trade shows give us a full understanding of the market with great positioning and support which included meetings with retailers with translator's present. They take us on store tours, meet distributors, co-packers, and media. These meetings are face to face encounters that are invaluable.

Step funds received to date total \$6200 in which have attributed \$50k in sales in 2018 and we are on track to have \$75k in sales in 2019. That's greater than a 10x ROI. This additional income (which is paid 100% prior to shipping product) is instant cash influx to the business. (Walmart, for example is net 90). This has enabled us to build the proper team to handle the growth. In 2018 we added 3 new hires to the team and in 2019, we added 1 new hire.

STEP is not just worth the \$6200 cash reimbursement and additional income. To attend a show such as ANTAD on our own, it would have cost approximately \$12-15k per show. The disadvantages would be no translation available, no direct meetings, our own set up and tear down, printing of materials and shipping of samples not to mention hotel and travel costs. Colorado Agricultural Department (CAD) pays 25% for 4 shows of which the STEP funds pay 75% of approximately \$65k per show. This pays for 10-12 Colorado companies to exhibit within a Colorado pavilion group of booths in the show.



FOODS YOU LOVE WITH PROTEIN YOU NEED

Page 3 of 3

Deep relationships are extremely important to our export partners and STEP funds allow us to create direct relationships with retailers in countries vs relying on a distributor to do all the work and take a hefty margin. These are relationships that now belong to us, which is invaluable. One important factor of these relationships are that they take time and trust and they can take months and sometimes upwards of a year, so the shows are a great facet for meeting new and existing partners in person from around the globe. At each show, we also meet and nurture relationships with current partners at both shows such as CPT (Middle East), Kron (Guatemala), International Exports (Middle East) and Takanawa (Iceland).

When we show up year after year, it shows that we are here to stay and evoke trust with our partners. Proudly, in 2018 FlapJacked won Colorado Exporter of the year. FlapJacked has created space in Better For You (BFY) categories domestically and now abroad, actively exporting to 15 countries where we receive consistent PO's and have sold to over 25 in total.

FlapJacked would like to advocate for continuing to support the STEP program to assist small, women-owned businesses like mine to expand and grow beyond our borders and our reach. The STEP program not only allows us to grow through export and create jobs, but to actively stimulate our economy and enhance financial security for our communities and families.

Thank you for your time and attention. I look forward to answering your questions.