Larabar: Making a name in a crowded sector

Who says a nutrition bar can’t taste good?

LARA MERRIKEN

LARA MERRIKEN is founder and CEO of Humm Foods, producer of Larabars. With a degree in psychology from the University of Southern California, Merriken had no aspirations to be an entrepreneur until one day on a hike while training to run the Denver marathon. There was nothing different about that hike from others she had made in Colorado’s Rocky Mountains, except for one thing: Health-conscious Merriken speculated on why energy bars lacked taste and wondered why good taste and good nutrition couldn’t be combined in one bar. That was in 2000; she launched the company in 2003. Sales are now nearly $20 million annually. How she got from there to here is as interesting as it is instructive.

When Lara Merriken decided to build a company based on her idea for an energy bar, she knew little about business and even less about the food industry she wanted to conquer. But what she lacked in business know how, she made up for in passion and persistence, two qualities no would-be entrepreneur should leave home without.

To people who tried to discourage her by pointing out that the energy bar category was saturated, she’d say, “I know this is the right thing for me to be doing.”

Her father, who was retired from his retail clothing business, agreed to help her write a business plan. “He became a partner in my business after reading the business plan that he helped me write.” Merriken’s father balanced her creative vision with solid operational procedures.

That was in 2000. Three years of R&D and a steep learning curve followed, including a two-year job with Whole Foods where Larabar’s core customers shopped. “It was the smartest thing I’ve ever done,” Merriken said, adding that it allowed her to “learn how they operate from the inside.”

There was much more she had to learn before her vision could become a reality such as packaging, commodities, manufacturing equipment and product promotion.

As the launch date approached, everything that could go wrong went wrong. Backers backed out, equipment broke down and promises of manufacturing facilities didn’t pan out. “We had manufacturing lined up at four different places and they all fell apart at

What is it? Where is it?

According to Lara Merriken, founder of Humm Foods, Larabars combine “unsweetened fruits, nuts and spices into a healthy and convenient food bar.” Larabars contain no fillers, no added sweeteners, no preservatives.

“A five layer barrier package gives them a shelf life of one year,” she said. “What’s unique about our product is that even though it’s a so-called energy or nutrition bar, it’s not geared toward improving performance. It’s food, real food. The key is that it tastes good.

“In the natural foods grocery world, Larabar is the No. 1-selling energy bar now.” Driven by her commitment to healthy living and a belief that good taste didn’t have to be sacrificed in the name of good nutrition, Merriken developed Larabar after years of experimentation in her kitchen and feedback from friends who taste-tested the bars.

The rollout in 2003 introduced five flavors: cherry pie, apple pie, cashew cookie, banana cookie and chocolate coconut chew. New flavors are continually added and the line has grown to 12 varieties plus Jocalat, a pure organic chocolate bar.

Larabars are found in natural food stores, supermarkets and mass merchandisers. Come October, Larabar will also be available in some convenience stores.
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the eleventh hour every single time.” Plans to launch in the fall of 2002 had to be scrapped.

Then six months before the rescheduled launch date, the trademark attorney found that the original name could not be used. The packaging had to be redesigned before the first run went to print.

But Merriken persevered, believing that everything would work out if they remained flexible and focused on the goal. She was right: manufacturing facilities became available, new packaging was printed and with $150,000 from family and friends Larabar was launched in the spring of 2003.

After four years in business, Merriken has reason to feel good about her accomplishments. “2006 sales were just under $20 million, with international sales 15 percent of that number; 2007 sales are expected to come close to $30 million.”

The biggest markets after the United States are Canada, the UK and Iceland. “There are 300,000 citizens in Iceland and last year we sold about 150,000 units.”

Distributors make the difference

Larabar is sold through distributors except for chains like Costco that have their own distribution system. In-store sampling promotes the product to consumers at a very low cost.

In the international arena, distributors can be the make-break factor in a product’s success. If they believe in the product, they’ll get behind it, Merriken said. “The reason Iceland is so good is because the distributor’s wife is a health food celebrity and they both love Larabars. In the UK our first distributor didn’t like the product and didn’t support it. We finally got a new distributor and it’s completely changed our market. That relationship is huge.”

Classroom theory vs. reality

How did Merriken get from the idea stage to a thriving business? “There’s a classroom theory of life and ideas and then there’s reality. And that’s getting out there and making it happen,” she said. “I’ve seen a lot of people that have great ideas but the implementation for whatever reason just doesn’t go anywhere.”

As a start-up, Merriken wore all the hats. “I was salesperson, marketing person, complaint person – you name it.” She still wears some of those hats some of the time but her major responsibilities are product development and company growth. She has a team of 100 full time workers: 25 in sales and marketing, 50 in manufacturing and about 25 independent contractors throughout the world.

Will she ever take business classes? “I’m open to it,” she said. But at the end of the day, the market tells you and people tell you how well you’re doing, and it’s all subject to change. The idea you had two years ago may not work now.”