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HD **The seeds of success**
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Former wheat farmer John Foss is building a global **brand** around a tiny, nutrition-packed ancient grain

World champion surfer Kelly Slater was competing at Bells Beach in Victoria last year when he was contacted by an executive from The Chia **Company**. Former West Australian farmer John Foss, who founded the **company** just over a decade ago, convinced of the seed's health properties, was reacting to a message on social media by the 41-year-old American about how chia seeds were part of his daily breakfast routine.

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Foss, who now lives in New York, where he runs the world's largest chia producing **company**, sent one of his team to see Slater at the competition, armed with the **company's** products - packaged chia seeds and the **company's** new chia-based breakfast foods. The health-conscious Slater, 11 times world champion, would go on to visit the **company's** chia farms in the Kimberley region, in the far north-eastern corner of Western Australia, and become the **company's brand** ambassador.

"We saw an Instagram of him saying he ate chia seeds with almond **milk** for breakfast," says 45-year-old Foss during a trip to Kununurra, in the Ord River Valley, to visit the farms he contracts to grow his seeds. "We were looking for a potential **brand** ambassador for our products. We wanted someone who was genuine and authentic. When we saw he was already a chia eater, it made great sense for us to show him our products."

Few Australians had ever heard of chia when Foss decided to base a **business** on the seed in 2003. Originally grown in Central and South America, chia seeds are rich in omega-3 acids, dietary fibre and protein. Demand for chia and other "ancient grains" such as quinoa has taken off in recent years to meet increasing demand for healthier foods, particularly products that are gluten free and **dairy** free. The seeds are generally added to food and drinks to boost their nutritional value.

The Chia **Company** sells its products to some of the biggest food retailers in the world and is on track to turn over more than \$100 **million** next year. "Ten years ago chia was relatively unknown and my vision of turning it into a consumer product was laughed at," says Foss. "Now, particularly in Australia, we are starting to touch the mainstream market." The US market alone has grown from about \$21m in 2011 to more than \$70m in 2013. It is estimated to grow to about \$370m next year. Nutrition **Business** Journal of the US estimates that at the rate the **business** is growing it could be worth as much as \$US1.1 **billion** by 2020.

A fourth-generation farmer, Foss grew up on his family's wheat farm in WA. His studies in marketing and **business** saw him discontented at the prospect of life as a wheat farmer, subject to the fluctuations of world prices. Awarded a Nuffield farming scholarship in 2001, he travelled the world looking at food production trends and for a segment of the market that could be developed as a product rather than just a commodity. One of his early mentors, the late Wesfarmers chairman Harry Perkins, had encouraged him to look beyond commodity-based farming.

The trip convinced him that the next big thing would be in more health-conscious foods as illnesses like obesity and diabetes were reaching serious proportions. Back in Australia, he saw a documentary about Mexicans living near the US border with high rates of obesity, diabetes and cholesterol. The healthiest were those who had a daily drink of lemon juice and chia seeds. He went to Central America to see where

the seeds of the flowering plant from the mint family were grown. He found they grew best around 15 degrees from the equator.

"I realised pretty quickly that the issue was supply," Foss says. "The reason food companies hadn't included it in their products and the reason it wasn't on the shelves of major retailers was that no one had grown chia on enough scale, with consistent quality and a stable pricing structure." He convinced several farmers in the Ord irrigation area to start growing chia and he began exporting to the US, Canada and South Korea where there was an early awareness of the health properties. In 2010 he struck a deal with bakery chain Bakers Delight to offer chia-seed **bread**. "We had done a lot of work with the **Bread Research Institute**, so we knew how chia would perform in **bread** and we knew the nutrition would perform post baking," he said.

While Foss was exporting his seeds to companies that repackaged them for **sale**, he knew that the big **business** would be in his own **brand**. "I always wanted to have a **brand** which would be talking directly to consumers," he said. About the same time as the Bakers Delight deal, he launched The Chia **Company** retail range of seeds and powdered seeds, in distinctive orange packaging. Not only did it help develop the **brand**, but it allowed him to promote the **company** as being able to trace its products through the supply chain from the Ord River Valley.

Acceptance in the US, where he was selling to chains such as Whole Foods Market and Costco, encouraged him to think bigger. His goal was to sell chia-based products, particularly ready-to-eat breakfast foods. However, this would require a step up in funding. Unable to find funding in Australia, he turned to the US, where he was able to find private-**equity** investors who could cope with the potential risks of his expansion plans.

This allowed him to go ahead producing breakfast foods with chia in packaging, which he called Chia Pods. Made of chia, coconut **milk** and fruit, they are packaged in small plastic bowls. "It was a significant cash injection to build the balance sheet of the **company** so we could go forward, not only to support our **brand** but to develop the Chia Pod. We could see an opportunity in the healthy breakfast, healthy snacking space to develop a product that was clearly labelled and appealed to the convenience trend." Chia Pods were launched two years ago in the US and Australia. "In the first 90 days in the US with one retailer we **sold a million** units," he says. "It gave us the confidence that we had a product which had appeal." The **company** has since expanded into other breakfast food products including Chia Pod oats and Chia Pod bircher muesli.

Foss moved to New York with his family in 2012 to be closer to his US investors and to step up marketing to food retailers in Britain and the US. Earlier this year, he received a call from US mega-retailer Wal-Mart, which wanted to do a deal to sell Chia **Company** products. "They took a lot of time talking to us about how we grow chia, our farming and our supply chain," he said. "They really took a lot of time understanding us as a **company**. They were keen to work with us to get chia on the shelves." A big order from Wal-Mart, as both sides knew, could swamp the **company**. It was agreed on both sides to gradually develop the relationship. A few months later it started supplying the **company** with products, including Chia Pods. "We are starting with them in a measured way so we can scale up with them," he says.

Foss also sells Chia **Company** products in Britain through supermarket chain Tesco and other outlets and has won approval to sell through distributors in **China**. "We will take a measured approach to **China**," says Foss. "We are already in **Hong Kong**, Taiwan, South Korea and Japan but **China** is a big market."

The link with Slater has proved a success. A TV commercial aired in Australia this year featuring Slater on his visit to the Ord helped to promote the **brand**. "Kelly Slater is in his forties," says Foss. "His performances are still as good as many guys who are 20 years younger. He is superbly fit ... he attributes his longevity and performance to what he eats." Last month the **company** did a deal to supply its products to the Collingwood AFL team. The **company** will supply Chia Pods in the club's kitchen and the chia seeds will be included in players' breakfasts and smoothies.

Foss says there are more products "in our innovation pipeline". He is keen to see chia move from the specialist section to the breakfast and healthy snack section of supermarkets. He says the main challenge in growing the **company** has been matching supply with demand. "We have had periods when we have been expanding production quickly and, maybe, the market hasn't grown quickly. But then, as a new customer or a new opportunity happens, the demand quickly starts to grow faster than our ability to scale supply. It has been a constant challenge to match the two." Foss will not reveal too much about the **company's** figures, including the size of the annual chia crop under contract. But he is looking at new sources of supply including Kenya. The **company** has also begun producing some chia seeds on a small scale in the Northern Territory and he is eyeing the second stage of the Ord River irrigation project for further production. He is wary of the market seeing chia, which is sometimes described as a "super food" because of the nutrition available in a small serving, as another food fad. "We set up the **business** with a long-run strategy and made sure we didn't promote it as a short-term wonder food," he says. His goal is to

continue to work with major food companies and food-retailing chains and to develop more chia-based products. "There's a lot of growth ahead of us, simply because of the size and scale of the customers we are working with."

Glenda Korporaal visited the Ord River Valley as a guest of The Chia **Company**.

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