



Book Innocent

Our Story & Some Things We’ve Learned

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Recommendation

British childhood friends Richard Reed, Adam Balon and Jon Wright sold their first 1,000 smoothies at a music festival in London. Today, their company, Innocent, sells smoothies in 15 countries across Europe, and the firm makes more than £200 million each year. At their company’s launch, Reed, Balon and Wright were three twentysomething buddies who wanted to make eating healthy easier for busy people. This bio of their smoothie enterprise is short, funny and useful, with hands-on business advice for budding entrepreneurs. *BooksInShort* recommends this diverting book to current and future entrepreneurs looking to lose their innocence about launching a business.

Take-Aways

- Many people have a “big idea” for a business, but they never get started.
- Take the plunge and start small.
- Know your target audience and make sure you can easily explain your idea.
- Don’t lose focus. “Keep the main thing the main thing.”
- After you’ve started, be careful as you cope with growth, one of the most challenging aspects of running a business.
- Decide what parts of your business you will outsource and what you will do yourself.
- What are your values? The smoothie company Innocent’s leaders set out to “make food good” using environmentally sustainable and ethically grown fresh produce.
- Your people will make or break your business. Recruit and retain employees who share your values.
- Advertising is expensive. Try low-cost strategies, like electronic media and free press coverage.
- Listen to your customers.

Summary

Getting Started

Good friends Richard Reed, Adam Balon and Jon Wright, all in their 20s, always worked long hours. Their diet consisted mainly of beer and pizza. Seeking a way to eat healthy food quickly, they considered smoothies – crushing real fruit into bottles busy people like them could drink on the go. Another company in the United Kingdom, Pete & Johnny (PJs), already offered this product – but their smoothies came from concentrated syrup and compromised on natural ingredients. Reed, Balon and Wright determined to make smoothies using fresh ingredients.

“Like most good business ideas, ours was clear and simple. The world of commerce rewards simplicity and its associates, clarity and focus.”

The three partners first sold their smoothies from a market stall at a West London event, *Jazz on the Green*. They made smoothies in their kitchen, but had to manufacture 1,000 bottles for the festival. They met Jeff, an 80-year-old farmer who grew (and loved) carrots and carrot juice. Jeff bragged that he could bring carrot juice from his farm in Nottinghamshire to London in less than six hours. Reed, Balon and Wright loved him. They bought £500 worth of produce from him for the festival, where they sold their first 1,000 smoothies.

“The theory behind the Granny Test is that if you need three paragraphs to explain your idea and strategy, it’s probably too complicated or unclear.”

They put two huge bins, one with a YES label and the other with a NO, in front of their stand and asked customers, “Should we give up our jobs to make these smoothies?” Because customers filled up the YES bin, they launched their smoothie company, Innocent. They offer these recommendations to anyone who wants to start a business:

- Ask what need isn’t being met.
- Know your target audience – which could be you.
- “Think better, not different.” Improve existing products – don’t start from scratch.
- If you can’t explain it to your granny, it’s too complicated.
- “Keep the main thing the main thing.” Everything you do should support your main idea. Stay focused.

“Keep On Keepin’ On”

After quitting their full-time jobs, Reed, Balon and Wright needed to mass-produce smoothies. Balon asked friends at Virgin Cola how to make drinks commercially. They told him to work with a “flavor house,” a company that finds ingredients and develops drinks. They started testing smoothie recipes with a recommended flavor house.

“When it comes to recruitment, if you act in haste, you repent at leisure.”

Reed, Balon and Wright visited 10 stores with their strawberry and banana smoothies. Most managers were happy to try the drinks. Six out of 10 wanted to buy the smoothies and were upset when they learned the product wasn’t ready yet. Back at the flavor house, the experts wanted to use concentrated orange juice. That ended the relationship.

“We will always back the person who has tried something and failed over the person who never tried anything new in the first place.”

It took a long time to find an appropriate manufacturer. Every company said that making smoothies that would have sufficient shelf life required using concentrates and preservatives. Reed, Balon and Wright remained adamant about their fresh, natural business model.

One of their last leads recommended that they talk to Mike, a Jamaican man in Wales who imported fresh oranges. Mike agreed to try their recipes. “That long, drawn-out search to find a manufacturing partner” taught the founders that “success is about resilience.” They had allocated a month for finding a manufacturing partner. It took nine months, and they nearly went bankrupt.

“It’s a universal truth about business that irrespective of what your company does, you’re going to spend most of your time dealing with people – their hopes, issues, talents and pay demands.”

Now the founders needed an investor. They lacked experience, a product, a name or funding, but had a great business plan. No banks would loan them money. After 20 banks turned them down, they tried venture capital firms. The firms all said no, but suggested that the three partners try to find a private investor. Not knowing any wealthy people, they “sent out a cheeky email with the subject line, “Does anyone know anyone rich?” They emailed the message to every address they had or could scrounge. Basically, they “spammed London.”

“However smart we think we are, however much success our business has, we are in the hands of those people, and it pays well for us to shut up and listen to what they have to say.”

This gave them two possible leads, one of which led to Maurice Pinto. Just as Reed, Balon and Wright were on the verge of quitting, Pinto said yes. He agreed to put in £50,000 of the £250,000 they needed, and said that five of his friends, also investors, would kick in the rest. When they all passed on the deal, Pinto had to back out or pay it all himself. Pinto now says that putting up the money was the best investment he ever made.

Marketing

Reed, Balon and Wright looked up “innocent” in a thesaurus. It was a synonym for “natural,” “healthy” and “pure.” They wanted a cool name that symbolized their mission and looked good on a T-shirt. Packaging sells a product to first-time buyers; taste and experience come next. When Innocent debuted, most fruit juices in the UK were packaged in opaque plastic bottles bearing pictures of fruit. Innocent chose a transparent bottle and worked with the design agency Deepend to create a label. The result was a face with two eyes and a loose halo, suggesting innocence.

“We talk to each other and our consumers in the way we talk to our friends (minus the swear words).”

For low-cost marketing, try to be visible in the right places, get good press, and use digital marketing and advertising. The founders learned, “when it comes to marketing your brand, everything is important, although some things are more important than others.” When launching in a new market, Innocent seeks “beacon outlets” – shops that share its values and customers. Its goal was being sold at Planet Organic and Wild Oats, London’s leading whole-food stores.

“The best way of testing something is to do it. Don’t get lost in academic research – make it, test it, see what happens.”

To try to get free publicity, notice which reporters cover brands and businesses in your local paper or on TV news, and call them. Journalists seek unique businesses, like Innocent. One story about the company, “Boys just want to have fun” appeared in the May 27, 1999, Lifestyle section of the *Evening Standard*. That led to Innocent going on sale at the Harvey Nichols food hall, a business that initially had turned down the smoothies.

“Keep asking questions; try different solutions; and above all else, don’t ever, ever give in.”

To make the most of digital media, Innocent has a website, a blog, a weekly e-newsletter with 120,000 subscribers, videos on YouTube, a Facebook page, a Twitter account, and more. Its first TV ad, which ran in 2005, was simple and inexpensive. It featured fruit disappearing into a carton and it cost less than £5,000. This ad became Innocent's most successful advertisement.

Handling Growth

The most important things for a start-up are having a good business plan, starting small and persisting. The next is figuring out how to handle growth. Entrepreneurs often have to decide whether to outsource some aspects of creating their product or do it in-house.

“Development and change are good. The opposite is stagnation, and stagnant people smell like ponds, so we like to have people continually raise their game.”

The founders thought they'd have to create a factory, because nobody was making smoothies without added ingredients. But running a factory wasn't among their skills, and setting it up would take a lot of money they didn't have. Finding manufacturing partners allowed them to focus on what they did best: testing recipes and responding to customers. They never outsourced the process of creating their own recipes and selecting the best fruits and vegetables.

“If necessity is the mother of invention, then a tight budget is the father of doing stuff on the cheap.”

As Innocent grew, it continued “to ‘start small’ with each new initiative,” from opening up in a new nation, trying a new ad campaign or testing a new product. Its first market outside of England was Ireland, which the founders selected because it was close to home and offered no language barriers. Ireland is now their second biggest market after the UK.

“We now judge decisions, ideas and our choice of words against whether they feel ‘innocent’ or not.”

A few years after Innocent's launch, business was booming in England, Ireland and France. The trio debated about whether to expand into other countries or into different product categories, such as frozen smoothie desserts and natural cereal bars. They decided to stick with smoothies and focus on international expansion. They debated whether to expand in Europe or the United States. The US had no language barrier, a huge population and a single currency. Europe had many countries with different languages, customs and currencies. But Europe was nearby. Innocent worked with perishable fresh produce – and in Europe, its distributors could get to 15 different countries in a 24-hour drive.

Defining Your Values

You have to answer the “why” question before starting your own business. What's your reason for existing? After seven years, Reed, Balon and Wright decided to think about Innocent's purpose. They gathered input from their employees. They settled on the idea that Innocent's main purpose was to “make food good.” Then they defined their mission more specifically as:

- Make food that is delicious because it's natural and unprocessed.
- Make healthy food using only ingredients that are good for people and will help them live longer.
- The food should be sustainable, environmentally friendly and ethically sourced.

“Perhaps the most embarrassing was launching with the proud claim of ‘pas des préservatifs,’ which we thought meant, ‘no preservatives,’ but in France translated as ‘condom-free.’”

If making money is your only purpose in business, things can go downhill quickly. “Decent values prevent businesses, in their pursuit of profit, from behaving like idiots.”

“It's All About the People”

Reed, Balon and Wright knew each other's strengths and weaknesses. Reed became marketing director, Wright took on operations and Balon sales. They follow some unwritten ground rules. They don't talk shop after hours, they hold each other accountable and they meet once a week to make sure they're all rowing in the same direction.

As your company grows, hiring will demand more and more time. Innocent follows Google's hiring example. Innocent has about 250 people, but one of its three founders signs off on every hire. This slows the process, but it helps avoid mistakes. Innocent people should share the company's values and have the right capabilities and experience.

In terms of recruiting, Reed, Balon and Wright are always out promoting the brand – at trade shows, dinner parties, in press meetings, and more. The company puts job openings on its bottle labels and offers an internal recruitment reward of £2,000 to £5,000. Once Innocent hires the right people, it works to keep them with these retention strategies:

- Make your expectations clear, give constant feedback and keep communication flowing.
- Have performance objectives and measure performance.
- Provide learning opportunities for personal growth and development.
- “Share the proceeds” and add perks, the “soft stuff.”

Innocent retains employees by providing professional development and a generous compensation package, communicating transparently, and offering perks like free breakfast, yoga on Wednesdays and a variety of clubs. The Innocent cheese club is the most popular. In Innocent's first few years of business, it had a 100% retention rate, but any healthy business will have some turnover as people's circumstances change and they pursue other opportunities. Some new hires will not be a good match. You can turn low performance around, but you'll face serious problems if your employees don't match your values.

Listening

Innocent loves its “consumers. Without them,” the founders say, they’d have “just a very expensive hobby and a large pile of fruit out the back.” The founders would prefer to listen to customers in person over a pot of tea, but they settle for online communication. Innocent reaches out to customers through events like Fruitstock and the Village Fete. It also keeps in touch via a weekly newsletter and blog. The website features a “rate and review” section where clients can rate its recipes. Innocent launched its Veg Pots in 2008 for vegetarians and vegans. When vegans complained because some Veg Pots contained honey, Innocent created honey-free alternatives.

Customers can still reach the company by phone. Innocent’s first office in Ladbroke Grove used a dime store phone. People would answer it, ““Hello, Innocent banana phone,’ because the phone looked like a banana.” That’s still the company’s customer service greeting in Fruit Towers, though the original banana phone is gone.

About the Author

Richard Reed, **Adam Balon** and **Jon Wright** started Innocent, which they sold to Coca-Cola in 2013. **Reed** wrote this book with **Dan Germain**, Innocent’s group head of brand.
