

10 THINGS I DID TO BUILD MY TINY BAKERY TO \$10 MILLION IN REVENUE

In 2021 my tiny bakery crossed \$10 million in annual revenue after just 5 years.

But right before I started it, I was a day away from filing for bankruptcy.

Sitting in meetings with Lawyers discussing the absolute shit I'd gotten myself into.

My only option at the time was to file for bankruptcy to clear what I owed.

Except... That never sat well with me.

The whole not paying people back the money I owed felt grubby.

And certainly wouldn't fly with the family and friends who I'd borrowed money from to build my business.

Can you imagine that!?!

"Sorry Mum, yeah I'm filing for bankruptcy so I don't have to pay you back"

So I kindly said "Yeah...Nah" to the Lawyers and started to explore other options.

One of those was to salvage the tiny bakery business we'd built in the basement of the restaurant business I was trying to exit.

My business partners at the time wanted nothing to do with it.

So that's what I did.

Grabbed a few bits of second-hand equipment, found an abandoned cafe space on the outskirts of the city and set myself up using a \$20k credit card I got after flat-out lying to the bank about my personal circumstances.

(It turned out okay for them...)

Anyway, from day one I chose to no longer be tiny and wear every hat in the business myself.

If I was going to do this, I had to learn how to build a team and leverage my time to grow through the small biz phase to unlock some freedom.

So that's where we'll start the first insight.

1. Create A Big Vision

It has to be bigger than you and paying for your lifestyle.

What impact do you want to have?

Remember, small visions attract small people and smaller opportunities.

For me, I wanted to completely transform the artisan bakery scene in my city.

At the time, most of the good stuff was sent down from Sydney (about 3 hours away) and much of it was baked more than 12 hours ago.

I saw a big opportunity to increase quality, freshness and service.

For you that might mean, transforming your local shops, your community, or the entire state you live in?

Who knows, you might decide to completely transform the future of the baking industry but let's not get ahead of ourselves.

To kick things off you have to start demonstrating how you're doing that.

I chose products.

Without excellent baked goods all the marketing and noise and vision and plans will lead nowhere if customers come in and never come back because your product sucks.

2. Work Backward From Customers

I'm not a baker by trade but I've been in the hospitality game for more than 15 years.

As I said before, I noticed people struggled to find excellent sourdough and pastries. So I came up with a plan to get it do them.

I asked lots of questions about who they purchased from, what they liked and disliked about it, and what they wished they could buy but couldn't find from a supplier.

The Lesson for You:

Find people that have problems and then work backward to create solutions.

le - Is there a community of people who want cakes? Or sourdough? Or cookies? Or wholesale?

Then work backwards to create products that they're looking for to support their success.

3. Start Low Risk Projects

Most people get into debt fast by buying equipment.

I get it. It's an expensive industry to be in.

We borrowed equipment in the early days so we could get going with no risk. Then we looked at second-hand items and slowly replaced key equipment with new using a range of affordable loan options.

Even as my business has grown, we still do this same thing for new products.

Start scrappy to build profit fast.

Then upgrade later using cash flow from the business instead of saving.

The Lesson for You:

Always be running tests based on current trends to see what other products you can make that your customers would want.

If people have purchased from you before, there is trust there. So it's pretty likely they're going to want to buy other things you make to.

Innovate, test, iterate.

Which brings me to:

4. Add Layers

We started with a tiny core product range.

After helping our wholesale clients we found more problems to solve for them to help them boost their sales.

As we created more products for the wholesale market, we generated more revenue.

Then we used the revenue to buy new equipment and hire a skilled team to create more products.

It's the same approach to over-the-counter sales.

The Lesson for You:

Take it a step at a time. Run very low risk tests by making 'special' and testing them on your core customers. Ask for feedback before iterating and expanding your test base to other customers.

As you add these products (ie layers) start to think about what else would complement it.

5. Build a Culture of Innovation

Most businesses follow others and create the same old products at the same prices.

We pushed ourselves to anticipate the future needs of our customers by constantly innovating, and exploring ingredients and new suppliers.

It allowed us to create different products that separated us from our competitors which meant we could increase our pricing because we were no longer comparing the same products.

For example, we chose not to make tinned white bread because we saw that supermarkets were always going to beat us on price. Instead we leaned into sourdough and did it better than they could.

Then, when we launched a tinned loaf just for fun, everyone bought it because they knew it would be better quality.

The Lesson for You:

Innovating will delight customers and make it hard for your competitors to keep up.

6. Leverage Other Businesses To Get Eyeballs On Your Brand

Most people believe good products sell themselves.

They don't.

We learned that rapid growth means borrowing audiences.

Every one of our wholesale clients has their own customers who love and trust them.

So we incentivised clients to talk about our brand and feature us on their menus.

This got us in front of new people without spending a bomb on marketing.

The added upside?

When other people promote you it feels way more natural and growth happens automatically.

The Lesson for You:

Look around your community for businesses who already have trust with the people you want as customers.

Collaborate with them or do a joint promotion to access new audiences and build trust.

7. Build a Brand (not a business)

Almost anyone can build a business.

But real value is being the first thing people think of when they're asked about something you sell.

But there's another part of it.

You've got to tell people about it.

- Be active on social media
- Turn up at local markets and events
- Make a stand for something in your vision
- Donate to local charities and school groups
- Meet with business groups in your community
- Do interesting things that the media want to capture
- Make sure everything in your business represents your values

But there are a few secrets to building a valuable brand (not a cheap brand).

Be premium - Set your prices high and make sure the quality of your products, store and service matches it.

Over service - The customer is the pinnacle of your business. Everything should revolve around them and absolutely delight them. In a world where that ISN'T the norm these days, you have an enormous opportunity to stand out and have people tell others about how good you are.

Be consistent - Consistency isn't just doing the same shit every day. What if it's the wrong shit? It's about starting again if something fails. Innovating to make something better, solving a problem when you or a client stuffed up (again).

8. Vision. Mission, Values

Most people think these are just stupid things big companies put on their boardroom wall.

I did too until everyone in my company grew and different standards emerged amongst the team.

With every new person you add to your business there is a dilution of ideas.

One more person you have to get around and see in the hope that your vision and values rub off on them and they carry it on.

It almost never happens by accident.

The best way is to document your values and write down your vision so that you can share it with every new hire that you bring on.

The other cool thing?

Knowing who you are, and who you aren't is the best way to attract top talent and opportunities.

The Lesson for You:

Write a funeral speech for yourself.

No seriously.

Write what you would want people to say about you when you or your business is gone.

What impact did you have on a local community group?

Your family and friends?

Your kids?

Those words you jot down are the juicy bits you should live by and operate your business by.

9. Leave Some Cash In

Most small business owners pull cash out for personal use the minute they start making some.

I did this too...

But the problem is, growing a business sucks a ton of cash.

And if there's none left to grow the business you're screwed.

Make sure you keep at least 30% of your profit as cash on hand for growth.

This obviously changes throughout the year as you buy bigger quantities Christmas and Easter etc but generally speaking, don't clean yourself out.

The Lesson for You:

Save some cash to take advantage of opportunities or you'll never get out of the rat race.

10. Attract Talent. Don't Find Them

Most business owners whinge about not finding great people.

The truth is, the good ones probably just don't want to work for you?!

You have to give them a reason by becoming the type of company brilliant people want to join.

The second part of it is, the best people aren't looking for a job full stop. They're probably happy where they are.

And you and I both know they're not looking for a role in the bakery industry.

So you have to see them out.

The Lesson for You:

Ask people in other industries who do they think is good. Have they had a great experience at another business recently?

Reach out to people on LinkedIn!

Stalk them on Instagram.

Get over the scary part and take action because for them it's flattering. Guaranteed no one has ever approached them to offer them a job for being good.

I actually did this at Officeworks recently.

A guy named Sam was so good over and over that I went back there with a note that just said:

"Thanks for the wonderful service. Even though my print file was incorrect, you reformatted it for me which meant the work still got done on time. Thanks so much for going above and beyond"

" I own a bakery called XXXX and we're always looking for people like you who make people's day. If you ever want a change, I'd love to see you on our team"

Then included my business card.

The result?

He emailed me a week later and started with us.

But your responsibility is to create:

- A big vision
- Brilliant leadership
- Excellent products
- A high-performance culture

Do this and generally speaking the best talent will find you.

That's it!

I hope this helps you focus on the right areas to get ahead in this wonderful industry we call home.

I look forward to the opportunity to share detailed strategies with you for making these happen.

Take care.

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