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Strategies: Chocolate's good for business

Chocolate is more than just my favorite food group. Chocolate, as an industry, is booming, sweet with opportunities for entrepreneurs and small businesses.

Like most food specialty businesses, there are few barriers to entry for a chocolate company. Start-up costs can be low; in some states, you can even start in your home kitchen. Most importantly, there's a healthy market, whether you want to sell directly or through others, as both consumers and retailers eagerly seek new, creative chocolate offerings.

To discover the ingredients of a successful chocolate company, I spoke with founders of two thriving chocolate businesses: Donna Gabrilson of Market Street Toffee in Phoenix, Ariz., (www.marketstreettoffee.com) and Jeff Shepherd of Lillie Belle Farms in Jacksonville, Ore. (www.lilliebellefarms.com)

When Donna sent a box of Market Street chocolate toffee to my office last year, my staff all agreed it was the best toffee we'd ever eaten. Equally impressive was the presentation: personalized gift band, beautiful box and ribbon.

I found Lillie Belle chocolates at the New York Chocolate Show (yes, there is a chocolate show, and yes, it is yummy). Though it sounds odd, Lillie Belle's blue-cheese chocolate truffle was a standout. Yes — blue cheese in chocolate. Surprisingly delicious!

If you aim to be the next Willie Wonka, here are some tricks you can learn from Donna and Jeff:

- Keep start-up costs low.

Jeff started making chocolates at home. "In Oregon, you can get a license to produce food in your own home, based on volume. After two years, I passed the volume allowed (by the state), rented a small warehouse and converted that into a chocolate kitchen."

"Initially, I leased commercial kitchen space from a caterer," said Donna. "Most folks think you have to have your own commercial kitchen, but go to a caterer, go to a cafe. Lots of restaurants are dark on Mondays. You might have to get up at 2 a.m. to use someone's kitchen, but you do whatever you need to do."

- Start at farmers markets.

"I started selling truffles at farmers markets," Jeff said, "and now have seven full-time employees and sell to over 300 stores nationwide."

Donna used farmers markets to perfect her products as well as make sales. "Rather than waiting for people to come to me and paying huge amount of money in leases, farmers markets are a great way to have a focus group ... see what people thought of products."

- Use great ingredients.

Jeff began Lillie Belle as a 2-acre organic berry farm, so he grows all the berries in the truffles and cordials himself. "I figured I could jar all these berries up and make jam, but on a whim, I made some raspberry truffles for myself. All the chocolate and fruit is organic. The butter and cream are from a small local dairy, certified sustainable. I seek out other farmers like myself."

- Be different from competitors.

You can stand out from the competition with unique products, like blue cheese or organic truffles. But you can specialize in other ways, such as packaging.

"I tried to find a unique, classy, sophisticated way of packing our product to differentiate us," said Donna. "What's special about us is that we can personalize from one box to thousands of boxes. Ninety percent of our business is corporate-related."

A few other standout independent companies from the Chocolate Show:

- FairyTale Brownies, Phoenix. Wide choice of brownie flavors, attractive packaging. Great gift for college students! (www.brownies.com)
- Knipschildt Chocolatier, Norwalk, Conn. Beautifully presented handmade chocolates and truffles. (www.knipschildt.com)
- Chocolove, Boulder, Colo. Organic and single-source chocolate bars. (www.chocolove.com)
- DeBrand, Ft. Wayne, Ind. A bigger small company, founded and headed by a woman, with a wide assortment of chocolate choices. Even the box can be chocolate! (www.debrand.com)
- Luv's Brownies, San Jose, Calif. Heart-shaped brownies. (www.luvsbrownies.com)
- John & Kiras, Philadelphia. Ingredients from local, sustainable family farms; their mint comes from urban school garden projects. (www.johnandkiras.com)
- Christopher Norman Chocolates, New York City. Upscale, unique chocolate creations — even a set of chocolate dominoes. (www.christophernormanchocolates.com)
- Charles Chocolates, Emeryville, Calif. Beautiful, handmade chocolates, including edible chocolate boxes and tea-infused chocolates. (www.charleschocolates.com)