FINANCIAL POST

FP ENTREPRENEUR

Can Flavor Fork make a U.S. splash with Dragons' Den's Arlene Dickinson?



Mary Teresa Bitti | March 17, 2014 8:00 AM ET



Handout/Dragons' Den/CBC Dragons' Den star Kevin O'Leary (left) and Troy Biever (right), president and CEO of Flavor Fork, which is based in St. Alberta, Alberta.

Each week, *Financial Post* contributor Mary Teresa Bitti revisits CBC's previous week's episode of Dragons' Den. She captures what the cameras didn't and in the process provides a case study for readers, zeroing in on what pitchers and dragons were thinking and what the challenges for the deal are going forward.

The pitch St. Albert, Alta.-based entrepreneur Troy Biever brought Flavor Fork — his patented all purpose tool for grilling — to the Den. Its interchangeable head design, lets it function as a fork that infuses sauces into meat, a brush, baster, spatula and bottle opener.

He was always frustrated by the fact that barbecue sauces and marinades did not provide the flavour he was hoping to achieve. "The sugars were cooked on the outside but did nothing to enhance the taste of the meat I was grilling. Often the food was dry," he said. But it was Mr. Biever's 20 years in the food industry and his experience as an owner operator of a Panago pizza franchise that led him to invent a tool for the mass market that would allow home cooks to inject flavour into food. "There were individual syringes called flavor injectors, but there was nothing like what I was envisioning, so I decided to make it."

The Flavor Fork has several unique features: It offers three syringes, not one; the sauce or marinade never touches the meat, which means any sauce remaining in it can be stored and used in the future; and it is dishwasher safe.

Plus, it works just as well for indoor cooking. "I've done the least amount of barbecuing this winter because of the cold than I ever have, but I've used the Flavor Fork quite a bit," Mr. Biever said. "At Christmas, my wife melted butter and injected it into our turkey. It was fantastic."

In 2010, when he first had the idea for Flavor Fork he bought the domain name <u>flavorfork.com</u>. Then a friend put him in touch with a local concept designer who plugged Mr. Biever's ideas into a computer program. With the concept formalized, he approached an industrial designer who got it ready for the prototype, which was then built by a firm in Vancouver using 3-D printer. Prototype in hand, another friend helped him source a manufacturer in China which delivered his first run of 1,000 Flavor Forks in June 2012.

When it came to business development, Mr. Biever worked with the Northern Alberta Business Incubator in St. Albert that helped him with his plan and pitch. "I threw them in my car and drove across Alberta and into Saskatchewan and British Columbia stopping in at retailers and talking to anyone that would give me the time to show and display my product," Mr. Biever said.

That cold calling landed him orders with Home Hardware and independent barbecue specialty stores. In August, he set up a booth at a trade show in Nanaimo, B.C. The Flavor Fork proved to be a hit with the culinary school in the city and House of Q barbecue sauce creator and chef Brian Misko, who endorsed it. Home Hardware invited him to its national trade show attended by all its dealers and Canadian Tire also placed an order.

By February 2013, Flavor Fork was on store shelves in Canada and in March, it won the best manufactured product award at the U.S. National Home Show. By the time he entered the Den, he also had distribution and warehousing both in Canada and the United States.

The deal Mr. Biever asked for \$200,000 in exchange for a 25% equity stake, giving the company an \$800,000 valuation. At the time he had about \$60,000 in sales and a lot of momentum. The proceeds would go to fund inventory so he could meet demand. He received two offers and accepted the one from Arlene Dickinson, who offered the \$200,000 in exchange for becoming the distributor. "I felt she would be able to help me take the business to the next level," he said.

The deal is being finalized and Mr. Biever is looking forward to Ms. Dickinson's involvement. "The plan is to really make a splash in the U.S. market. They barbecue all year round. Texas is a huge barbecue market and its population is greater than that of Canada."

A dragon's point of view "We're signing the papers this week," Ms. Dickinson said. "This deal is similar to what I did with the 3D sawhorse. I'm acting as distributor and will be responsible for selling it, marketing and manufacturing."

The reason she didn't want an equity stake? "It's a one SKU product that could do very well and I thought this was the best way to be part of making that happen. Sauces are a big deal right now. People want to be in control of their culinary experience and the Flavor Fork gives people the opportunity to create gourmet meals at home.... We're talking to major shopping channels in the U.S. to get the word out."

An expert's opinion Brad Cherniak, partner at Sapient Capital Partners in Toronto, sees the appeal for Ms. Dickinson of structuring the deal in this manner. "If this product comes out with a bang, as a distributor she can ride that wave. It's all upside for her. If she's buying inventory and reselling it, she has to get out there, educate her team and make as much hay as possible.

"It's upside for the entrepreneur if the product hits but if distribution doesn't go anywhere then he still needs to generate capital."

However, Mr. Cherniak said, the fact that it's a one SKU business is problematic."Without an established pipeline in the U.S. it's hard to get people's attention. U.S. retailers are pruning suppliers pretty ruthlessly and only want to deal with those that have a broad product line. A lot of chains will ask if you have inventory. They don't want to wait, or get caught short."

If the product catches on big, the entrepreneur's biggest challenge could be around supply, he said. "What happens if he has to replace a bad batch? Retailers want everything just in time and an iron clad return policy. The last thing you want to do is disappoint anyone on your first big sale."