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# GROWTH STRATEGIES

‘Ticking the right boxes from the start’ got DeeBee’s TeaPops to \$1 million, now the company has its sights on \$50 million

[Mary Teresa Bitti](#) | October 31, 2016 12:10 PM ET



Chad Hipolito for The National Post *From Day 1, DeeBee's Organics founder Dionne Laslo-Baker knew she wanted to build a multi-product organic brand.*

The idea for TeaPops, a frozen tea treat that will be in 2,000 locations in Canada and 1,500 in the U.S. by next summer, was the result of a quasi debate between Dionne Laslo-Baker's two children. David was brewing tea and Jocelyn wanted to make popsicles. The result: a fully organic frozen novelty and first of its kind product. There are now seven flavours available in Canada, eight in the U.S. with three more set to launch in spring alongside an entirely new line of products — all under the Victoria-based **DeeBee's brand**.

For mom/scientist/entrepreneur Laslo-Baker, **“It was a totally crazy conversation and result, but I decided to run with it and teach the kids how to build an ethical company and show them you can create something that doesn't have artificial sweeteners or colouring, that people will like.”**

TeaPops are certified organic, non-GMO, refined sugar-free, gluten-free, dairy-free, vegan and kosher parve. The company is also certified B Corp, a voluntary certification denoting for-profit businesses that meet rigorous standards of transparency, accountability and social and environmental performance.

**“The scientist in me wants to make sure we do everything right. So everything is ethically sourced, all organic. We ticked all the right boxes from the start,”** said Laslo, who has a PhD in maternal fetal toxicology. **“It's much easier to go out the door with those certifications than to go backward and try and get them after you've already launched.”**

From Day 1, Laslo has been strategic, focused on controlled growth and establishing a recognized brand **with multiple product lines, similar to Annie's Homegrown in the U.S. Her first step was answering the question: Is there an opportunity for organic, fruit and tea-based novelties?** She contacted government agencies, including AgriFood Canada, which helped fund market research. **A booth at New York's Fancy Food Show along with Canada's trade commission garnered immediate interest from the *Wall Street Journal* and the food editor of *Good Morning America*, which rated TeaPops among the top products of the show.**

**DeeBee's launched in fall 2013 with a targeted approach: start small, saturate natural and organic grocery retailers, then expand into conventional grocery chains before landing shelf space in Costco. Repeat the approach in the U.S. Costco has already come calling.**

After listening to customers and bringing in a dessert chef to improve the formula, which customers felt had **too strong a tea taste, DeeBee's improved line of TeaPops launched summer 2015. Since then Sobeys** signed on and by next spring/summer TeaPops should be in every grocery chain in Canada, about 2,000 stores, up from 1,200 now. The company is just breaking into the U.S.. It is available in Whole Foods in the Midwest, in California retailers such as Bristol Farms, and it has recently launched in the Pacific Northwest. The U.S. expansion was aided by Export Development Canada, which assisted with funding.



Chad Hipolito for The National Post *After listening to customers and bringing in a dessert chef to improve the formula, DeeBee's new line of TeaPops launched in the summer of 2015.*

"We broke apart every single ingredient and discovered it was the coconut sugar giving that tea taste. That changed everything," Laslo said. "We started tripling sales with existing retailers."

Revenue sits at about \$1 million. A brand of organic teas is likely and DeeBee's will also expand beyond tea-based products starting with a line of smoothie pops this spring as well as a line of shelf-stable products. With more stores and more SKUs constantly being added, Laslo forecasts sales of \$50 million by 2020.

The vision is to build DeeBees into a global company with Canada as the home base for research and development and Laslo as chief scientific officer. The Canadian Organic Trade Association has helped Laslo attract interest from retailers in Mexico, Korea, China, Taiwan, Japan and the Philippines.

*We're looking for a strong strategic partner. Someone who understands and shares our values who can assist with the next level of growth*

"We've had a lot of VCs contacting us. We're looking for a strong strategic partner. Someone who understands and shares our values who can assist with the next level of growth," Laslo said.

Brad Cherniak, partner in Toronto-based business advisory firm, Sapien Capital Partners, isn't surprised venture capitalists are showing interest. "Software and biotech had their supernova moments. In particular with software and the advent of SaaS, the easy money has been made and no one knows what the path to success is any more," he said.

"That's why food is so interesting right now. VCs are looking for areas that have been under-focused and where there is money to be made even at tiny margins. Still, there are challenges. The success of DeeBee's will be driven by consumer psychology and branding — VCs hate that. If the entrepreneur continues to execute and show sales, she'll be able to raise the capital, but will it pull her in different direction?"

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While tea and consumer products focused on health and wellness are hot today, Cherniak wonders if TeaPops will fizzle quickly or make the transition to a sustainable product and how follow-up product lines will fare.

"It's a great first product, but oftentimes the first idea is the best idea," Cherniak said.

"Combine that with finding a position in a crowded consumer products world with deep-pocketed huge players and it's clear she has a complicated path ahead of her operationally and financially and she's only just begun. What happens if new SKUs die? Will she be afforded the option of failing without the whole thing coming down?"