

diffusetap
Virtual Event Series

Food Tech Frenzy

Guest Speakers:



Dimitra Rizzi
CEO
Elohi Strategic Advisors



Stephanie Lind
Founder
Elohi Strategic Advisors

Hosts:



Kenny Estes
CEO & Founder
Diffuse



Ayla Kremb
Chief of Staff
Diffuse



DiffuseTap: Food Tech Frenzy

Last time on DiffuseTap, Dimitra Rizzi, CEO of Elohi Strategic Advisors, and Stephanie Lind, Founder of Elohi Strategic Advisors, talked about groundbreaking innovations in the food industry (not just with plant-based foods), and what you need to know before you dig into the value proposition of a foodtech company.

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Meet the Speakers



DIMITRA RIZZI is an accomplished leader in the food service and retail industry with a successful track record of over three decades in strategic sales planning and execution, training and development, retail design, systems and processes, and customer marketing. In 2019, Dimitra joined Elohi Strategic Advisors as CEO to drive the company's vision forward in creating a healthy and sustainable food market. LinkedIn: [@dimitra-rizzi](#)



STEPHANIE LIND is a tried and tested entrepreneur who 'broke away from corporate America' after two decades in the food industry, having worked with major industry players such as Sysco and PepsiCo. In 2015, Stephanie launched Elohi Strategic Advisors to empower companies that pioneer, develop, and drive innovation in the food service industry. LinkedIn: [@stephlind](#)

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KENNY ESTES: Our speakers for today are Dimitra Rizzi and Stephanie Lind. So, Dimitra, do you want to kick things off with a little bit of a background before we hand it over to Stephanie?

DIMITRA RIZZI: Sure. I'm [Dimitra Rizzi](#), CEO of [Elohi Strategic Advisors](#), which by the way, was founded by Stephanie. We work together and we like each other on most days, but my background is in absolutely everything food. I am Greek. And by default, we like food.

I have worked with big companies like [Sara Lee](#) and [Wendy's International](#). I've been on the ops side, I've been on the manufacturing side, and I've also been on the smaller side, where I helped take a company from 45 million to 210 million in two years and sold it three times. Also bought four companies while we were there. And then I retired in 2019, on a Friday, but Stephanie called me on a Monday, and the rest is history. And that is all about me. And I am a huge Green Bay Packers fan, in case some of you here are as well.

KENNY: I feel sorry for you. I really do.

DIMITRA: There you go.

KENNY: Well, aside from that poor note that you ended on, you've had quite an impressive career. Thanks for that. Stephanie?

STEPHANIE LIND: Sure. If Dimitra is the adult in the room, I'm the fun one.

I spent 23 years working for big companies like [PepsiCo](#), [Kerry Ingredients](#), [Sysco](#), across sales, supply chain, and marketing. In 2015, I decided I really didn't fit in the box that's known as corporate America, and I wanted to have a legacy that was not about Fritos and soda, as much as I love those things, if I'm honest. We'll never speak of this again, by the way.

I founded the company to help sustainable emerging brands launch their food service, and we've really grown over the years, particularly with our project of 18 months with [Impossible Foods](#). If you've heard of a little company called Impossible Foods, Elohi wrote that strategy and then conducted the scaled launch in 2018. We continue to work with companies from all over the world in cellular, AG, indoor farming, tech space, and then obviously, [plant-based foods](#).

We are all things food service, that's really our specialty. And anyone who thinks it is dead really needs to call us because [Food Services is not dead](#). That's a little bit about us. We have a team of 25, and we do the strategy plus execution for companies you've never heard of, or maybe some of them you have. You'd be surprised to know what they don't know about food services that we're helping them with.



KENNY: Love it. Well, we're excited to talk about food. My partner in crime is Ayla Kremb. Ayla, do you want to take it away with the first question?

AYLA KREMB: Yeah, absolutely. One of the big things that we've noticed whenever we talk about a specific asset class or vertical is that most people don't know how to think about it necessarily. Foodtech, what does it really mean? What's included in that in terms of the different sub segments that investors should be aware of? Maybe Stephanie, you could take this one?

STEPHANIE: I would argue foodtech is a muddy term, because there is so much happening in food and beverage, and it encompasses everything from the ingredients that go in, to the agriculture and the systems that grow the ingredients, which go through a supply chain. However, we think about foodtech, and agtech separately. Foodtech is predominantly about improving the supply chain and the nutrition systems.

What we get the most questions about are alternative proteins. When a lot of people think about alternative proteins, they think about plant-based foods. But that is not all there is to it. If all you're talking about is plant-based, you're actually missing what is going to be really exciting over the next five to 10 years. We can talk more about that. Let's see if Dimitra agrees or wants to add on.

DIMITRA: I do agree, but I would also add this. I think people are really immersed in the whole alternative protein piece because it's the latest thing. However, I would also add that anybody that's really interested in foodtech should be thinking about fiber. That's a big deal. When you see companies today in foodtech they're combining alternative proteins and fiber, and I think that's the winning combination going forward. It's kind of like how plant-based was, as I like to say, in 2015. I think this piece of the whole nutrient alternative protein as well as fiber put together is going to be a huge deal

KENNY: And to dig into that and expand on it, Dimitra, this question is going to be long-winded. But in my head, I envision you guys in your free time just sitting around the kitchen table eating crickets. To get a really good idea of what type of proteins and alternatives there really are, what are some of the things that are considered alternative protein? I know crickets are an alternative protein, but what are some of the cool, exciting new horizons that you're seeing?

DIMITRA: Yeah. It's funny you should ask. And yes, I do sit around the table, and I do eat all those crazy things. Because one of the rules in our company is unless Dimitra (wearing my consumer hat) tastes it, we're not going to work with it. I must tell you; I've had to kiss a lot of frogs. And what I mean by that is some of this stuff is awful. I think sometimes people think they have something cool, but no, usually you don't. Because in the United States of America, first and foremost, taste is the key to consumers.

But now let's talk about those things. There are so many alternative proteins. Grasshoppers for one, I would have never in my life thought would be interesting. But people eat them, for sure. I would go to Mexico and other countries, and I would have them on my plate served with octopus. They're served with a lot of things.



But in the US, we're not thinking about that. The rest of the world is into insects, absolutely. And they're mostly put in certain products that you'll never think they're in there. As an example, we met with someone, and Stephanie said she brought me some brownies. I thought, well, isn't that nice? So, I tried the brownies.

And then the woman goes, "well, I'm a grasshopper farmer" and I'm thinking to myself, "what the heck?" And she says "there's grasshopper cricket flour (or whatever it was) in there. How do you like it?" And I was like, "wow, that's fantastic!" So, I think we must get past our own blind spots or biases.

And then there's the whole cellular piece. Seafood, chicken — we have tried it all. And I would tell you there are some amazing products today that people are working on, to Stephanie's point about us not working with companies that are out yet. But when they come out, people are going to be like, "what? This is unbelievable". Because everybody wants everything to taste as close to the real thing, whatever it is.

There's going to be a lot of things that you guys will see coming out, and you're going to be like, "Oh yeah, I remember that conversation." Steph, I know you've talked to a lot of people, and I think you would agree with me. But who knows, you might disagree.

STEPHANIE: No, I am a huge advocate of insects as feed and food. And I think if you're looking at where to put your money, I would not be looking at plant-based. I'd rather be looking at micro-proteins, or I'd be looking at insect protein, and cellular ag. But I'd also be looking at proteins that are out there and available that have a much better nutrition quotient.

About the conversation I had on my little networking thing earlier, we talked about this vegan movement. And you have this regenerative agriculture movement. So, again, food is a system. And yes, there are all these great proteins out there. But how do you farm it? How do you get it from one place to another? How do you treat farmers?

I think it's not going to be just about the question of whether the product is nutritious. But rather, the questions that need asking are: is it grown well? Are the farmers taken care of? Is the supply chain efficient? What's the net carbon emission of making and producing and moving that product? It's going to be more complex. Not that it hasn't been complex, but it's just that nobody has talked about it before.

DIMITRA: Yeah, and we're getting much more aware. If COVID did nothing else for us, it taught us that as human beings, we're not doing well with what we put in our bodies, especially in the US. We're liquored up, right? So now, what's happening with the American consumer is they're going out and saying, "Oh, I didn't know this had sugar in it" or "Oh, what? No fiber?"

I am amazed at the fact that we don't understand how good fiber is for us. We're constantly talking to people who don't understand the value of fiber. And this whole thing about using fungi or using all these different things to help — these are things that other countries are doing. I think in the US, we're so far behind. We think we're first, but we're not.



AYLA: That brings up an interesting point. One thing that has been mentioned in one of the chats here is that when it comes to due diligence in one of these opportunities, how should I think about the economics of supply chain, and all the bits and bobs that go into one of these opportunities, and evaluating whether it's a good one or not? I would assume that there's hundreds of deals that come across your desk monthly. How should somebody think about finding the best ones?

STEPHANIE: Dimitra, do you want to take this one?

DIMITRA: Yeah. Yes, we do get quite a few, and here's the biggest thing. If you can't scale, and if you don't know how to scale, and what that means, then don't launch. I would tell you that one of the biggest mistakes that we've seen happen, whether it's plant-based, cellular, or anything else that we've been working with, is this whole idea of supply chain. And it's also the logistics of the supply chain.

Most importantly, and I know Stephanie feels differently about this than me, but I am not a fan of relying on a co-man to do everything for me. Because I worry that if something should change with them, then what happens to me? I'm a fan of having co-man early on, but then I want to figure out how to do this myself, and how to create my own supply chain. And maybe it's because I like the vertically integrated piece of it, but I would say that supply chain is the number one issue.

We've seen people fall on their face when they shouldn't have because they didn't figure out the supply chain side of the business. This is why we are strong believers in having a strategy. They didn't plan for the demand, so they got caught short. Then they upset people, and that's not good in the food service world in the US, or in retail for that matter.

KENNY: Plan to scale, I like that. And Dimitra, in a former life, did you happen to work closely with somebody who had a lot of success scaling a food service business?

DIMITRA: Yes, I did. I worked for two companies. I worked for Wendy's, and I also worked for Sara Lee. And I tell people I don't have a PhD from a university. I have a PhD from the companies that I worked for, as well as the people that I worked for. And the one thing that we were always taught by Dave Thomas was do not run out of anything. We will never launch anything without making sure that our supply chain is in place and that we have a backup. That was Dave Thomas.

In Sara Lee, I learned in some cases what not to do. We bought companies we integrated with when we didn't have a plan. And then we wonder why Sara Lee imploded. Sara Lee is a great case study for anybody that teaches at the university level.

Those two things have stuck in my brain. Today, when we work with our clients, as Stephanie likes to say, I'm the adult in the room, but I'm also the blunt one in the room. And I would ask them to stop doing certain things when I know they're heading for a train wreck. And Stephanie has lived through some of this with some people that she's worked with.



KENNY: Stephanie, that's a good segue to you. What else do you think about? What are the key things you're looking for? Do you talk about scalability with your customers, and your hard-won experience?

STEPHANIE: Yeah. A couple of things I would tell this group of investors is there is so much push for branding. And sure, you must have a brand. But everyone avoids the ingredient play, and the industrial play. There is so much money to be made, or margin to save to support your retail business. I just find that right now, to Dimitra's point, you've got to be able to scale and figure out early where you're going to go with the product. We preach this all the time.

Retail is very expensive. It's getting harder and harder to get into retail, especially with the consumer changing how they purchase. It's very tough to get the consumer down the aisle, and there's not a good way to have them try things. Brand can be important.

But don't look at the brand as the only way to build a scalable, profitable business in the food space. When we see founders that are adamant to get into retail, or to start in food service and that's all they think about, that for us is a red flag. Because it tells us they're not stepping back and thinking about the business holistically.

To Dimitra's point They're also probably not going down the operations path thinking about what are the ingredients, the packaging and the manufacturing that they need to scale across channels. Because big businesses aren't built on one channel, they're built on omni channels, especially today. And, what's old is new. TV ads are coming back, and you've got Clubhouse, which is basically a bunch of radio channels.

However, with all that said, PR does not equal marketing. In this space — and most of this is driven by VC — there's a lot of PR. But frankly, PR can be the worst thing that you do early.

If I'm looking at a brand, and they don't have the supply chain in place to scale a business across channels over time, and all they believe in is PR and they don't understand the difference between PR and marketing and how they should work together, and they're not thinking beyond just a branded product, then those are some serious red flags for us.

AYLA: Which begs one important question. What should the check size be into any of these businesses? Because I would assume it goes from teeny-tiny to enormous amounts, given the amount of actual commercial hardware and manufacturing facilities, etc. And the runway to go from zero to product is potentially longer in this industry than in many others. So, what checks and returns should people think about in this space?

DIMITRA: For us, we like to start off asset-light and really build the company. I get a bit aggravated because here's what I don't understand. I came into this and I thought, "Why are these people not making money right away?" And that just upsets me because if I'm going to invest in you, I want a return on investment. And no, I don't want to wait five years.



So, what I would tell you is, if you're looking at a company, and they can't tell you what they can see in the next two to three years, and how they're looking at their run rate in revenue and how they're looking at their SG&A and everything else that they need, please, run away. It is possible to figure those things out because we do that.

The second part is if we work with someone, and they're telling us well, we need 100 scientists on board and we're like, "well, what are they going to do all day? You have one product; I want to know what you want them to be doing. That's not an option." What I'm trying to say is you must dig into why they're building their structure in the way that they do.

Because the one thing that we have found is everybody wants to have this whole idea of this big company, and they've got to get all these people in right away, yet they don't understand how to do things that are asset-light and people-light at the beginning, and then build as they go, creating that momentum.

What happens is they find themselves upside down, and then they're not making money. I don't care if it's plant-based. I don't care if it's an alternative-anything. I'm sorry, but after your first year, you should be talking about how you're going to get the bright

STEPHANIE: Dimitra, maybe we can talk about when a VC should put money in, and how much they should put in. I think the company that we worked with out of Ecuador can be a good example, with the way they were thinking about it versus how we've positioned them now and why that matters for their growth. Because I think you can really inhibit the growth of a brand with small checks and aggressive fundraising, which makes me crazy.

DIMITRA: Yeah. In this case, we think that this is going to be a breakthrough company. We don't think, we know. They tried to raise from everybody, and they were going after family and friends. But it was so much work, and at some point, we said, "Guys, no. You must position your company, and you have to figure out what you're going to do pre series A. Go get a bridge loan, go do whatever you got to do. We think you need probably four or 5 million to stand this thing up. And then we'll build what we need to build on, and go for a series A."

By the way, this isn't the only company. We did it with a plant-based seafood company as well. They were having a hard time raising funds because they didn't tell the story the way that they needed to, which was, "Here's what we're creating, here's what it's going to look like a year from now, three years from now, and here's all the things underneath it that make this make sense."

We reposition companies when they come to us, and they say, "We're just at the beginning. Here's how we're raising money." We truly believe that you should go find the VC groups or angel investors, or whoever you need to get you that bridge. And then build on the Series A. Don't go out and try to get little bits and pieces here and there from people and banks, and so on and so forth.

STEPHANIE: Yeah. And we tell them, "Don't go do two million here and another there." Instead, we tell clients to go for one big raise. [Create your story](#) and go for a big series A. Because again, I think one of the disservices that VC does to these upstarts, particularly in food, is there's just this continual raise, and a lot



of people with money come in that don't understand the space, which goes back to my comment about building a brand versus really understanding how all the channels work together to drive profitability over time.

But if you're looking at a company, and you've done your due diligence, and you feel good about it, then go in big. If they're asking to figure out how you can get them to five or 10, even if it's over time so that they don't have to spend their time fundraising, then they can build the business, which is better for you in the long run. I don't know if we answered the question, because I don't think there's a right answer in the space. But I wanted to preach for a second.



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Dennis Chookaszian
Corporate Director, CME Group

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CEO & Founder, LionShare Media

DiffuseTap: Media Metaverse 2022

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Raj Mukherjee J.D.
VP/Global Head of Tax, Binance.US

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