



Testimony to the House Committee on Small Business in the New York
City Council Chambers of City Hall
The Empire (State) Strikes Back: Creating 21st Century Manufacturing Opportunities in
New York City Monday, February 22, 2016 at 10am

Introduction

Good Morning Chairman Chabot and Ranking Member Velázquez and also Congressman Meeks and Congresswoman Clark and thank you for inviting me here today to testify. My name is Nekisia Davis and I am the owner of Early Bird Foods & Co., LLC., located in Red Hook, Brooklyn. I am honored to present this testimony to you today on our experience and successes as a small manufacturing business in New York.

Early Bird Foods is a small manufacturer of granola and granola bars. I started the company in my kitchen while managing a restaurant in Brooklyn called Franny's. If you're not familiar with this wonderful place, you are missing something very special. I would bring granola to my coworkers and regulars, and very quickly a cult-like following was born. The demand was so intense that within a year "granola maker" was my full time job. We now have six full time employees and two part time employees and are currently adding to the team. We have many selling channels; several distributors who sell our products in the Northeast region of the US, Texas, Japan, the United Kingdom, and China, we sell direct to hundreds of stores throughout the US, and sell quite a bit direct through our website.

Successes

We have had success first and foremost because we tapped into something familiar in a unique way. Granola, at least to my knowledge at the time, was made with oils that I wouldn't want in my kitchen, was undercooked and underseasoned. Through my 7 years working in some of the best restaurants in New York, I developed a pallet with which to approach granola in a new way. I also developed an incredible community of people during that time that would be integral to my launch and success, from food shop owners, to members of the media, and owners of small batch flea markets. Within the first 3 months of business, I was on the Martha Stewart show making granola with Martha herself, featured in the New York Times by friend and food writer Melissa Clark, featured in New York Magazine by food writers Rob and Robin, and on the shelves of Whole Foods Market in Manhattan.

At that time, small batch food manufacturing felt like it was in its infancy in New York, and making food in the city was quite difficult. I went from my kitchen at home to a small office cooperative in Brooklyn with a tiny oven where I could make about 12 bags at a time. I then moved to a kitchen incubator in Coney Island where I had to haul 50 pound bags of oats and sunflower seeds from my car, and then (1-2-3-GO!) bake as fast and hard as I could, package everything I baked, clean, pack it all back up and into my car in an 8 hour period. Several days later, I would do the same thing again. In 2011, my friend and colleague Betsy Devine of Salvatore Bklyn Ricotta and I got investments from friends and built a commercial kitchen in a 900 sq ft space in the Brooklyn Navy Yards. Within a week, we realized the space didn't have enough power to run my oven and her cheese vat at the same time, so the cheese and granola dance began. Fast forward through 4 years of that, and we were able to take out business loans to build out our current commercial kitchen and warehouse where we have been for a little over two years. We have a lease secured for another 8 years, but I fear we will outgrow the space in another 2.

Our next expansion will be continued growth, and hopefully increased cash flow to allow for purchase of materials in larger quantities at lower costs, therefore raising our profit margin. In the plans are health care for employees, funding transportation for employees, and a regular partnership with charities. I look toward 2016 and hope for reduction of waste, increased efficiency, and continuing to spread the Early Bird love as many places as we can.

We have always been a business that people love. In our 7 years, we have had to do very very little reaching out for accounts, they come to us because of the product, because of our network, because of the customers who are loyal and have been since day one. We have never had to put money into marketing, and have just this year started investing a bit into PR. We are a business that has always been highly magnetized, and for that I feel grateful and blessed every day. I was raised in the Danny Meyer philosophy in my New York restaurant upbringing, and that is to lead with care, empathy, and compassion. It's all about how you make people feel, most importantly the people that work for you, and then your customers. We operate from such an empowered place, we're highly compassionate, stand true to our values, our mission, are dedicated to the brand, and want to make as many people happy as possible. This world is a tough one. If we can do anything to bring a moment of positivity into someone's life, I feel like we're doing a good thing.

Challenges

Now in all this sweet hippie granola love fest of ours, we have had an unbelievable amount of challenges. The first one that comes to mind is workers compensation insurance. The classification system in place for this seems extremely outdated when it comes to small batch food manufacturers. We have to pay a rate that is over three times the rate of a cook in a restaurant kitchen, which is a high risk job, because our classification is considered

“manufacturing”. I can only assume this was created to cover the risk level of industrial manufacturing where you could potentially lose a finger at work. Our biggest risk in the kitchen is a burn from the oven door. This over and over makes my head feel like it’s going to pop off because there’s nothing I can do and no one I can convince that our risk level in this kitchen is very low. And even if I could convince someone, the rules are the rules. The numbers we pay for workers comp are astronomical.

Another challenge in the past has been with landlord/tenant relations. I assume that when renting an industrial property from someone, the basic benefits of operating in a space that is free of danger, maintained at least minimally, and from someone who cares that we survive in business, are just a given. Our space in the Brooklyn Navy Yards, on the seventh floor, had one freight elevator that was broken at least once a week. This put a huge damper in our business seeing as we constantly have goods moving in and out. There was one period of three weeks that the freight elevator was broken completely, with no communication from our landlord, no explanation as to what was going on, and zero concern about the fact that it was massively hindering our business. I had a purchase order from Whole Foods held up that entire time, so essentially I lost thousands and thousands of dollars in business, and my direct shipping was impacted as well. FedEx, as lovely as they are, will not walk up and down 6 enormous flights of stairs a dozen times so you can get all your online shipping out for the day. We also had to hire several people from Task Rabbit to help us bring dry goods up those 6 flights to the kitchen so we could continue baking, every day loads of over 4000 lbs were lugged up all those stairs. When we attempted to negotiate a temporary break in rent from our landlord to balance the huge losses we faced, not only did he refuse, but he turned against us. We were called out by him as incapable business people because of our gender, and called “silly little girls that didn’t know what the hell we were doing”. He eventually threatened to sue us, ruin our credit, he then doubled our rent, took us to court, and evicted us. I have never felt more discriminated as a woman and less respected as a business owner. We had no protection and nowhere near enough

funds to properly fight him in court. This man, this landlord, who was to simply provide shelter and safety to help facilitate our business, was actually attempting to drive us and our businesses into the ground.

Beyond those struggles, we always have a hard time gaining capital to make changes that would save us enormous amounts of money. If I could, I would invest in small equipment that would cause a drastic reduction in labor costs and increase my overall output immensely. There are much more efficient ways of doing everything we're doing, but we just can't afford to make that leap. I have taken out a loan to build our current kitchen in order to keep up with business, and am unable to acquire any more capital to continue growth, despite our stellar business credit rating and impressive annual revenue. Cash flow is growing tighter by the day, we are trying to keep up and grow at the same time. It's a paralyzing feeling. I think of moving production to a co-packer all the time, but look into the window of my kitchen and can't imagine losing my team.

Conclusion

The future of Early Bird looks so incredibly bright, despite the challenges we have faced and, no doubt, will continue to face. We are right on the cusp of what I believe is our next big growth spurt and to tell you that there are growing pains would be an understatement. At these times, I have to zoom out and remember this is one moment on a long journey for us. We are here, not in spite of those moments of struggle, but because of them. I look forward to continuing to grow our little granola company to something that can employ more and more, feed more and more, and carry on making the food world and my life a little richer.

Thank you to everyone again for inviting me here today, and I genuinely say that I am honored.