

## Incubator hatches four new companies

Brand New Brands fledglings seek space in The City

By Kate Williamson  
Staff Writer

Brand New Brands Inc., the Mill Valley natural-foods incubator founded by industry leaders Will Rosenzweig and Pete Mattson, is due to close its doors soon as its four spin-out companies fly the nest for San Francisco.

"I've been approached recently by people with capital asking why don't you keep it going," Rosenzweig said. "I think we will definitely do something in the same vein. Now that people know what we're doing and actually proved that it's working ... we're talking to some people who would like to fund this."

The four startup firms are looking to move out of their expensive Mill Valley digs and share offices together in San Francisco, where nearly all their employees live, executives said.

Rosenzweig, who founded the Republic of Tea, and Mattson, the chairman of behind-the-scenes Foster City food product development giant Mattson Inc., founded Brand New Brands in 2004 to take advantage of a fact of life in the competitive food-products industry: big food companies typically grow by buying out successful, entrepreneurial startups, such as Coca-Cola's (KO)'s purchase of Odwalla, where Rosenzweig was once an executive VP. The idea, Rosenzweig said, was to invest in the new science coming out of food-ingredient companies faster than large, established corporations could manage, and then prep the startup firms for sale within three year's time.

The company also aimed to fast-track the normally slow development of startup food brands, which traditionally begin in the kitchen rather than the lab.

"Big food companies are [concerned about] how to make products healthier, creating the new era of food. Pete and I stared talking about what we could do to bridge this gap. Pete and his firm ... they're just the best there is in food product development. He's a creative genius in many respects," Rosenzweig said.

Their four spin-out firms, three of which have launched and one that will do so by year's end, all feature "natural" products. They include Lightfull Foods, the manufacturer of a shelf-stable, yogurt-based smoothie of 90 calories that makes the drinker



Brand New Brands is starting four spinoff companies, with officials for each showing off their products. — Douglas Zimmerman/Special to The Examiner

### U.S. TOTAL RETAIL FOOD INDUSTRY SALES, 2005\*

Category	Sales	Percent Total Sales	2004-05 Growth
Natural and organic foods sales	\$22.9B	4%	13.5%
Functional foods sales	\$26.5B	5%	9%
Market standard	\$442.8B	80%	2%

### U.S. HEALTHY FOOD SALES\*

Year	Healthy Food Sales, in billions	Healthy foods % of total retail food sales
2003	\$94.34	17.6%
2004	\$102.34	18.8%
2005	\$109.50	19.8%

\*Nutrition Business Journal estimates, using its categories

feel full for two or more hours; Corazonas, a heart-healthy tortilla chip with plant sterols and oats; Attune Foods, makers of a small bar with five times the pro-biotic digestion-aiding bacteria as yogurt and the yet-to-be-released Dreamerz, a milk-based sleep-aid dessert drink. Brand New Brands chose industry leaders to head the firms, from former Balance Bar executive Lara Jackle as CEO of Lightfull to former Niman Ranch Inc. CEO Rob Hurlbut as CEO of Attune. Funding came from Rosenzweig's

Great Spirit Ventures, the Burrill Nutraceutical Group, Unilever Ventures, Prologue Ventures and others, Rosenzweig said.

All of the four companies' products qualify as "functional foods," according to industry group Natural Products Association spokeswoman Tracy Taylor: Functional foods were a \$26.5 billion business in 2005 and exhibited a 9 percent growth from 2004, according to data from the Nutrition Business Journal.

Lightfull Foods was first out of

the gate, with its light-yellow drink boxes hitting Whole Foods Markets, higher-end Safeways, Andronico's, Wegman's Food Markets and other stores in February, with Corazonas following soon after. Lightfull's beverage, developed by Mattson and touted as "satiety smoothies" for their belly-filling qualities, has already sparked a buyout inquiry by one major food company, Rosenzweig said. The brand markets towards women who might not want to be seen carrying a Slimfast shake but still concerned about their calorie intake, with a folksy image of a blonde in shorts and sneakers juggling a clock, a moneybag, a book and a house on the packaging.

"We're busy businesswomen," said Lightfull VP of Marketing and co-founder Lynn Yako Graham. "We're always on the go."

Corazonas, next off the market, was based on capitalizing on the clinically-tested bad-cholesterol-lowering benefits of plant sterols, Director of Marketing Heather Sears said. It's available nationally at Jamba Juice shops, and locally at Mollie Stone's, Andronico's, Lunardis and other markets, she said.

Attune Foods launched as a spin-out in October. The product takes advantage of the growing marketing for digestive-aiding probiotic bacteria, CEO Hurlbut said. It's not the only company to take advantage of a trend already well-established in Europe; yogurt giant Dannon has a probiotic-enhanced product called Activia. Attune bars are available online for \$21.99 for a box of 14 and will be in Whole Foods in January for \$1.29 each, likely in the yogurt section, Hurlbut said.

Dreamerz CEO Amanda Steele said their milk-based sleep-drink — also developed by Mattson — will be on the market in January after a December launch. They hope the drink will be stocked with other sleep aids in stores, she said.

kwilliamson@examiner.com

## Fed hearing on functional foods

The federal Food and Drug Administration is preparing to review the rules for the health claims "functional foods" are allowed to make on their labeling, holding a public hearing on the matter Dec. 5, the agency announced last month.

Functional foods are food products with an added "extra" — vitamins, special herbs and the like — that makers — claim provides the product with health benefits beyond its non-treated peers.

Manufacturers of all functional foods run the risk of consumer distrust if some products work and others don't, according to David Browne, VP of SPINS, a research company on the natural-foods industry that

was until last week based in San Francisco.

The FDA already regulates some functional-foods additives, allowing a heart-healthy claim for plant sterols and digestive and immunity claims for certain bacteria, Browne said.

"These launches ... Brand New Brands has targeted what appear to be the strongest statements of the FDA on health," Brown said. "Foods are becoming an awful lot like medicines, in the case of these functional foods, and supplements are becoming an awful lot like foods."

He declined to comment extensively on the specific Brand New Brands spinoffs, aside from noting that they are new to the market in competitive areas, but that Attune bars in particular may appeal to people who don't like yogurt. — Kate Williamson