

The Story of La Panzanella - Backgrounder

In the Beginning:

La Panzanella -- a Tukwila, WA-based manufacturing company that bakes award-winning Italian snack crackers -- got its start in the Capital Hill neighborhood of Seattle, WA in 1990. It was a bread company run by a family of Italian bakers with a passion for creating rustic, artisan-made bread. A deli followed, offering sandwiches, cakes, and pastries. In 1997, the founder's mother baked up a new product called Croccantini that shifted the company's emphasis from Italian bread making and sandwich making to production of delicious and delightfully crunchy gourmet artisan-made crackers.

Croccantini (or Crunchy Little Bite in Italian) are crisp, herb-infused rustic crackers baked from an original Italian recipe and made with all-natural ingredients that add gourmet cachet to any table or magic to any bread basket. They are certified Kof-K Kosher and parve.

Raves from Fine Restaurants and Media Set the Stage for Awards and Success:

The Olympic Four Seasons Hotel in Seattle was among the first customers to add Croccantini to its bread basket. Canlis and Anthony's Pier 66 followed. *Gourmet*, *Bon Appetit*, and the *Chicago Tribune* wrote favorable reviews.

Gourmet described the Croccantini as a Seattle cracker craze that is sweeping the nation. Perfectly crisp with nicely balanced wheat flavor, the crackers are excellent..."

One avid fan considers herself a "Crackantini" who can't get enough of these remarkably delicious gourmet crackers.

In 2001, the company introduced Croccantini at the National Association for the Specialty Food Trade (NASFT) Fancy Food Show and won top honors for best new product. Soon after, better grocery stores, specialty food retailers, and distributors from across the USA started asking for it. Croccantini was well on its way toward earning the loyalty of foodies, chefs at fine hotels and restaurants, and influential volume grocery buyers for a delicious new accompaniment for soups, spreads, dips, artisan cheeses, and other delights.

Croccantini won NASFT honors in 2001 and 2002 for Best Cookie/Cracker. The product won again in 2002 and 2003 for Outstanding Best Seller. The product won again in 2007 for Outstanding Cracker.

Today consumers who crave and demand better crackers can purchase Croccantini at QFC, PCC, Metropolitan Markets, Thriftway, Whole Foods, and other fine specialty retailers across America and Canada. New retailers join the distribution network almost daily.

To date, Croccantini boasts six Fancy Food Show trophies and legions of fans who consider the product a must-have item for home entertaining and every day enjoyment. Better yet, the company continues to craft new flavors and products to earn new trial and loyalty from discriminating grocery buyers who appreciate all natural ingredients, remarkable crunch, memorable flavors, and the raves that family and friends share at first bite.

A New Owner Breathes Powerful Life into the Brand and Its Profitability:

Paul Pigott purchased La Panzanella in September of 2003. Having come to the business from a prior career in the high technology sector, Pigott was attracted to the opportunity to own and operate an ongoing, profitable business with a winning product and an excellent team already in place. His intention was to make this award-winning company even better.

When Pigott bought the company, the bread line was contributing 40% of revenues, though growth was flat. The deli was contributing about 10% of the business with 50% of the headaches. The crackers were contributing 40 - 45% of the business and enjoying strong growth.

After running the business and studying its operating results and best opportunities for growth, Pigott made some important changes to the business. By 2004, he sold the bread company to Golden Crown Bakery. He shut down the money losing café. And he went about the business of making the cracker business better than ever.

In September of 2008, the company moved to a production facility in Tukwila that is four times the size of the prior venue to focus exclusively on creating Croccantini snack crackers for a nation hungry for better tasting, all-natural crackers. Now, there is room for the company's production to escalate to meet growing demand.

By paying attention to production operations management, implementing new processes, and investing in new production equipment, the company realized remarkable efficiencies, while making the product quality superior. In the beginning, Pigott said the company lost 60% of the cracker dough to realize a 40% yield. Crude production processes were to blame. By the close of 2008, the company produced four times the volume of crackers as when he purchased the

company in 2003 with half the prior staff of 30 team members. The yield from dough is 80% or better.

A Caretaker for an Award-Winning Recipe:

Pigott considers himself to be the caretaker for the award-winning recipe that is the foundation of La Panzanella's success today. "We stay true to the recipe. We don't tinker. We use only natural ingredients. And we invest in quality equipment and processes to deliver a superior product," he says.

Lessons Learned To Date:

- It pays to narrow focus and apply focus to a high growth potential product, while never compromising on quality.
- Attention to production operations management and manufacturing best practices delivers powerful dividends for productivity and profitability;
- New, well maintained production equipment beats repairing old equipment every time.
- Focus on distribution. Earning "yes" decisions from quality specialty food retailers and national grocery store decision makers lends powerful fuel to achieving national distribution.
- When you have a winning recipe, extend the line and offer the consumer choices for quantity. Today, Croccantini comes in nine delicious flavors. They include original, rosemary, sesame, black pepper, garlic, fennel, whole wheat, tomato oregano, and onion. The product comes in 8 ounce and 5 ounce portions at retail and five pound bulk or foodservice Croccantini Bites in six pound bulk packaging.
- Welcome international distribution when the timing and opportunity are right. Today, about 5% of the company's sales flow from Canada. Pigott believes that the new Fieri line of snack crackers - with its spicy flavor profile - is likely to earn loyal buyers from France, Italy, Mexico, and Asia.
- Create new product lines to reflect changing tastes. The new spicy Fieri line is coming to market in June of 2009. A dessert cracker is in development for holiday gift giving and entertaining. Smaller crackers are in development to satisfy consumers who want the same great taste of Croccantini in a smaller, more consistent shape to adorn their artfully arranged trays of hors d'oeuvres.