



**Interview with Peter Sylvest,
Director of Sales of Lakrids**

Hello, Peter welcome to the show.

PS: Hello Wolfgang. Hello JP. This is Copenhagen calling.

JP: Great to have you.

PS: So is this going to be an inter-Atlantic phone call, so from Germany to the U.S. to Copenhagen?

JP: We just were looking for the best way to completely take you apart so we thought two interviewers is better than one.

PS: That sounds like the Eurovision Song Contest actually.

[01:54]

JP: It is the Eurovision Song Contest.

Peter, before we start. For those few people who might not know Lakrids yet, can you tell us a little bit about Lakrids? What is it all about?

PS: It's about black candy. A young entrepreneur back in 2007 had an idea that he wanted to create his own company and if you're a great lover of sweets, why not make a sweet company? And **[02:25]** of different things, he looked upon categories of chocolate and said, "there are people who are trying to perfect this. There are people who are trying to do this in a caramel. There are people trying to do this on **[02:38]**." But the category of black licorice had been neglected. It had been only a mass-market super market product. He said, "Huh, why not try to do the world's best licorice?"

And that's the journey that today, 2015, we're not there yet, but we have the products and we spread it out to more than 20 different countries. And I think if

you start asking the licorice connoisseurs who are making the world's best licorice, they will probably quite often refer to a small Danish company called Lakrids by Johan Bülow.

[03:16]

JP: Excellent. But liquorice (= licorice) I guess, wouldn't be the first choice of many people because isn't it quite an acquired taste? It's not really a sweet, is it?

PS: If you start by talking to the people in Scandinavian countries: Finland, Sweden, Norway, Iceland, Denmark. You probably had your first licorice before you had your first banana.

JP: Wow.

PS: So this is part of our DNA. And then all depending where you go in the world, if you say "black licorice," you either make a friend or you might make an enemy, and this is what are about to change.

WS: Peter, I think one of the things that's fascinating, among many others, with Lakrids, is that you do concoctions that are not the traditional ones. You know, I mean there's lots of Lakrids that are very puristic. But you kind of combine it with chocolate or things that I tried where I thought like, wow, those are like completely new flavor combinations.

PS: I think in order for stuff to happen when, first of all, you send a person on a journey. Or he sends himself on a journey, where he wants to create the ultimate of his own likings and Johan at the age of 21 did not have a background as a candy maker. But basically had... he was on a quest, trying to do the world's best and trying to unfold why mass industry had never made a superior quality product. So, you do that by starting to plate. You start that by actually doing trial and error. And if you don't know what you're doing, you might be able to venture into new fields. And to do this, we're talking about flavor combinations that no one had tried. But if you don't know that it isn't possible, you might still just give it a go and then you go "ooo, worked!" So these are some of the combination where you have mixed sweet black licorice with white chocolate, and passion fruit.

[05:16]

WS: Lakrids is not only introducing a big part of the world to a category or to a product it doesn't know, it's actually pushing the boundaries of that category even further.

PS: Yeah, but I think part of this is a game; if you look at the big players of our industry. It is usually something that requires millions of dollars. It requires a lot of machinery. So when Johan started investigating: what kind of recipe? What kind of help can I get? Can I call upon this sequence of big industry? But when you call up the likes of Coca-Cola, well, if you're lucky enough to get through, I think they just hung up and you don't get anything. And this is exactly what Johan experienced by calling upon big industry. When he finally got through to someone, who wanted to listen to him: hello, do you know how big we are? Do you know what it takes [xxx]. We don't believe that this could happen. I might know bits about recipes, but second of all- I am not allowed to help you. It's interesting, give it a go, and don't cry if you fail.

JP: In our book we talk about Ueber Brands to have a strong sense of mission and kind of a myth. And just these first couple of minutes, a lot of that seems to come through right here. I mean there's a creation myth it sounds here like David verses Goliath. Or at least, the guy who doesn't know better who is trying around, nobody helps him so he has to go out on his own. But there's also mission...

PS: That combination of David and Goliath is very true, because of the exposure that we have had in media in Europe or we start seeing worldwide. We had a lot of young people who are not really afraid to call upon us because they see a CEO, who is now just over 30 years of age. And some of these have written reports about what we do, how we handle things and taking that to professors of business schools. We usually encourage them to go in with a one page, saying this has been the mission statement and strategy of Johan Bulow, 2007: I want to sell the world's best licorice. I want to use ingredients that no one has used before. I will avoid super markets, hypermarkets, gas stations. I want to sell it exclusively. I want control and own some of the best retail square meters in the world. I want to be close, if not trying to out perform sales of the big guys... if anyone had looked upon a young man at age 27 and said good on you. And then they're going to put it upon a shred of decency....There are so many things, young man, in the world that will make this impossible. And then we asked them to come in with the actual statements of 2015. And then the very same people are now trying to adapt all the same kind of marketing strategy to why we actually made it happen; and then usually the professors with just shut up and actually have a noble attitude towards the young people who had written these reports.

[08:31]

WS: Since you're talking about the distribution, I literally stumbled over your brand at the Copenhagen Airport, where you have like a small shop. How important is it to set up in those locations? Is it exclusively only in Copenhagen? Or also at other airports? How do you choose your distribution currently?

PS: Today, 2015, we have 14 of our own flagship shops. We have flagship shops of 4 square meters, at Copenhagen Airport, and we have shops of 45 square meters. This goes back to the very first summer, at the small holiday island, where Johan was cooking the very first potion of licorice. The idea that you have cooking on-set at that very first shop, and if you have spent 12-14 months trying to actually make the first real product; something that is good enough that it will actually serve as a sample [xxx].

But have you had accomplished this after 14 months, Johan is so proud of what he created so he actually offers a sample to everyone that he meets in this small city. And then he basically turns around and goes back to his shop and then he suddenly realizes that 5-6-7 people are standing at his shop, and he goes "so what do you want?" They looked at Johan and said, "we want more!" So the idea that we created first fix for free actually started that very first summer at the island.

We had made what we believed was the ultimate licorice. Before we turned it into, before you actually come to the adjustment that you don't like black licorice, please- shut up, open up your mouth, try this. In the case they go- I don't like licorice. Then today, we have now arrays of products. We can go, "oh, you don't like licorice? Do you like chocolate? Do you like black chocolate? Do you like a fruity flavor?" Or for the American, or for the Australian market where people can be slightly scared about black licorice, we have created the ultimate black licorice. And there's no question about that. That they go, is that not? And they go, I find this in the ultimate licorice and I want this, this, this, and this and you sell out, the very first day, in about 2 hours.

[10:51]

JP: Right. Beyond the business story, if you like, there's also a cultural and a culinary story here. How does, let's say a nation like France receive you? Do they know better or do they get convinced by you? How does the process work?

PS: If you go back 25-years, I think the culinary world of France ruled the world. In recent years, there has been a shift, which means that somebody else in this restaurant for a period of time was no longer concentrated in a French region. Suddenly, Copenhagen and the Nordic countries is no longer just a pit for food, we are actually part of the culinary world for cuisine.

So this is an eye opener to our French potential customers. We recently gave a very high informing show in Paris. If you ask people in France if they like licorice, they go: 'no no no'. [xxx] So they're not afraid about flavor patterns of licorice flavors. They have just been treated very, very bad. This is the feedback that we get from most of the world: I don't like licorice. And then we laugh a little bit and say, "the world of licorice is as wide as the ocean." An automobile with a steering wheel and four wheels. Do we agree upon that? Then they look upon us, and shake their heads and go, "yeah." And we go, the world of licorice is just as wide and no one has yet shown you the Lamborghini.

JP: I love it. With a lot of brands we talk to there is a definite fan group, but then often there is a group that definitely does not fit in. And it actually helps the fans and the cult following to feel even better about it. Is there such a dynamic in Lakrids?

PS: You bet. You bet. A go or go no product. We usually say that we are out converting people from non-licorice lovers to Lakrids lovers. But sometimes you meet pretty cocky people. We have a lot of Asian friends that they eat everything. But I can tell you they find it very very tough to eat a salty licorice with fresh habanero chili. But then they can just get them a chocolate coated licorice with strawberry or passion fruit and you still make friends.

[13:34]

WS: How important are the rejecters? Are those actually some that you could use from a marketing standpoint or that you use from a marketing standpoint to position yourself as something very special only for those with an acquired or sophisticated taste?

PS: If you're standing in Copenhagen, in one of our flagship shops and there are three people coming in. I can guarantee you that one might be quite interested. The one would be looking at this predisposed: no way. No, no, no, I am not interested. But that is the kind of challenge that we love. So that is actually someone who had predicted this, and then that's when we start to preach. And the real challenge is to convert a non-licorice lover. Sometimes when we go into new markets and we meet people, we just actually say, "you're not the first one we converted from a non-licorice to a licorice lover."

JP: This sounds like almost a religious culinary mission. You talk about preaching and converting.

Earlier as we chatted you talked to us about your relationships with retailers that you work. You made some very interesting statements about how you qualify them. Can you tell us that story?

PS: Usually, because we have created a different type of packaging. It means that if you go into a big trade show, there are people who are walking past the presentations that we have done and said: this looks very stylish. This looks very interesting. And they go: how much is this? We usually look at them and smile and say, "Well, my name is Peter. What's your name?" I am not interested in telling you my name, I need to know about the package. "Who are you? Why do you want to know what we are selling?" I don't really care, I just need to know about this beautiful packaging. And then the first time we did this, sorry- these products are not really for sale.

These are our babies and you can't buy these, you can adopt babies. So, if I get the assurance you are the right type of adoption parent, we will let you adopt them. People look at us as crazy and ask, "don't you want to sell products here?" And we go, "yeah, but 99 percent of the people here only want to sell and they don't care to who, as long as they sell something. But our products need a second buy. So I need to ensure that I send it to the right people and if you don't like what we do then you don't understand it. If you don't understand it, there is no chance you can make a success with these products."

[16:17]

JP: This is a wonderful example of Wolfgang and I call the "Art of Unselling." You know, sometimes, you just don't do the pitch- you don't sell, but you draw people in and the attraction is based on the knowledge and a common appreciation that others might not have.

PS: I had the joy of setting some of the world's most beautiful design products, but if you're doing this and you're doing cultural and you have to ask someone: which of these two designs do you like the best? And then it's down to one individual person's own perception, do they like it with this pattern or with that pattern. In the case of what is in my platform today, it is the easiest product I have ever had to work with because you can go and say, "do you? Do you?" I like this and I believe this is the world's best and I think you should try it. And in the case where you can actually give people two or three of an entire collection

by giving them example samples. And then you look them in the eyes and you go, "so, what do you think?" And then usually people chew and they look upon you and go wow. I says, hehe. So we're doing it one sample at a time.

[17:30]

WS: These are the kind of things that we say you have a clear design target, someone you want to focus on. Those are the ones you want to convert first because those can become the missionaries for your brand. Have you decided this kind of design target for yourself? The ones that you definitely want to become your ambassadors, your missionaries, to spread the word, the gospel?

PS: Yes. Yes. These are people that usually approach us, I am the gate keeper of my shop. And kindly give my full family I trust that you're the one and they all like Lakrids. Then we all start speaking the very same language. If I am standing there selling our products to them and I go, "how many different SKUs have you got in your shop?" And they go "five thousand." And then you go, "okay, do you know all five thousand? Have you tasted all five thousand?" And if the answer is "do you know what five thousand products, there's no chance I can go through all of this. Some of them are just SKUs." And we go, "we don't want to be just another SKU," and then we say, "no thank you."

"In order for me to sell at a highly gourmet price, I need to try them. I need to understand them. And if I can fall in love with your story, than I can become creative. I can start writing poetry. I can start singing songs." If the people tell us, "I don't have time for all this, I just need to make an order." Then make the order somewhere else.

JP: It's almost a self-selective process. I mean you seem to emphasis a lot. It's not about buying, purchasing, and selling your product. It's about adopting it, truly loving it, and thus being qualified to talk about it.

PS: As a brand owner, as a manufacturer of all of our own products, it is also a matter of eight years down the track and learning that doing this in our own shops. I mean the first time doing this that one summer, if you sell out by the end of the day, then you sold more than you could produce. That's how you start skewing your production. So the very first retail shops of ours, 85 square meters with production on site. Today we have a factory that is 3500 square meters. Taking people on factory tours is not able for the public, but only VIP and only by invitation only. We do it twice or three times a week. And we can see that the retail shops of ours is having a retail set up on the same premises. They So go

back to the people doing excel spreadsheets, we are doing amazing results where people reading those spreadsheets they go, "what is going on?"

[18:43]

JP: But it seems obvious that if you choose your retailers that well that will have an impact on the economics and on the hard numbers. In terms of them obviously being more productive per square foot or square meter or linear foot or whatever. Verses somebody who just says I'm selling this spoil because it looks nice and I have never tasted it, right? It is a self-fulfilling prophecy.

PS: A key part, the key part in why we stay away from supermarkets is that none of these distribution channels are filling anything. They're making beautiful presentations, and they do market them, and they sell on price but if you ask the real retail professionals if it would make sense to do a dedicated licorice shops with 16 different SKUs, that are 16 square meters, to do sales of more than 1.5 million US dollars. This is unheard of. But again, it's bound to act the same. It's back to having more staff. More staff than any other retailers we actually put on the floor. What'll that do? We do very much the same. If we can win people one sample at a time and the first fix is for free. The easiest way to get out our product is to try.

JP: On the one hand it sounds very broad as an approach and democratic. But I heard also a story of what we call the velvet rope in here. You were talking about VIPs that are allowed into the inner sanctum of your plant and to experience that and you emphasized that it's not open for the public. Tell us a little bit about the role of that. How does it transform or impact people who've been in your plant and how does it make them special in the world of Lakrids?

PS: Many of them see our no compromise approach to a product like licorice. The different types of raw materials we are using are not that advanced. But from what mass market has done for 40 years it allows you to buy [xxx]. And then suddenly having a candy factory. Have you met people who are not interested in visiting a candy factory?

JP: You're right.

PS: I haven't. We have furniture. We have a show kitchen. We have an auditorium. I have never seen that in any other licorice factory. We host dinners working with many of the world's best chefs. Where they're working with flavor of pure licorice and creating menus of 3-4-6-8-10-12 courses.

[23:10]

JP: So you make it a very special experience they will talk about?

WS: You talk about the idea of how you lay out that production with these kitchens, etc. and that goes exactly to the point of what we call, "living the dream," or that you really create a culture around the product or the organization around the product that is fully dedicated to it. How does translate to your choice of co-workers or colleagues? How do you keep the passion alive among them? Verses now just pure architecture or lay out of the factory?

PS: This is probably the biggest challenge that we face and if you see this from day one. When I joined the company, we were 17 and today we have close to 140. And we now have people in 6-7 countries. It's actually the search or the hunt to find like-minded people and one of our colleagues who have been sitting on our regional team joined an interview that I joined. We greeted each other and we sat down and then within the first 10 seconds he chewed a jar of our licorice and gave it to the applicant who just came and says, "well, before we try to do anything, could you please try to sell me this jar of licorice?" And some of the people came, they froze, and they looked upon us and said, "thank you for your business, I don't want to waste your time. Goodbye" Some of these, they looked upon us, they took the jar of licorice, they opened it, they took one piece. Then they presented the jars to us and said, "this is an amazing product you should actually try to have one." And they look upon the same person and say, "thank you, you are hired." Whoa, whoa whoa- don't you need to know a little bit more? He said, "no. I went through their resume, I know quite a few things that they need to know but this is just so basic, do they like what we do?" If you get your hands on a sealed jar of what we do, it's not my name. It's the name of Johan. If you twist it 180 degrees you will find a statement of "cooked by". So the person who cooked that specific batch of licorice has his or her name on the jar.

JP: And that makes it very personal, of course, and that is what a lot of people look for. So, pride of being there is very clear. Matching is very clear; you have your heart in it. If I was to visit Lakrids, would I find other things in the way you act in any of your rituals, in the way the place looks or smells? Seems pretty obvious when you say that is the Lakrids way of doing, thinking, acting.

PS: In the very beginning, there was a no compromise attitude of buying the world's best ingredients but you don't have an office, you don't need an office. Then you start building layer, upon layer, upon layer. We tried to keep learning

from within the company. So it's about getting a learning curve. We don't buy very expensive consultants to come and help us, but we try to find the inspiration and to make sure that it stays within the organization.

[26:36]

JP: So you defy the industry standards there?

PS: I don't think that we are looking upon industry standards but we are looking upon our self, and that is the focus. Going 8 years and suddenly seeing this very very nice market response. There's a lot people who have been inspired by what we do, and this is where our lawyer says, "well, if you want to look into the mirror and start fighting people who are trying to catch up or do you want to live up to your mission and just step on it and try to go even faster?" He said, "I can take all your money and try to fight these bastards, but at the speed you're driving, they will never catch up. So keep going at the same speed or push the pedal to the metal. "

JP: Gotcha.

WS: To that point about growth and expansion, how do you manage growth? Do you go market by market or do you go on a broader scale not over inundating a given market but keeping a relatively selective presence in each market?

PS: If you go old fashioned thinking there will be national borders, we think region to region. If you are on the east coast of the US, does it make sense to include Toronto, Montreal, Washington, and New York? It's an easier than going New York to Los Angeles. So, we're doing this at a very lovely approach, where it's us. And we at the speed of how we do things. And we found it very very complicated to find a distribution partner with ten thousand SKUs, who should handle our story. Because There aren't many people in the sweet industry who have done what we have done, as fast and as effective. So we have to find black blooded team members that'll do it our way, or as much of the distribution channel as possible. Then find these related family partners who are willing to adopt our babies and then support

JP: Black blooded team members- you got to love the language too.

WS: You were talking about production and that you have like personalized batches, where you actually name- if I understood that

correctly- where you actually name the person who, the producer who was cooking the licorice. Did I get that right?

PS: Exactly. So the person who is responsible for that specific batch has to sign off saying, "this is approved to my standard, the company standard." You find that suddenly standing in your shop consumer standing there turning a lot of jars. You say, "can I help you?" "Yeah, yeah, yeah. I am actually looking for a single jar of this that has cooked by [xxx]." And you go, "what?" "Yeah, I love, I love the licorice that comes from [xxx]."

[29:43]

JP: We talk a lot in our book about people wanting to know again where stuff comes from. Particularly the things they care about and food tends to be something people care about. And this personal connection to knowing, you know it's from the butcher, the baker, the candlestick maker around the corner. And even having a name attached to it is very dear to them. So I am not at all surprised.

PS: Truth is the things that we're doing to the back of licorice. We put an emphasize that you could actually read and understand a label, and it's true. Again, there's a no compromise. Trying to do the very best. We haven't developed this for you, we love this; so we have made products that we like. And there are people who ask us, "so, you do focus groups?" No way. We do stuff we like, and if we like it- we present it to other people.

JP: Excellent. I have one, maybe a bit personal question. Which is, you talk with such passion about this brand, this product, how it was born. The feeling of togetherness as an organization, yet you also are very clear, you said this is Johan's company after all or brand after all. How do you reconcile this? And how do you reconcile this as an organization? If [31:07] is super passionate about what he does, how does it reconcile with- but it all belongs to Johan. Is there some share ownership, some participation in financial or other way?

PS: I think that actually at the end of the month, you actually have to look at your paycheck. I actually get something back. And you find, if you look into your history of this company very very few people have joined. So he must be doing something right, but he still controls 100 percent of his company.

I think the idea that you do have a conversation, you have to give people freedom, freedom of choice. How many other CEOs do you have, who at the age of 31 have tried to figure things out. He is willing to say "for this I have no idea", so I will hire someone who is actually smarter than me, or someone who has tried it, who actually made a lot of mistakes in this category and then I hire him or her to actually take responsibility for this. Dedication and responsibility are number one. And then second, I think that he has created this company, the first recipe- created by him. So each and every one working for the company had to refer to a very flat conversation, that the owner of the company that knows exactly what you're doing. So if you're on the production side of things and you find, "ahhh, this actually isn't right." You can actually go to the CEO and say, "well, can you come help me because I think this machine does not really do the job." And he'll go, "yeah, yeah." That's insane. Let's actually buy a new one, let's buy a better one. Most others will go, "no I am CEO. I wear a suit and tie. I don't go to the production floor." But he's curious and he's built everything himself. That family feeling is the number one feeling we get. You can't pay to get that.

[33:25]

JP: Question: will we be admitted to the holy grail of Lakrids making?

PS: Do you like licorice?

WS: I love licorice, that's why I stopped there.

JP: If I get this whole interview right, you will make me like it, right? You are the converter.

PS: I was supposed to say, if you said, "no, not really." Then I would think we would convert.

[33: 40]

JP: I like your incredible missionary sense here. I can feel it.

What's the best way to get in touch with Lakrids?

PS: It depends on where you live in the world. We have sent licorice products to basically every corner of the world. So, online is a very good way to actually start this. The word Lakrids is L-A-K-R-I-D-S. Then it's dot nu. N-U is actually Danish

for now. So when people call upon us and they go, "dot N-U? What is that?" And we go, "it means now. So it's actually licorice dot now."

WS: The story of the company that is also featured on the Ueber Brands site. **[34:13]**.

JP: Excellent and of course we are going to feature your links on our site so people can just click through that.

Peter, thanks so much for being a host. It was so rich and we talked for almost an hour and I will have such a hard time editing this down.

And to our listeners, of course, you can always read us at info@ueberbrands.com. And Ueber Brands is spelled with U-E as it should be. And if you like the podcast, please let us know. It's always encouraging. And subscribe to it on iTunes, Stitcher, or our website, wherever it is right.

With that, thanks a lot. Thanks everyone. Thanks Wolfgang for calling in too.

WS: Thank you Peter. Thank you.

[34:55]