

## LESSONS IN ENTREPRENEURSHIP

# Oat cuisine

Entrepreneurs can learn from their failures. Stuart Read and Robert Wiltbank report on one who let the market guide him to the right product

So many new business ideas look great on paper. Consider the fact that up to 75 per cent of the world's population is lactose intolerant. Or the fact that oats provide an ideal balance of proteins, fats and carbs for the human diet while effectively lowering cholesterol. Or the fact that growing oats is far cheaper than raising cows. If we could only create an oat-based substitute for products that require milk, we could solve several problems with one product and the world would surely beat a path to our door!

### THEORY MEETS REALITY

Or so thought Rickard Öste. As a Swedish chemist and food science engineer, Öste patented a process for extracting the nutritious elements from oats and convinced a Swedish foods producer to develop a diet soup that tasted creamy but was actually very healthy. Though it sounds like a winner, the soup was never successful – perhaps because neither he nor the food producer funded marketing of the new soup.

### OPINIONATED PARTNERS

And so Öste found a new partner willing to invest in marketing oat-based products. But the partner had no interest in diet soup and wanted to offer a beverage alternative to dairy milk. So Öste developed 'Mill Milk' and, with some marketing support, the product gained tepid acceptance in the UK but not success. After

that and a well-financed effort to create oat-based yogurt with Danone failed, Öste decided he wanted more control over his business's destiny.

### BACK TO THE FARM

Frustrated by his initial partnership efforts, Öste decided he wanted to own the product that went to market. Collaborating with another food products company was out, but Öste did not have the money to launch a product by himself. After some discussion, he found financial support from his own supply chain: the Swedish oat farmers, anxious to find new outlets for their crop, invested in Öste so he could bring his Oatly brand of oatmilk to the market.

### SUPPORT MARKET DECISIONS

Oatly quickly gained popularity in Sweden and Öste realised that he needed a range of products in



several categories to get shelf exposure and to prove to the rest of the world that Oatly was a true alternative to dairy. He soon launched ice cream and cooking creams, flavoured beverages and a ready-to-pour pancake batter. Today he commands 65 per cent of the Swedish non-dairy category, and Oatly is expanding across Europe, growing 70 per cent in the UK this year alone.

### ON HIS TERMS

Now that Oatly has credibility in the market, the team is going back to major food producers to talk about alternatives to milk in their finished products. And potential partners are also coming to him with ideas for new ways of replacing dairy with oats. Being in a position to influence who you want to work with and what you offer is one of the great rewards for creating your own opportunities – though

it's still no guarantee of what the market will decide.

### FAIL FAST, SUCCEED SOONER

The next time you consider future business ventures, be wary of the 'all-or-nothing' plan. Öste managed to experiment with different geographies and products, never letting any one project risk the future of the firm and incorporating learning from the last experiment into the next. He let the market guide him and his partners to the right product, and used the market's decision to his advantage, whether it was positive or negative.

Stuart Read is professor of marketing at IMD, Lausanne, Switzerland. Robert Wiltbank is assistant professor of strategic management, Atkinson School, Willamette University, Oregon



Growing oats is far cheaper than raising COWS

