Rapid Response Transcript – Peter McGuinness

“Waging a $1.4 trillion food fight”

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**PETER McGuinness:** The biggest, most impactful thing to reverse climate change and help protect the planet is food.

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If you take a position on something that's important, and you piss a few people off along the way, they probably weren't the people that were going to buy your product anyway. A lot of these risk-averse companies that try to please everybody, they're nothing to anybody. So you got to have a point of view. You got to have a soul. You got to have a heart, and you got to have some judgment too.

**BOB SAFIAN:** That's Peter McGuiness, the CEO of Impossible Foods, the fast-rising purveyor of plant-based meat.

Impossible wants to remake the calculus of climate change by weaning the world off of animal meat.

I'm Bob Safian, former editor of Fast Company, founder of The Flux Group, and host of Masters of Scale: Rapid Response.

I wanted to talk to Peter because, as a leader at Chobani previously, he helped remake the dairy aisle, and he has a distinctive perspective on what's required to take on the meat market.

Peter talks about the lapses that have plagued the plant-based category, and how branding, fundamentals, and a focus on new generations can reset expectations.

Doing good is good business, he argues, and not just because it leads to partnerships with the likes of Billie Eilish.

Peter is convinced that Impossible can do the impossible, helping to change eating habits worldwide.

His ultimate lessons are about what he calls “phasing and pacing.” You can get drunk on opportunity, he says. But to make truly scaled change — for the environment and for a business — you need to execute at a high level in every part of the operation.
SAFIAN: I'm Bob Safian, and I'm here with Peter McGuinness, the CEO of Impossible Foods. Peter, thanks for joining us.

McGUINNESS: Thanks for having me.

SAFIAN: You and I first met, I think, when I was at Fast Company, and you were at Chobani. You were then probably chief marketing and brand officer when we first met and eventually president and chief operating officer. You had a great run working with founder Hamdi Ulukaya. Chobani changed the yogurt industry, the dairy and food industry in many ways. Now you've moved to Impossible Foods, a leader in plant-based meat. You're taken over as CEO just a few months ago. What prompted you to make this change?

McGUINNESS: I'd been at Chobani for 10 years, and it's an amazing company, had a great run, values-based company, growth company, modern food company, beautiful company. In many ways, it made me the professional I am today. If I was going to leave a great company, like Chobani, it wasn't going to be for some big CPG that makes bad food or has bad brands or has no value system. It was going to be for one of tomorrow's food companies, that's making a difference in the world. That not only has great products, but has a big heart, and that's innovative at the core, that's exciting and creative.

So when Impossible had reached out, I said, “Wow, that's really interesting and plant-based, and it's such a massive market. It's so under-penetrated.” You're talking under 10% household penetration in the US. Under 15% unaided awareness. $1.4 trillion addressable market. Impossible is able to make food that mirrors and mimics the animal product to the point where it's as good, if not preferred.

And then of course, it's better for you because it's zero cholesterol and zero trans fat. And it does amazing things for the planet in terms of water and greenhouse gasses and less land use. And you sit there and say, “Wow, that's a super exciting proposition early on.” So you have an opportunity to have the two eyes, make a big impact and have a huge influence and help really kind of curate and craft this story. So, it was just super exciting to me, and by the way, I was also having the food.

I didn't realize it.

SAFIAN: So you didn't realize you were eating Impossible’s food?

McGUINNESS: My daughter was giving me chicken nuggets as I was on Zoom calls. And for two months I was just popping these chicken nuggets, had no idea. And they were plant-based Impossible chicken nuggets. And she told me like eight weeks later,
she's like you know you've been eating plant-based chicken nuggets. I was like, you're kidding me. So I had an aha moment with the food, too.

**SAFIAN:** You seem pretty animated by this.

**McGUINNESS:** Bob, like 43% of the earth's usable land mass is related in some way to animal agriculture.

Towns and cities are less than 3%. I did a Billie Eilish and Maggie Baird event in the UK a couple weeks ago. And I talked to that audience and said, “Look, 2.5 billion burgers are eaten in the UK. And if you just reduce that by one million burgers a year, it's 25 million less gallons of water, and you're going to save 382,000 trees.”

So the linkage between the food choices we make and the planet are powerful. When we think climate change, most people think recycle, or use a little less water, or turn the lights off, or drive an electric car. Those are all really good things. The biggest, most impactful thing to reverse climate change and help protect the planet is food. And that's something I didn't understand.

And I'm not really sure where it's going and I'm not sure how fast it's going to happen. But one thing for sure that's undeniable is the world is moving in this direction. And I want to be part of that.

**SAFIAN:** So, you're excited by this opportunity and by the mission. You come over, your first time as a CEO, you're taking over from a founder, how do you spend your first 90 days? How do you attack that opportunity in that time?

**McGUINNESS:** I think learning. I've gone to our factory in Oakland. I've gone to our co-manufacturers in Los Angeles and Chicago. I've gone to our key ingredient suppliers in Nebraska and in Illinois. So I wanted to learn the supply chain part of it because we're food makers, and I wanted to learn the front end of the business and commercial side of the business through meeting a lot of our top customers and retail partners.

And then I wanted to learn the culture through meeting the people, the folks, because this is a passion brand. And the beautiful thing about Impossible is that driving growth and achieving the mission are inextricably linked. So there is no conflict of interest in terms of business and doing good. They're mutually inclusive.

**SAFIAN:** You mentioned that you were hanging out with Billie Eilish at this event in London, how important is partnership and I guess celebrity in taking Impossible Foods to the next level? I mean, part of your success at Chobani was getting the brand noticed. There's nothing inherently sexy about yogurt. But you at least, you made it feel desirable.
McGUINNESS: Branding is a really, really big part of it, but I'm in favor of authentic brand creation. I'm a bigger fan of earned and owned than I am of paid. I'm a bigger fan of let's define our brand versus let other people define it. And in the case of Billie Eilish, it's not her celebrity. She's an authentic voice that passionately cares about climate change. It is her thing. It's not made up.

Overheated is the name of one of her songs, and it's the name of her and her mother's climate platform. And she's a vegan, and her mom's a vegan, and they, for the first time ever, made the O2 in London for two weeks vegan, meat-free. And we served the food. It was all Impossible Food at the Overheated.

I like that collaboration because it's not like some paid sizzly, superficial type of thing. It's a deep, integrated, kindred spirit, participatory, like-minded platform.

SAFIAN: It's a nice coming out for you though as CEO too, to be sort of your first larger public… Was that already entrained or is that something you sort of put together?

McGUINNESS: Yeah. I think it was being debated when I first started, and we all agreed let's do it. And you also have to think about the audience. The younger generation's going to change the world. There's just no question about it.

They're more conscious; they're more open; they're more aware. Not to say that there's not a role for old people like me. You can teach an old dog new tricks. And everybody has a heart somewhere, but this generation is predisposed. It's funny, my son's in fifth grade, and his science teacher asked me to come teach two science classes around climate change. And they're learning about climate change in fifth grade. Of course they do recycling and things like that, but they really wanted to understand the magnitude of the climate problem and the actions required.

And off I went, and I served the chicken nuggets and all the products, and the kids were like, "No way, this is not plant-based, it tastes great." And we talked about land mass, and we talked about food choice, and we went through the calculator in terms of the impact you can have just by altering your diet ever so slightly.

These kids were just wide-eyed, and so receptive.

SAFIAN: There's been some rumbling that the plant-based meat industry is slowing down a little bit, this transition, what's happening, what makes Impossible different from other plant-based meat organizations?

McGUINNESS: There's a competition problem, not a category problem. We had seen that in yogurt years back. There's some legacy brands that got into the business 10, 12 years ago that are from big conglomerate companies that are in the space. The products are okay, not great. They're probably over-distributed.
I look at the category, and the category's flat. I don't like a flat category, but it's self-inflicted wounds. There's a lot of new folks that can't scale. There's a lot of old legacy brands that are not great products. And then there's companies like Impossible that are technology-based, that are making products that are as good, if not better than animal products.

So our chicken nugget is preferred to the animal chicken nugget, 70 to 30, right? Our beef is like 50/50, which I still think is amazing considering how much people love their burgers. The category's done an awful job of articulating the benefits. And we at Impossible also have not done a great job of what that value proposition is. So I don't want to compromise my taste. I don't want to compromise my texture, the smell of the product, how satisfying the product is.

And then I want to know, is it better for me, right? Because I care about my health. So zero cholesterol, no trans fat, and then it's better for the planet. And that becomes quite an interesting value proposition. Now, none of this has been articulated. None of this has been done in a compelling way, right? It's just true.

The animal industry's done a great job of like a coalition of the willing lobbying the government and spending half a billion dollars a year in advertising, right? Our category is full of a bunch of small players and some legacy players. We haven't gotten the narrative down. And Impossible's very young too. We've only been in retail grocery store shelves for a year and a half. So we got to do a better job of communicating the benefits of plant-based meat to consumers in a mass way. And then it can't live on the coasts. It can't live in academia. It can't live among wealthy, educated people only. This has to become mass. You're starting to see HEB in Texas and Publix in Florida and Meyer in Michigan and Target and Walmart and Kroger and Stop & Shop and Shop Right. So it's starting to get the mass distribution, but it does not yet have the mass awareness, understanding, and adoption. That is the key to this whole thing.

SAFIAN: And in telling this new story, like it's barbecue season now, right? How important is it to take advantage of, or use these kinds of seasonal opportunities?

McGUINNESS: You have to participate. Barbecues are fun. July 4th is amazing. Memorial Day is amazing. Labor day is amazing. Those are high animal meat indexing events. Yes, I want to be the number one plant-based meat, but that's small ball. We want to actually take some of that $1.4 trillion opportunity away from animal products.

So a big part of this is: what is that narrative? What is that messaging, that compelling creative messaging that gets people to understand this in shorthand in a mass way? Regardless of your socioeconomic status, regardless of where you live in the country.
SAFIAN: And it sounds like you're not sure what that message is yet. You're working on it. You have a sense of what it is, but you're not quite sure yet.

McGUINNESS: It's very much a work in progress. And you're going to see us get much more aggressive in the advertising and marketing space in the first half of next year. We've almost done no paid advertising up until now. And I think it is time to introduce the world to Impossible Foods. Also, sampling. Our food tastes great. In many ways, this is kind of just fundamental stuff, right? Go get some more distribution.

Go tell the world from a communication perspective about Impossible because we have 14% unaided awareness. Then go get more people to try it because the perception is lagging the reality. Nine out of 10 people have an aha moment where like, that is way better than I thought it would be.

SAFIAN: So let me ask you about costs. Inflation has obviously become a bigger deal in the economy overall. The price of meat began rising back in the early pandemic days so that's going up. Does that offer a competitive advantage for plant-based meat?

McGUINNESS: Look, animal protein is a very inefficient protein, right? You have to feed that animal a lot of water and food for them to grow. And then you have to kill that animal in order for us to get the protein. And you're talking weight and freight and shipping. And it is a complicated, costly supply chain, and we have much more efficient protein delivery that's easier to make, easier to ship. And so that will always be an ongoing advantage, particularly to Impossible.

We have long term contracts in place for our textured vegetable protein and our heme, so we've been able to combat inflation, luckily. So you've seen us keep our prices flat, which I don't think anyone in the last two years has done, and you've seen beef prices go up anywhere from 10% to 12% to 14%. So I do think it will help the whole value proposition for sure.

[AD BREAK]

SAFIAN: Before the break, we heard Peter McGuinness, CEO of Impossible Foods, talk about the challenges and opportunities in getting consumers to adopt his company's plant-based meat products.

Now, he talks about the difference between being an activist brand and an active brand, and what prompted him to take a public stance on Roe v. Wade.

He says that if you're running a values-based business, “You need to wade into societal things.” That not standing for something is, in his words, “safe and lame.”
At the same time, he stresses the importance of business fundamentals, in achieving both values-based and business-based goals. Plus, he offers lessons about how to approach Gen Z, and why he believes that Impossible's scale journey is just beginning.

You've talked a bit about sort of the cultural mission that is embedded in Impossible. There's a lot of pressure these days on brands and business leaders to take positions on social and even political topics. When word first leaked that Roe v. Wade might be overturned, you quickly issued a statement. How did that come about?

**McGUINNESS:** The thing about Impossible, it's inherently values-based because of the product we make, right? And we're trying to reverse climate change. But I think any good brand should stand for more than the products it makes. We can't just stand for climate change.

So when I came on nine weeks ago, one of the things that struck me is we had 100% of our medical paid. And I was like, "Wow, that's really cool." Two weeks later, three weeks later, I was traveling. I think I was in Nebraska at the time, and it had been leaked that it was going to be overturned. And I got the team on the phone and said, "We have to respond to this, and it's important. It's an extension. It's not a new, new concept." I said, "We're already giving 100% medical. We're already there from an essence and culture perspective." And so it was a one-minute conversation, because there was no debate. And of course, what I love about running a relatively small private company is there's no hierarchy. So I said, "We're going to change the policy to do this." And everyone just within seconds said, "You're damn right we are." And it was done. And it was done within minutes. Minutes.

And so I'm super proud of that. You need to wade into societal things. You need to be a good corporate citizen.

**SAFIAN:** And this weighing into societal things, there's a risk, right, that there are potential customers who you're going to put off by—

**McGUINNESS:** Sure.

**SAFIAN:** —taking certain positions, whether it's on Roe, or on guns, or on other things. You're already trying to convert people's points of view about meat. Are there thoughts that, is this just making it more complicated?

**McGUINNESS:** Look, I think my aspirations for Impossible is not to be an activist brand. It's to be an active brand. And so if you take a position on something that's important, and you piss a few people off along the way, they probably weren't the people that were going to buy your product anyway. Marketing in the middle is just lame, and not standing for something is safe and lame. And so a lot of these risk-averse companies that try to please everybody and be all things to everybody, they're nothing to anybody. You have
to have a point of view. You have to have a soul. You got to have a heart, and you got to have some judgment too, right?

We're a food company, so getting our products to people in need and helping combat hunger, whether that be with refugees, or whether that be with folks in our communities here in the Bay Area, that's foundational. But we're not going to sit here and have a strong point of view on every single issue because I don't want to politicize this brand, and I don't want to make it into an activist brand, but we are going to wade into some certain things that we feel are very, very important. And that playbook is different for each company.

SAFIAN: And I guess with each of these issues, it becomes an opportunity to define your brand either by becoming active in that area or choosing not to be active.

McGUINNESS: Both do define it to a degree, and dimensionalize it.

SAFIAN: You posted a letter on LinkedIn recently, urging businesses to be more receptive to Gen Z and younger constituents. What prompted you to write that?

McGUINNESS: So I think I got a little inspiration from the Overheated event. The average age of that event that I was at was 19, 20-year-old influencers. They all rallied around this climate cause, and they all did it in their own way. And I just left saying, "This is the generation."

Also as a business leader, this generation's been hard to define. It's been hard to recruit. It's been hard to retain. It's been this holy grail of business. Like, "What do we do?" Are we even trying to understand them? I think we have to better understand this generation, and I think we have to better support this generation.

I wrote it kind of partly for business and partly just to make a larger point, that this is a special generation that's going to do seriously impactful things, but they're not going to sit around and be told what to do. They're going to challenge, and we have to be okay with that. You got to be okay with that as an employer, and you got to be okay with that as a mother and a father, as an aunt and uncle, as a grandmother and a grandfather. So celebrate what's unique about that generation, right? And lean in.

SAFIAN: And I guess for your business, recognize that you have to engage with that generation in the way they want to be engaged with.

McGUINNESS: Absolutely. This generation's going to bring a new set of ideas, and a new set of ideals. And that's going to kind of infiltrate the company in a very positive way that again keeps companies relevant and current.
SAFIAN: So a lot of the listeners to the show, they're entrepreneurs, some of them founders themselves. You worked closely with a founder, with Hamdi at Chobani. You've taken over from a founder, from Pat Brown there at Impossible. How do you navigate that as someone new coming in? What's different about being a founder versus following a founder?

McGUINNESS: Founders see things people don't see. The world wouldn't be where we are without founders. And I've never founded anything in my life, and I'm just not capable of it, and I have infinite respect for those who do. You have to honor the mission and the products and help. In the case of Impossible, we're growing at 65%, the fastest growing plant-based brand in the country, which is great. But we want that to be 100%. We want that to be 120%.

We have 400 total distribution points. I want to have 4,000 total distribution points. And so if I can help do that, well, then I've helped the mission, which is so important to the founder. It's fundamental to the company.

I remember when I first came on at a town hall, I said, "There's nothing fundamentally wrong at Impossible. It's a cool brand. It's a cool product. We're growing at 65%, but there's a whole lot of work still to do, and so I just want to come in and help amplify that and turbocharge that," and the reality is that the category, and the company, in this case, are in their infancy.

There's so many more products to launch. There's so much more distribution to get. There's so many more channels to go in. There's so many more geographies to go after. We just launched in the UK and Europe. We just launched in Australia. These are tiny businesses, and so there's just an enormous amount of work to get done to realize this in a real, tangible way.

SAFIAN: So what's similar about Chobani and Impossible, and what's different?

McGUINNESS: I think their similarities are that they're entrepreneurial, they're creative, they're mission-based, they make great products, they're founder-led, and they're challenging convention, they're challenging legacy food companies, and that's a beautiful thing. Underpinning it is a strong value system and belief system to try to make the world a better place and do good.

Impossible is really more around climate change. That's certainly different, and that is going to be delivered by better plant-based meat options, more adopted by more people in more places.

What we're going to do is focus on the fundamentals at Impossible, right? The company's healthy. We have a strong cash position. We have good partners, good suppliers. Product quality is great. And this is just about unleashing growth. How high's up? We don't know.
But we got to do the fundamentals too. We're a technology company on one hand. That's what's making food that mirrors animal products and in many cases is better, but we are a food company. We're making and selling and shipping food. We also have to keep that food side of the business going, which is more doors, more stores. What's our promotional strategy? What's our channel strategy? What's our international strategy? So there's a lot of nuts and bolts.

There's almost too much opportunity out there, and you can get drunk on that opportunity. And what I think we need to do is almost phase it and pace it.

So almost showing restraint, which is a weird thing, because you can see so many opportunities, but we can't do it. We're not ready to take on all of that. We don't have an infrastructure to take on all of that. So how do we come up with a plan that prioritizes and phases and paces versus going after it all at once, which is enticing. I like to go after it. I think everyone in Impossible likes to go after it, but we can't do it all at once. So I think it's a nice challenge to have, but nonetheless, a challenge.

SAFIAN: Well, a colleague of mine used to say, "We can do anything, but we can't do everything."

McGUINNESS: Yes.

SAFIAN: And you got to make those choices.

McGUINNESS: Got to make the choices.

SAFIAN: Well, Peter, this has been great. Thanks so much for taking the time to chat with us. I really appreciate it.

McGUINNESS: I loved it. Loved it. Thank you so much. Good to see you.