

# How a vertical integrated hemp company successfully pivoted without losing control of quality or the business:

## The Customer

An early mover in the organic vertical integration hemp business model. Launching in 2018 to farm, sell bulk extract, private label manufacture, and launch a brand.

### Key metrics

- Reduced monthly overhead 75% from \$50,000 to \$10,000.
- Reduced manufacturing volume by 50%, with the ability to easily increase production frequency.
- Helped launch their newest product which should be a top selling SKU by revenue in its first 6 months.



**75% REDUCTION**  
Operational Overhead

**MATERIA**  
REGENERATIVE

 [Materiaregenerative.com](https://materiaregenerative.com)

 Denver CO 80223

## CHALLENGES

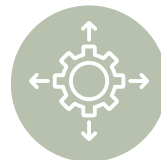
Having begun as a vertically integrated supplier and brand, the client quickly realized the CPG brand was their core competency, while the other business aspects were not. Wanting to shift the business to focus on their brand growth they were faced with a few challenges. These challenges included: Oversupply of Organic biomass, inefficient extraction technology and methodology, and too much operational overhead. Each challenge was significantly inhibiting their ability to shift focus to the growing brand.

## SOLUTIONS

Materia was tasked by the client to help divest the unwarranted pieces of business while ensuring the brand could maintain its high quality and growth. Our solution was simple yet effective, we focused on turning the biomass into a high-quality input avoiding a large cash outlay, streamlining and simplifying manufacturing at lower costs, and finding a strategic partner to help limit overhead by subleasing their existing facility.



**Raw material  
Value Creation**



**Streamlined  
Manufacturing**



**Strategic  
partnerships**

## BENEFITS

1

### Secured Supply

Materia worked to convert stored biomass into higher-quality organic oil, with favorable payment terms. This allowed the brand to sublease its storage facility immediately, reducing facility overhead while not paying immediately for its organic needs.

2

### Cost Reduction

Materia worked to reduce COGS significantly by taking over manufacturing in increments. While maintaining the high quality the brand is known for and allowing for continued use of their handpicked non-hemp derived organic ingredients.

3

### Secured Supply Chain

Once product manufacturing was off their hands; Materia helped find a strategic sublease to move into our client's remaining unwarranted space and a local 3PL service that better served the small brand's fulfillment needs.