



## **Brown Bag Getting in the Sack With Stretch Island Fruit**

**RETAIL: Deal part of plan to deliver healthy lunches to low-income schools.**

**Los Angeles Business Journal**

**By SARAH FILUS; Los Angeles Business Journal Staff**

**Jan 28, 2008**

Brown Bag Naturals is moving out of the mansions and onto the streets.

The Manhattan Beach-based company that sells and delivers healthy bagged lunches to students around Los Angeles has arranged for Stretch Island Fruit Co. to provide its Fruitabu products for lunches at low-income schools.

Brown Bag Naturals began in 2005 by supplying lunches to schools in wealthy areas of the city such as Malibu, Manhattan Beach, and Beverly Hills. Adam Zauder, founder and chief executive of the company, wanted to be where people were familiar with the concept of health foods.

"We started with schools in very affluent neighborhoods, where Whole Foods customers live and they are very familiar with what they do," he said.

Zauder is attempting to offer similar healthy, organic lunches to students in low-income areas at little or no cost with funding from large companies and partnerships with organic food companies. The lunches normally cost students \$5.

Stretch Island is providing its organic fruit products for free, but will receive advertising space on the menus that get sent out to schools and on the Brown Bag Naturals Web site. Kashi Co., which makes granola bars and cereals, is also a partner.

A small number of companies offering similar services has been popping up around Los Angeles in recent years, including Freshlunches Inc. and Susan's Healthy Gourmet.

Zauder, a Yale M.B.A., spent a number of years working for three Internet startup companies before going into investment banking.

In 2005 his work with a boutique New York-based investment banking firm called Elixir Advisors took him to the Natural Products Expo in Anaheim on behalf of his client Burt's Bees, a natural personal care products company.

He noticed an abundance of organic products aimed at kids. Combined with his knowledge of childhood obesity issues, he developed the idea for Brown Bag Naturals.

Zauder used personal financing to open Brown Bag Naturals later that year. He started with 35 lunches a day at one small Montessori school. Each morning, he would get to work at 4:30 a.m. to make the lunches by hand with a select few employees.

Now the company makes lunches for about 750 students a day at 12 schools in a commercial kitchen near LAX – he no longer works packing lunches, though.

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In December, the company received its first outside capital injection from locally based VC firm Momentum Venture Management.

By September, Zauder plans to be in at least two more Southwestern cities as part of an attempt to become a national brand. By 2009, he estimates that the company will be making \$8 million to \$12 million in revenues.