



THIRD-PARTY CERTIFICATION RESEARCH

Chomps: A Case Study on Employee Ownership and Leveraging Certifications for Driving Brand Growth

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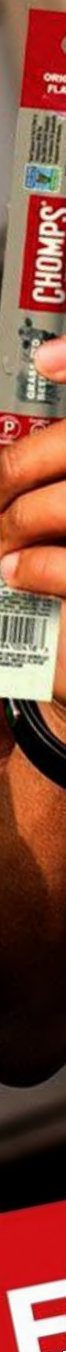
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Foundation, Encinitas, CA**Contact**¹Email: tobias@paleofoundation.com²Email: karen@paleofoundation.com²Twitter: [@5WordsorlessKP](https://twitter.com/5WordsorlessKP)**Keywords**Employee Engagement, Employee
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Abstract

Chomps, a health food company specializing in 100% grass-fed beef jerky sticks, is a self-funded CPG that made the 2019 Inc. 5000 list for fastest-growing private companies in 2019, and a prime example of a brand that has leveraged their Paleo, Keto, and Whole30 Third-Party Certification to launch brand growth and conquer new retail markets. This case study examines how growing brands can leverage and utilize independent, third-party certifications for inserting themselves within diet-specific communities, developing a loyal base of consumers, and conquering new retail markets while maintaining a unique focus on employee engagement and ownership.

1 | BACKGROUND

According to recent studies, more than two-thirds of all employees in the United States are “disengaged” with their current job and employer [1]. Disengaged employees can negatively affect businesses in different ways. These employees generally have low motivation levels, are disinterested in solving problems and helping the company achieve its goals and ambitions, and do not feel connected to the wider company culture. Employee disengagement can also lead to toxic workplace cultures and environments. On an economic level, disengaged employees cost U.S. employers up to \$550 billion each year, mostly through reduced productivity [2].

One of the most fundamental keys to success for every startup or small business endeavor is creating a motivated, productive workforce that is sold on the

company's goals and identifies with the driving ethos behind the business. However, more than seven out of every ten employees are consistently looking for new jobs, making it hard for business owners and managers to truly lead a motivated, productive and passionate team [3].

One health food brand that specializes in healthy, grass-fed meat snacks has experienced incredible growth and nationwide expansion. This growth is due in part to a dedication to creating and sustaining a motivated workforce, and investing in independent, third-party certifications in order to drive brand awareness and trust amongst a loyal consumer base.

2 | WHO IS CHOMPS?

Chomps was founded in 2012 by Pete Maldonado and Rashid Ali. Seven years later, the self-funded startup company was ranked number 62 on the Inc. 5000 list of the fastest-growing privately held companies in the United States, with a three year growth rate topping 4,469 percent and over \$20 million in revenue [4]. Their naturally-flavored meat snacks are sourced from grass-fed beef, venison, and turkey, and include no added sugars, fillers, or artificial preservatives.

The healthy, low carb snacks marketed by Chomps are Whole30 Approved, certified Gluten free, Keto friendly, certified Paleo, certified humane, and also non-GMO project certified. After originally selling exclusively online, the Chomps meat snacks are now sold at every Trader Joe's store across the country, as well as at major retailers such as Albertsons, Wal-Mart, and Amazon

Creating a low-carb and healthy snack option was one of the motivations that led co-founder Pete Maldonado to originally start the company. As a personal trainer, he would design specific diet plans and grocery shopping lists for his clients. However, with time he found that many of his clients simply wouldn't follow the plans, partly because of the lack of options for healthy snack alternatives that could keep them satisfied throughout the day.

His work as a personal trainer helped Maldonado learn a lot about the importance of healthy foods sourced from non-GMO ingredients. He says that "I learned a ton about nutrition and the big difference in micronutrients between organic and non-GMO foods and the unnecessary chemicals that could be avoided by eating this way." This knowledge led him to start Chomps in an attempt to create the healthiest meat snacks from the cleanest available ingredients and using the best methods of processing.

"In order to get non-GMO Project Verified," Pete says, "our products and every ingredient we use was fully audited. It took a long time to get through the process, but we're proud to be one of the first in the category to achieve it." [5]

3 | EMPLOYEE ENGAGEMENT AND A SENSE OF OWNERSHIP

Several years after having founded Chomps, Maldonado was still the company's only full-time employee. Despite the fact that they still sold over \$10 million dollars' worth of meat snacks that year, the real growth began when Maldonado and Ali began to put together a team to help the company continue to expand. Currently, Chomps employees 18 employees, which is about half of where Maldonado thinks they should be in terms of total staff. Despite being technically understaffed, the workforce management strategy employed by Chomps has allowed for an impressive operating efficiency that maximized production output.

"We have a very small team and we like to say that we do a lot with a little," Maldonado tells the Paleo Foundation. "Even today we only have 18 full-time employees, though we're just about to add the 19th. A general rule of thumb in the business world is to have one employee for every million dollars in revenue, and we have less than half than where we should be in terms of that statistic. Because we are understaffed in terms of revenue, we need every person on our team to be top performers."

On a recent podcast with The Growth Think tank, Maldonado says that "so basically what we need to be able to do is make sure that every single employee on this team is able to work independently, but then also collaborate with the rest of the team. There needs to

be a lot of cross-functional collaboration and at the same time every single one of these employees needs to be innovating. They need to be thinking outside the box. They need to be taking calculated risks...And we, as leaders, Rashid and I and some of the other leadership team, we need to be encouraging that." [6]

Maldonado says that they are able to achieve this by making sure that all of their employees share the core values of the company, and by ensuring that there is a good cultural fit and that all employees know exactly what is expected of them.

"We also want them to know that they share and enjoy in the responsibilities of being a part of a team. We need people who work creatively and independently, and we have to make sure that they can think like an owner. We do a lot of things to help this, such as culture trainings, looking at individual personalities, and we do Hogan profile assessments for our team."

Unlike many small business startups that get trapped in the cycle of micro-management that leads to disengaged employees and low productivity levels, Maldonado has made it a priority to encourage his team to take risks and not be afraid to innovate in order to push the company forward.

"During strategy sessions, our whole team participates, Maldonado tells us. "It really is a collaborative effort where everybody has a seat at the table and everyone's opinion is heard and respected. If you think about innovation...there is no telling where the next great big idea is going to come from. As a brand, we want everyone to be collaborating to make sure that we don't lose any of those ideas. A lot of brands don't do that, and because of that several great ideas never get uncovered, simply because they're not heard."

The Chomps team also has a strong focus on transparency amongst the entire team. "The level of

information shared from top to bottom is probably unique to our company," Maldonado believes.

"Everyone knows where we're at in terms of budgeting, and other elements essential to our business. We think that this information is important for everyone to understand because how can our employees make decisions if they don't know how those decisions are going to impact the brand?"

In order to create a workforce that feels a sense of ownership with the brand and its goals, Chomps has a rigorous hiring process and also works with leadership coaches to help develop a more productive culture amongst the workforce. Maldonado also says that creating space for all employees to share their ideas, proposals, and suggestions has also created a workplace culture wherein every employee can feel like their opinions and ideas matter. This also creates a spirit of collaboration which helps to drive productivity, creativity, and innovation across the company.

"Back when we started Chomps I was told by some advisors that there is no way we would be able to compete with all of the other private equity and venture capital backed brands in the incredibly competitive meat snacks category," Maldonado tell us. "We're not only competing, but we're leading the better-for-you meat snacks category in the Natural channel and we're competing head-to-head with billion-dollar brands like Jack Link's and Slim Jim on Amazon."

Committing to healthy, non-GMO, sustainably sourced ingredients has certainly helped Chomps develop a loyal customer base across the country. However, their dedication to creating a healthy and flourishing workforce culture that is centered on the ethic of mutual collaboration and a deeper sense of ownership is the real driver of their incredible business growth.

4 | THE ROLE OF THIRD-PARTY CERTIFICATIONS IN GROWING BRAND AWARENESS AND CONSUMER TRUST

Paleo certification was the first, independent, third-party certification that Chomps received as a young, startup brand. "As a brand, we kind of started inch by inch," Maldonado says. "At the beginning we were completely direct-to-consumer for four years (2012 to 2016). We always had a Paleo and Keto friendly product, but once we launched that certification, it certainly helped us to identify with those consumers."

Numerous studies have shown that independent, third-party, impartial certifications for food products plays an important role in reducing decision friction via social proof heuristics and psychological kinship heuristics. This, in turn, leads to less point-of-purchase scrutiny and increased sales for brands. These effects are likely compounded by other factors, such as reduced trust in industry and first-party package claims.

Recent studies have found that more than half of Americans (53 percent) find nutrition labels on food products to be misleading, with 11 percent consumers believing that these labels are completely misleading. [7] Furthermore, the 2016 Nielsen's Global Health & Wellness Survey found that roughly 60 percent in North America distrust manufacturer's claims on their food labels and packaging [8]. This lack of consumer trust in food products is also declining notably year after year.

While the growth in certified "organic" products has certainly been growing in recent years, studies are finding that this rather generic certification is also losing trust amongst consumers. A 2015 report from market research firm Mintel found that more than half of shoppers believed that organic certification was simply "an excuse to charge more." Furthermore, more than one-third say they believe the word

"organic" was empty jargon "with no real value or definition." [9] Because organic certification is mostly overseen and regulated by the USDA, this seems to point to a lack of consumer trust in government-led certification efforts.

Despite these trends in government-led certifications, studies by Cone Communications and Globescan (among others) found that 76 percent of consumers agree that third-party product certification is the best way to verify product claims and increase their trust in a brand [10].

As a startup, direct to consumer brands, Chomps understood the marketing advantages that came with independent, third-party certifications from the get go. "When we were just getting started we made an effort to entrench our brand into the Paleo community," Maldonado tells the Paleo Foundation.

"We went down to the Paleo FX tradeshow in Austin, Texas. We also worked some Paleo media such as Paleo Magazine and others in the Paleo Niche. I think we also did some stuff with blogs such as Paleo Hacks and Paleo Mom, among others. We really were entrenched in the Paleo world online. Because of that, Paleo certification was critical in terms of establishing ourselves as a Paleo brand. We wanted our customers to know that we had products made for a Paleo dieter. The certification certainly added credibility to us as a brand, and it also added a "cool factor" that helped us get attract customers."

Maldonado recommends third-party certification to smaller brands, and especially early on in the process. "These certifications help to establish as much credibility as you possibly can. For startups, I think the key thing is to focus niche by niche. If your brand or

products caters to a specific diet or group of people, then do everything you can to entrench yourself in that community. Getting the credentials and certifications you need to be trustworthy and to be seen as a leader or expert in that space in a community is part of that process.”

5 | THE ROLE OF THIRD-PARTY CERTIFICATION FOR CONQUERING NEW RETAIL MARKETS

After four years of direct-to consumer marketing, Trader Joe’s was the first big retailer that reached out to Chomps. Though Maldonado admits that the brand initially didn’t have any ambitions to go into retail, everything changed once we they got into Trader Joe’s.

“To be honest, with Trader Joes it was mostly about our Whole30 approval. That’s what Trader Joe’s was looking for. Obviously there are so many parallels between Whole30 and Paleo. In general, as a retailer, Trader Joes was looking for better quality products and brands that would check the boxes for people on the Paleo, Whole30, and other diets.”

Today, Chomps is Paleo and Keto Certified, certified Gluten-Free, Whole30 Approved, and Non-GMO Project Verified. For Maldonado, the brand’s Keto certification has played a major role in helping to conquer new markets and attract new consumers.

“It’s worth saying that our Keto certification is probably the most important, at least currently,” he states. “Keto is off-the-charts in terms of popularity. We specifically designed our product to have no sugar added to it as a way to make our product available to people on Keto. Because of its popularity, we wanted our products to be Keto friendly for anybody and to take advantage of that trend.”

“I think it’s evident that Keto is bigger and more popular than Paleo, Whole30 and other diets. There’s just so much more customers in the Keto niche, and the demographic is just huge. We get younger people and high school people getting into Keto, but grandparents as well,” he adds.

The company's wide list of certifications has played a major role in allowing the company to get their products into major retailers like Walmart, Whole Foods, Natural Grocers, Kroger, Amazon Thrive Market, Albertsons, and others. Maldonado believes that all major grocers are quickly beginning to understand the role that these third-party certifications play in consumer purchasing decisions.

“Amazon is one of the biggest retailers where these types of certifications can come in handy,” Maldonado says. “With Amazon Fresh (grocery delivery and pickup service in select cities), you know that they have loads of data on leading food trends, and they're looking of specific types of products that cater to consumer trends in the food market. They also know that Keto far surpasses both Paleo and Whole30. Because of that Keto certification is prime time for brands, because obviously Amazon is a big business.”

Thrive Market, where Chomps’ 100% grass-fed beef jerky products make up close to 50% of the meat snack market, actually takes it a step further where you can search on their platform for products that have different certifications such as Paleo or Keto. This increasingly common practice amongst major retailers who have online platforms (obviously growing due to COVID-19) makes it easier for consumers to find what they're looking for in terms of specific diets. This is also opens another channel for brands with specific certifications to get their products in front of their target consumer audience.

While some people might continue to identify Paleo, Keto, or Whole30 certified products as “niche” products that can only thrive in certain health food circles, Maldonado begs to differ.

“It’s not just the alternative, “healthy” grocery stores looking for these options (products with third party certification). All the big grocers, even the conventional ones, are leaning into these dietary trends. So if you can show these retailers that you are Paleo or Keto certified, that certainly will check a few boxes for them, and shows them that your brand is on par with some of the leading dietary trends in the food world. It also gives you a leg up over of brands,” he says.

Lastly, Maldonado recommends brands to consider the importance of eliminating sugar from their products as another strategy to attract both consumer and retailer interest. “I’d also add that zero sugar added is another huge issue that many retailers are looking for,” he says. “Zero-sugar added is obviously connected to Keto, but it is another part of the verbiage that everyone looks for.

6 | SUGGESTIONS FOR HOW TO IMPROVE AND EXPAND THE SCOPE OF THIRD-PARTY CERTIFICATION PROGRAMS

Despite the success that Chomps has had in using their third-party certifications to insert themselves within specific diet communities, attract new customers, drive brand awareness, and attract new retailers to their products, Maldonado believes that there is still opportunity for further growth. In this section, we outline a few of his suggestions to help third-party certification programs continue to exert influence over consumers and help smaller brands gain traction in competitive markets.

One of the biggest problems or drawbacks that

Maldonado identifies related to Keto certification is the unfortunate USDA restriction related to the use of the word “Keto” on product packaging or labelling. “If I were going to offer a suggestion for how to make Keto and Paleo certification better for brands, I’d recommend that The Paleo Foundation could maybe work with the USDA to try and change the rules on labelling and Keto. We do of course use the Keto certification on all our branding and messaging, but we’re not able to on our labelling,” he says.

Many smaller brands might hesitate to invest money in independent, third-party certification, especially when finances are tight in the initial stages of launching a brand. Maldonado believes that efforts to make the benefits of certification as visible as possible can help convince brands to use certification as they did, as a way to insert themselves into a dieting community and conquer a loyal base of customers. “I also think it might be interesting to see shared data amongst brands (related to the benefits of their certifications) to see how things are trending for certified brands,” he says.

Maldonado also recommends that independent certifying organizations like The Paleo Foundation should help their certified brands with information regarding what retailers might be looking for in regards to certain food products or food trends. “I imagine something like the Paleo Foundation partnering with retailers to do tradeshow. Maybe even putting together a Keto or Paleo “set” that could be displayed within retail stores. Something like that would not only help to build the Paleo Foundation brand, but also open opportunities to small brands to get into their first retail space. Maybe The Paleo Foundation could be the marketer, or be involved in a cross promotion, essentially opening spaces for their certified brands to get into their first retail market. This could create a combination of value added for both The Paleo Foundation and the brands,” Maldonado recommends. “There is certainly a need and openness from retailers for new and creative ways to introduce their clients to some of these products and brands.

Any smart retailer would love to get behind something like that," he believes.

7 | CERTIFICATIONS

Chomps' third-party certifications include:

- Project Non-GMO Verified
- Certified Gluten-Free
- Certified Paleo
- Keto Certified
- Whole30 Approved

OVERVIEW OF THE CERTIFICATIONS

Trends and analytics companies report having found that there has been an increase in consumers seeking alternative third-party certifications to validate if a product fits within their personal eating philosophy, or food tribe within the past 10 years. [11]

Project Non-GMO Verified is a third-party certification program that signifies to consumers that a product meets the requirements of a Non-Gmo product by way of not containing any genetically modified ingredients.

Certified Gluten-Free is a factual certification similar to Grain-Free certification in that it communicates credence qualities of a product that cannot be ascertained simply by looking at the ingredients list.

Certified Paleo is a certification program that validates products within the Paleo Food Tribe, using historical data and logical frameworks to arrive at setting a universal standard for Paleo products.

Keto Certified is an evidence-based certification program that standardizes "keto" claims for consumer packaged goods, that often requires the use of additional lab testing to verify applicability using modern methods of net carbohydrate quantification. [12]

Whole30 Approved is based on a 30-day elimination program that excludes grains, legumes, alcohol, dairy, and sweeteners to help individuals identify problematic foods and end unhealthy cravings. [13]

8 | CONFLICTS OF INTEREST

The authors report no conflicts of interest.

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