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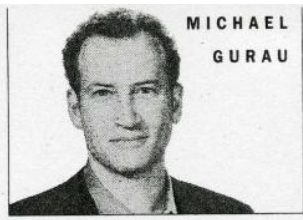
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MICHAEL GURAU

VENTURE BUILDER

Food for thought

A conversation with Mike Cote, head of Looks Gourmet Food Co.

Mike Cote is CEO and owner of Looks Gourmet Food Co. in Whiting. Founded in 1917, Looks Gourmet packages premium Maine seafood in cans and bottles under the Bar Harbor and Atlantic labels. Looks' products include chowders, bisques, sauces, seafood meats — clams, lobster and herring — and clam juice.

An Auburn native, Cote attended Maine Maritime Academy in Castine and left Maine at age 29 to build a career in consumer packaged goods. Cote, 52, spent some 20 years with Norwalk, Conn.-based Pepperidge Farm. In 2001, Cote was lured away from Pepperidge Farm to join Odwalla, a California-based producer of fresh juice and natural-food energy bars. Cote took a job as senior vice president of sales and operations, and helped build Odwalla — including the previous acquisition of Saco-based Fresh Samantha's — before the company was sold to The Coca-Cola Co.

Following the sale to Coca-Cola, Cote took some time off and then started looking for a business to buy in a place he wanted to live. Considering Florida and Maine, Cote met Steve Vlachos from Country Business Inc., a Portland business broker, who showed him a range of service businesses — from transportation to hardware and lumber — before directing him to Looks Gourmet. Cote remembered the Bar Harbor and Atlantic brands from growing up in the state, and having seen the growth of natural foods at Pepperidge and Odwalla, he took the opportunity to acquire the brand in 2003.

CEI Community Ventures invested \$300,000 in the company in Nov. 2005. Venture Builder recently spoke with Cote about the trials of searching for capital, the lure of the Maine coast and the power of a good brand. An edited transcript follows.

Venture Builder: What did you see in the Looks opportunity?

Mike Cote: When I took over the business, the Looks brands were stagnant, in terms of revenue growth and new development. The company hadn't updated packaging or products — it was surviving but not thriving.

I immediately went to work, focusing on product quality. I updated the formulation to make the line all-natural, a category that was and is seeing tremendous growth nationally. Next, I updated the packaging — the labels — for both the Atlantic and Bar Harbor brands. Operationally, the plant needed to be updated. I invested in automation on both glass products like clam juice and canned products; automation was key to meet the demand I anticipated.

Why did you decide to pursue external capital?

I was in the midst of the automation upgrade when I recognized that the combination of the growth I was anticipating and the need to properly upgrade the

plant meant that I needed to think about raising outside capital. I wanted to find an investor whose criteria appreciated both the business opportunity and the social benefit/impact that this business had potential to realize, both in terms of workforce development in Down East Maine and in terms of environmental sustainability.

How's business now?

The business has grown dramatically. I've seen that the world wants our authentic Maine products and it's just a question of how we structure our company, and it has continued production improvements, to keep up with the growth. I know that we are onto something big and recognize that we are going to need an additional infusion of capital to support our next stage of growth.

So you're back in the market for capital?

Yes. As with the CEI funding, I wanted to find a funder who had a connection to Maine and could bring in values that would support our own company/brand philosophy and guiding principles. I ended up putting a deal together with Sea Change Fund, a California-based fund with an environmental and sustainable seafood mandate, and the Small Enterprise Growth Fund, a Maine-based fund.

Sea Change's focus on environmental responsibility and sustainability made them the right partner. Their charter required review and pre-approval of our company by their environmental committee prior to the deal progressing in financial terms. The Sea Change/SEGF deal was actually less attractive, financially, than another offer I was considering; but I was looking for more than just a money partner.

Any final thoughts about doing business in Maine?

First, it feels great to be able to rebuild manufacturing jobs in the Down East region. There is a lot of great talent in this area, stemming from the region's historic strength in canning and food processing.

Second, I'd say that Maine needs to think about ways to mitigate the tax burden on small businesses. I understand that we have a small population and so a small tax base. The development of Pine Tree Zones are a terrific start and help to offset some of the tax impact, making it more conducive to doing business in Maine. More needs to be done to make the state of Maine a more attractive place to conduct business in. Maine is a wonderful pristine state that people all over the United States recognize for its beauty — and its seafood.

Michael Gurau is president of CEI Community Ventures in Portland. He can be reached at mhg@ceicomunityventures.com.