



Firebrand Artisan Breads

How a local bakery is building inclusive wealth and transforming a community.

People first, purpose-driven

For founder, Matt Kreutz, Firebrand has always been about more than baking bread.

Good Bread. Good Jobs.

Firebrand Artisan Breads, established in 2008, is the East Bay’s only wood-fired bakery. Founder Matt Kreutz has grown the bakery with a deep commitment to quality, but that’s not the brand’s only focus. Firebrand has built a model for how local businesses can create shared wealth and positive social outcomes within its communities. Working with partners around the Bay Area, Firebrand employs workers with high barriers to employment, particularly those who were previously incarcerated or homeless. The bakery invests in its workers by developing growth plans for each employee, paying industry-competitive wages, and offering resources like on-site English classes.

In 2020, Firebrand transitioned the business to steward-ownership, meaning the bakery is owned by the Firebrand Purpose Trust and governed by employees, community members, and advocates. This innovative ownership model extends wealth building to employees through a stock option pool, while guaranteeing the business will remain in the hands of, and in service to, its local community in perpetuity. This transition set Firebrand up to attract an \$8.2M Series A fundraising round from a network of impact investors for its latest expansion.

Great partnership

From the beginning Matt Kreutz has been driven to create a community-serving business and ICA has been an important ally in bringing this vision to life. For more than 9 years, ICA has supported Firebrand’s success through hands-on advising, direct investment, and network-building. Firebrand first engaged with ICA in 2012, when Matt participated in several ICA business classes. The partnership expanded with ICA’s first investment in Firebrand in 2015. At each turn the company has leveraged its growth to expand compensation and benefits to its workers.

Firebrand at a glance:

- Established: **Matt Kreutz**
- Established: **2008**
- Location: **Oakland, CA**
- Number of Employees: **80 total, 62 full-time**
- 2021 Annual Revenue (proj): **\$9.8M**
- 2020 Annual Revenue: **\$4.4M***
- 2019 Annual Revenue: **\$6.2M**
- Most Recent Round: **\$8.2M**

** affected by the COVID-19 pandemic*

In this case study, we explore Firebrand Artisan Breads’ work to benefit its community, including transitioning to an innovative inclusive ownership model, and how ICA’s catalyzing contributions of advising, network building, and investment helped make success possible.

The ICA & Firebrand story

ICA knows building a business is a journey and we're a partner at every step of the way.

It has always been about the people

When Matt Kreutz started Firebrand Artisan Breads in 2008, he'd been working in bakeries from the age of 14. Starting his own just made sense. A product of early-2000s punk and DIY culture, Matt saw building a business as a way to put into practice his values of community and mutual support. From the beginning, Matt worked long days at the bakery, then housed in a compact West Oakland warehouse. With so much of his life dedicated to work he wanted to hire people he liked being around. Firebrand didn't take resumes or cover letters, or particularly care if you had experience. If you had passion and willingness to learn, you could get a job.



Early engagement with ICA

After four challenging years, Matt had grown the bakery, but was struggling to keep the business afloat with the industry's razor thin margins. By 2012, Matt knew he needed help bringing the bakery to the next level. Then he found ICA. Matt participated in a number of ICA workshops which helped him develop a plan for growth and strengthen his leadership skills. By 2013, Matt had increased revenue significantly by landing several critical deals and in 2014 ICA identified Firebrand as a company that would benefit from more hands-on advising.

“At Firebrand, community is about feeling connected and responsible for what happens. Our business is part of this community, and we take that responsibility seriously.”

– Matt Kreutz

ICA knows when to invest to catalyze impact

By the end of 2014, Firebrand was growing out of its original location: a compact kitchen on the cusp of Emeryville and Oakland with a giant oven and people cranking out bread 20 hours each day. Matt worked with ICA mentors to chart the plan for a huge new wholesale baking facility with a retail storefront. But he needed money to make it happen.

In 2015, after three years of direct engagement with the bakery, ICA made a catalyzing investment of \$600,000, the early vote of confidence that allowed Firebrand to close a successful \$2M raise. With ICA on its side, Firebrand was able to connect with a network of impact-focused investors and leverage alternative measures of value and community-benefit potential to raise substantial capital.

Strategic advising compounds growth

ICA's advisors partnered with Matt on five key business growth areas:

- Scenario planning
- Debt readiness
- Long term growth strategy
- Budgeting & financial forecasting
- Job creation forecasting

It took Firebrand six months to build out its new facility, with ICA staying closely involved. The retail store opened in 2015 in Oakland's Uptown neighborhood with an open floor plan that allowed customers to see the labor in each loaf. Firebrand tripled production and revenue in one year: going from \$1M to \$3M and from 12 employees to 55. To meet the rapid growth, ICA invested another \$200,000 in 2016, leading a \$1M round.

“By the time we made the investment... we had witnessed Matt’s unparalleled work ethic and leadership for 3+ years. And Firebrand’s demonstrated potential for growing good jobs in the Bay Area made the investment a clear choice.”

– Yui Ueno, Senior Director of Investment, ICA



Trailblazing a model for inclusive ownership

Firebrand's unique steward-ownership model spreads wealth while attracting the impact-focused investors who share the company's commitment to its community.

Preparing for serious growth without venture capital

It wasn't long before Firebrand's production began to outgrow the new location as well. The bakery had contracts with popular restaurants throughout the Bay Area, hotels, and local grocery stores, including a favorable deal with Whole Foods. By 2019 the bakery was pulling in \$6.2M in annual revenue. To meet this new demand, Matt made plans to add another baking facility in Alameda.

Firebrand's new 40,000-square-foot production facility in Alameda (opened as of Summer 2021) would allow for a seven-fold increase in production and increase the company's employees to up to 150 people. But to get there the business needed to take on another level of investment.

By the time Firebrand was seeking new investment for the Alameda expansion, the bakery had become a household name in the Bay Area. Venture capital might have been an obvious—and tempting—financing solution for a company with Firebrand's reach and growth trajectory. But Matt wanted to find investment aligned with the people-first company values and enshrine Firebrand's service to its local community for good. When Matt heard about a unique ownership model called a perpetual purpose trust, he knew he had found the right fit for Firebrand.

Aligning mission and ownership

A perpetual purpose trust is an ownership model where a company can be owned by a set of values—a perpetual purpose. Working with Purpose US and law firm Stoel Rives, Matt guided the business into this new model. Up until the formation of the trust, Matt had held onto 100% ownership of Firebrand and to establish the trust Matt donated 51 percent of his voting shares to the trust to hold in perpetuity.

The trust serves as a parent company, governed by a stewardship committee tasked with ensuring the company abides by its guiding purpose. The committee currently consists of Matt, Firebrand employees, and crucially, community advocates who work on issues affecting Firebrand employees.

The committee members serve terms and over time will turn over to new employees and advocates. The trust is guided by 11 purposes governing everything from how Firebrand hires to the way economic benefit is distributed. Firebrand's business strategy is guided by a board advocating for the financial success of the company while the stewardship committee ensures this success never compromises the 11 purposes.



“I want to grow this business and be highly involved for the long haul. I’m so passionate about Firebrand and what we can accomplish; I don’t want to just sell that off or view the company as some sort of payday.”

– Matt Kreutz

Firebrand's 11 Purposes

01

Prioritizing the hiring of people who are formerly incarcerated, homeless, or otherwise have high barriers to entering the workforce.

02

Ensuring that the Company's management and Board of Directors maintain a profit-sharing program or some equivalent financial program for workers to benefit from the profits of the Company.

03

Promoting engagement of Stakeholders in governance of the trust and of the Company.

04

Operating the Company for the benefit of the Stakeholders rather than profit maximization and shareholder return, while acknowledging the necessity of financial and competitive security for the long-term viability of the enterprise.

05

Sharing the economic benefit of the Company with Stakeholders during the period of time that such Stakeholders are actively engaged in the business relationship, and not solely upon exit or termination of the business relationship.

06

Ensuring that financial decisions of the trust and of the Company serve the mission to create great jobs, shared value, and thriving communities.

07

Ensuring that the long-term sustainability of the Company be considered over short term gain.

08

Continually increasing the positive impact of the Company, its products and service while also supporting financially healthy growth of the Company, including the professional development of employees as well as increasing growth ladders within the Company.

09

Practicing transparency and radical candor with all Stakeholders of the Company through open-book management principles.

10

Promoting equitable and diverse supply chains from farm to marketplace, including the promotion of fair labor practices.

11

Overseeing and protecting a process defined by an annually updated plan or vision of continuous improvement of management, employment and impact programs that benefit the mission and Stakeholders.

Building wealth for investors — and employees

A perpetual purpose trust cannot be sold, posing a unique challenge to structuring the investment to build out the new facility in Alameda. But this was intentional—by establishing the trust first, the company was able to attract mission-aligned investors who would be open to unconventional exits and capped returns.

A group of impact-focused investors led by ICA convened to establish terms for this unique type of equity investment.

Under this deal, employees receive 10% of the profits and investors receive 90% until the investors get back twice what they originally invested. Then the profit-structure flips and employees split 90% of the profit and investors take the remaining 10%.

At the end of 2020, Firebrand closed an \$8.2M round comprised of \$5.7M in debt, \$1M in tenant improvement, and \$1.5M in equity. ICA converted our original investment from 2015/2016 into equity and donated a third to Firebrand's employee stock option pool.



Firebrand's Growth Timeline:

- 2008** Matt Kreutz starts Firebrand Artisan Breads with a vision to make great bread while building a business that helps people.
- 2012** Firebrand and ICA first meet after Matt does an internet search for local small business advising.
- 2012** Firebrand participates in various ICA **-14** business classes and begins work with a dedicated team of ICA advisors.
- 2015** ICA provides strategic direction and connections as Firebrand prepares for its first significant round of fundraising. ICA makes the leading \$600K investment, catalyzing a \$2M raise. Firebrand opens its new bakery and retail storefront in Downtown Oakland.
- 2016** ICA makes a follow-on investment, deploying \$200K as part of a larger \$1M raise, to support Firebrand's rapid growth in its new location.
- 2017** Firebrand employs 75 workers and grows revenues by 270% from 2015 to 2017.
- 2019** The Firebrand Purpose Trust is formed and Firebrand moves to a steward-ownership structure. ICA works with Firebrand to design a Series A fundraising strategy
- 2020** As an essential business, Firebrand stays open throughout the COVID-19 pandemic, adapting by transitioning operations and retail to COVID-safe protocol.
- 2021** Firebrand closes the \$8.2M Series A fundraising round and opens a new, expanded wholesale facility in Alameda.

A better way to do business

By bringing together aligned partners, a supportive community, and a committed founder, Firebrand and ICA are demonstrating that a new way of doing business is possible, and profitable.

Bringing investors and communities into partnership

What Firebrand Artisan Breads built over the past 13 years is not just a world-class bakery, but a fundamentally different way of doing business. Firebrand leverages its success to address complex social problems and create shared value for employees and community. From the beginning Firebrand has widened the community of stakeholders who guide the bakery's work to include workers and community advocates.

Social Returns on Investment:

Growing jobs for people who need them most.

Firebrand grew from a 4 person team in 2012 to a 60+ person team in 2021, hiring from communities with high barriers to employment.

Investing in people.

Firebrand develops an individualized growth plan for each employee and starting in 2021 workers can access a spectrum of services through the Worker Resource Center including housing assistance, legal assistance, ESL classes, GED classes and more.

Hiring & promoting women + workers of color.

40% of employees are women and 63% are people of color, including 50% of management.

Competitive wages + health benefits.

Firebrand's starting hourly wage in 2021 is \$16, and its average hourly wage is \$17.23. All workers receive PTO, health, dental, and vision insurance.

Inclusive ownership financed by patient capital.

Firebrand's profit sharing model spreads wealth by capping investor returns and directing profits back to employees.

Firebrand's unique governance structure—combining the board of directors with the trust stewardship committee—brings together business and social impact interests in purposeful and productive tension. This model is an innovative example of bringing investors and community interests into true collaboration.

Patient capital works

ICA is projected to yield a 15-20% return rate on the original convertible note investments, enviable by any measure. But that's not our main marker of success. Early on, ICA saw potential in Firebrand to create good jobs that make a meaningful difference in our local community. Our original investment of strategic business advising, capital, and catalyzing network connections has generated the social returns we had hoped for. By providing fair and flexible capital, we are not only scaling Firebrand's growth and impact, we are changing the rules about who gets funding so business owners can create wealth for themselves and their employees.

Looking to the future

When the economy suddenly shut down in March 2020, due to the COVID19 pandemic, Firebrand faced a potentially devastating hit to the business. Under Matt's resilient leadership, Firebrand quickly adapted to meet the moment—shifting to a take-out model and expanding its to-go offering to include necessities such as baking supplies. Matt made the difficult decision to let go of 14 employees. As the pandemic economy settled in during 2020, Firebrand stabilized and began to grow again in 2021. Powered by the opening of the new location over the summer and the success of the Series A funding round, Firebrand is on track to increase employees far beyond pre-COVID numbers and reach \$9.8M in 2021 annual revenue.

Firebrand's ability to prioritize opportunities for workers with barriers to employment improves lives and pays dividends for the Bay Area at large. As the company moves into its new Alameda facility, it will be able to grow its staff to 150 workers, further increasing its impact. Firebrand is on track to achieve B-Corp certification and will be opening a brand new Worker Resource Center at the Alameda location later this year.

For ICA, the success of our 9 year engagement with Firebrand Artisan Breads exemplifies our mission to accelerate great companies and, through inclusive hiring practices and shared ownership models, close racial and gender wealth gaps. By making bold bets on great businesses like Firebrand Artisan Breads, ICA is able to achieve mission impact. What's more, by forging new partnerships with aligned investors like Candide, Cienega Capital, 45North, and Purpose, ICA is leading the charge to build a new business funding model.



Invest with us

ICA is in an exciting time of growth. Since January 2021 ICA has more than doubled the size of our Growth Fund portfolio, launched a first-of-its-kind micro-equity investment product for early-stage companies, and created a new accelerator program to bridge the resource gap for early-stage founders of color. And together we can do even more. We are looking for the next wave of mission-aligned, impact-minded investors and philanthropic partners. Join us!

Join ICA and help build an economy that works for all.