

DAILY NEWS

Successful Harlem Startup Aims to Fix the Food System in America One School at a Time

BY PHYLLIS FURMAN

If Rhys Powell gets his way, every student in America will be eating freshly prepared, nutritious meals and snacks - and his company, Harlem-based Red Rabbit, will be doing a lot of the serving.

Red Rabbit's already making some big leaps in that direction. Launched in 2005, Powell's startup is quickly becoming a force in the healthy food for kids biz.

This coming school year, Red Rabbit will be preparing and delivering 20,000 meals a day to students in more than 100 private and charter schools in the New York area.

That means many children from low-income communities will be munching on healthy items like mango yogurt parfaits and fresh fish, instead of chicken nuggets and frozen pizza.

Sales at Red Rabbit are expected to double in the 2013 school year to \$10 million. Two years ago, the company moved to a 10,000 square-foot facility at 121st St. and Park Ave., where Powell, 33, employs 130 workers, many of them Harlem residents.



Red Rabbit founder Rhys Powell at the company's commercial kitchen on Park Ave. and 121 St.

Those kind of strides have put Powell in the spotlight: On Monday the city is set to name Red Rabbit the Manhattan Small Business of the Year in its annual Neighborhood Achievement Awards.

"We are a young, entrepreneurial company that is trying to improve the food system in America, one community at a time," Powell said during an interview at his Harlem offices.

Red Rabbit isn't the first catering company to supply healthy meals to schools, and

there is mounting competition.

But Powell has managed to keep up a rapid pace of growth in New York's tough, highly regulated market. Company sales have been doubling every year, even though he is limited in what he can charge charter schools for his services.

"Food service is a small-margin business and it requires an extremely tight operation," said Kesha Cash, the director of investments for Jalia Ventures, a minority-focused fund which along with Kapor Capital has invested close to \$1 million in Red Rabbit. "Rhys is a really good operator."

Powell, who was born and raised in the Bahamas and studied engineering at MIT, didn't start out as an entrepreneur.

But after several years of making big bucks as an equities trader at Carlin Financial Group in Manhattan, he was ready to do something else.

A friend who would become Powell's business partner - he has since left the company - said he was having trouble finding healthy lunches for his four-year-old daughter, and the idea for a business was born.

Powell invested \$100,000 of his savings and started out selling healthy meals directly to parents. After a rough start, he switched gears and targeted schools instead.

He went door to door pitching them, arriving with cookies in tow. In the early days, the MIT grad did the food deliveries himself and even served the meals.

"I was the lunch lady at City and Country School," Powell said.

For now, Red Rabbit has yet to crack a potentially huge market, New York City's public schools.

But after securing a \$750,000 loan from the Partnership Fund for New York City, Powell's heating up other growth plans, including a satellite facility in Brooklyn.

He's about to start raising capital to fund a major expansion in New Jersey next year. Other target markets include Connecticut, Massachusetts, Pennsylvania and Washington D.C.

"We want Red Rabbit to be synonymous with healthy food in America," Powell said. "In 15 to 20 years, some of the companies that are the pillars of the food industry won't be here anymore and new companies will be taking their place. We hope Red Rabbit is one of them."