



DAVE ZILKO

FORMER VICE CHAIRMAN OF GARDEN FRESH

IRRATIONAL PERSISTENCE

SEVEN SECRETS THAT TURNED A **BANKRUPT STARTUP**
INTO A \$231,000,000 BUSINESS

WILEY

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TO MY PARENTS,
DON AND ARLEEN, WHO INSTILLED IN THEIR CHILDREN
THAT ANYTHING IS POSSIBLE IN THIS LIFE AS LONG AS YOU
BELIEVE YOU CAN DO IT. AND TO MY SONS, CHRISTIAN AND ALEX,
IN THE HOPE THAT THIS DEMONSTRATES HOW TRUE THAT IS.

“Nothing in this world can take the place of persistence. Talent will not: nothing is more common than unsuccessful men with talent. Genius will not: unrewarded genius is almost a proverb. Education will not: the world is full of educated derelicts. Persistence and determination alone are omnipotent. The slogan ‘press on’ has solved and always will solve the problems of the human race.”

Calvin Coolidge

PROLOGUE

WHAT'S IT LIKE TO TAKE A BANKRUPT startup and eventually sell it to a Fortune 500 company for almost a quarter of a billion dollars?

This is a different type of business book, one that tells a story—an “Only in America” story.

Just not from the place in America you'd expect.

“Salsa from Detroit? You're kidding, right?”

We'd hear it all the time, and frankly I couldn't blame anyone for asking the question. It's counterintuitive at the very least and borders on irrational.

I'd love to say the idea was born out of some ultra-chic marketing incubator. Where some bold and brilliant entrepreneurs concluded launching a fresh salsa company from Detroit was “so crazy it just might work” and “all we'll need now is a slick ad and PR campaign and we'll be on our way.”

But to be honest, we're not that clever.

Instead, Garden Fresh Gourmet was born in the back of a small bankrupt restaurant just outside of Detroit when a 44-year-old man named Jack Aronson pulled out a five-gallon bucket and in 15 minutes developed a recipe for fresh salsa.

"I was just hoping to pay my electric bill," Jack has since told me.

When I first met Jack and his wife, Annette, five years after he made that first batch of fresh salsa, they were still struggling, although no longer bankrupt. I, however, technically could not say the same; 11 years earlier I had founded my own food company on a \$2,500 credit card loan, and let's just say things were not going too well for me.

Soon after I met the Aronsons they invited me to be their partner and, despite our humble origins, Garden Fresh is now the largest brand of fresh salsa in the United States with annual revenues well in excess of \$100 million.

And Garden Fresh was just sold to the Campbell Soup Company for \$231 million.

We all want to live the life we've imagined for ourselves. For most of us doing that does not just happen; we have to make it happen. Doing so requires sacrifice—often tremendous sacrifice. Sacrifice unimagined in common hours.

I refer to those 11 years between the time I founded my company on that \$2,500 credit card loan and the time I met the Aronsons as my "lost decade." And Jack and Annette had had a couple of lost decades of their own before we became partners. On top of that, it took us another decade to fully realize the company Garden Fresh would eventually become.

We persisted against seemingly insurmountable odds in a fashion that can only be described as irrational.

Just as salsa from Detroit is irrational.

It's not lost on me, though, that a lot of people work hard, are determined, yet don't make it, don't end up living the life they've imagined for themselves. Very often there's a missing strategic link that is the difference between success and failure.

Failure's in vogue right now, and for good reason; failure is important in a lot of ways; we all learn more from our mistakes than we do from anything else. We should not fear it. Thus, I'm fine accepting it, even embracing it, as a necessary speed bump on the road to success.

But I've done it enough in my life to confidently state: failure's overrated.

Another thing I can confidently state: it's not as necessary as some people might lead you to believe. We can all learn from other people's experiences.

In this book I share our experiences, a heartfelt story that only life itself could write, as well as the secrets that drove Garden Fresh from the back of that tiny restaurant to become the premiere deli supply company in the United States.

So that you can begin to live the life you've imagined for yourself. Ideally a lot quicker than we did.

INTRODUCTION

Starting with Less Than Nothing

JACK AND I WERE WITH A GUEST in our conference room in Garden Fresh's administrative offices. The company had just hit the \$100 million mark and the local media had picked up on it. Our guest was amazed and could not contain himself:

"You know what I like about you two? You guys started with nothing, no one ever gave either of you a thing. I really respect that."

Jack was taken aback by the statement, and answered the only way he knew how:

"Started with nothing? That would have been easy. What's hard is starting with less than nothing."

Our guest was perplexed.

"Dave," Jack asked, "how much debt were you in when we got together?"

"Do you want the real number or just what I'll admit to?"

"Let's just go with what you'll admit to."

"\$350,000 . . . and I'm glad my wife doesn't read what I give her to sign, no sense both of us losing sleep at night."

Jack proceeded to throw a \$450,000 figure on the table, but I knew that too was only what he'd admit to—for a while it seemed every other day someone was showing up at our office reminding Jack of the money they had lent him, and we always seemed to be paying them back.

Jack continued with our guest: "When we add it all up, it was easily a million-dollar hole. Starting with nothing would have been a blessing. Starting with less than nothing—now that's a challenge."

So how did we, me with a couple business degrees from a couple well-respected universities, and Jack, who now deserves to be considered one of the premiere food entrepreneurs in America, find ourselves middle-aged and starting with less than nothing, to the tune of about \$1 million?

For me it all started when I was in college. I spent the summer between my sophomore and junior years studying in France, where I absolutely fell in love with the culture. I was just enamored by how wonderful their food was, and even more so by how the French use the occasion of the meal to bring people together. Those people have truly mastered everyday life.

The following summer I interned at a General Motors financial office and realized that working in that world wasn't connecting with me, but what was were the marketing classes I was taking at Michigan State. The strategic aspects of marketing fascinated me, and I was compelled to earn an MBA in marketing, which I did from The George Washington University.

My first job in the real world after I graduated, selling financial securities, was underwhelming, to say the least.

I was not only bored but realized I was not living the life I had imagined for myself. There was simply a gap between the level at which I was living my life, in terms of both professional and financial fulfillment, and the level at which I wanted to live my life.

And that void was simply unacceptable to me. It was driving me crazy.

So I decided to do something about it.

I combined my love of food with my passion for business and started a food company.

I then proceeded to do what just about every food entrepreneur does—spent four months at my kitchen counter developing a line of chicken and beef marinades, came up with the name "American

Connoisseur,” hired a graphic designer for \$15 per hour, and stood over her shoulder while she created some labels.

When she finished she printed one copy of each, laminated them, and I stuck them on four bottles, then sent them to the buyer at what was then Dayton Hudson Marshall Field’s, now known as Macy’s.

One night the buyer called me at home—I certainly did not have an office—and said, “These are the best marinades I’ve ever had. I’m going to place an order,” which he did, for 96 cases.

That was the good news.

The bad news was I did not have a place to produce them.

Somehow I stumbled across a guy who owned a small industrial park in metro Detroit. He told me he just had a tenant move out who had a kitchen used for breaks. “Why don’t you convert that to a commercial kitchen and see what you can do?”

I thought it was a great idea and, after some research, determined that it would cost \$2,500 to convert this 300-square-foot space to a licensed food processing facility.

Well, that was \$2,500 more than I had at the time, so I did what every red-blooded American entrepreneur does when he wants to launch a business but does not have the money to do so: I applied for a credit card loan with Discover.

Discover, seeing that I did not have a reliable income but seeing that I did have tens of thousands of dollars in student loan debt, turned me down.

So I proceeded to do what every red-blooded American *male* entrepreneur does when he wants to launch a business but does not have the money to do so *and* is turned down for a credit card loan: I reached out to my girlfriend.

She must have seen something in me and decided to sign for it.

So while I’d love to say that I founded my company on a credit card loan, in reality I was so broke I founded it on my girlfriend’s credit card loan.

And people ask me all the time: I not only paid her back, but I did marry her. And we’re still married to this day.

A mere 11 years later I found myself, now hundreds of thousands of dollars in debt, at a food show in New York where I approached another metro Detroit food entrepreneur, Jack Aronson.

A few years beforehand Jack founded a fresh salsa company, which he called Garden Fresh Gourmet, in the back of his 1,200-square-foot restaurant. I asked him whether he'd be interested in me bottling some of my products under his label.

Jack thought it was a great idea and after we returned home we got together for lunch and he began to share his saga.

Five years before we met, Jack found himself in the previously mentioned \$450,000 hole, 44 years old with no formal education and no formal training, running a tiny restaurant called Clubhouse Bar-B-Q, just outside of Detroit. Jack had to declare bankruptcy to hold onto his lease, was taking the bus to work as his car had been repossessed, and was having tax issues with the IRS.

Desperate, one day Jack pulled out a five-gallon bucket, peeled some onions by hand and in 15 minutes made what is today known as Garden Fresh Artichoke Garlic Salsa.

Jack started putting his salsa on the tables of the Clubhouse Bar-B-Q; after a few weeks, people were standing in line on Friday and Saturday nights to get in.

One day, out of nowhere, Jim Hiller, owner of an upscale chain of metro Detroit supermarkets that bears his name, walked in and told Jack one of his employees said he just had to try Jack's salsa. Jim told Jack that he had been looking for a good fresh salsa for 20 years to no avail, and he asked Jack to whip him up a batch.

Jack did. Jim liked it and asked Jack to start making it for his six-store chain.

Thus, what is today the best-selling brand of fresh salsa in America was innocently born.

Soon, in addition to Hiller's Markets, every party store in the area started picking up Jack's salsa. Word starting getting out about how good Jack's salsa was, so a local news station, Fox2 Detroit, decided to do a story on this eccentric guy making this salsa in the back of his restaurant.

There's an old maxim that says there's no such thing as bad publicity. That's generally true, unless your city manager is sitting at home watching Fox2 news, aghast at this guy making salsa in the back of an unlicensed restaurant in his town.

So the next day he showed up and threatened to shut Jack down. Jack, though, befriended him, and together they found a former video store nearby, with floor to ceiling windows, which Jack converted to a salsa factory.

Jack and his wife, Annette, and their five children now found themselves making salsa for 10 to 12 hours per day, and Garden Fresh Gourmet continued to grow. After a few years, it was finally picked up by a major Midwest chain, Meijer.

A local developer then convinced Jack to build a 25,000-square-foot plant, which he did. It opened just when I first met Jack in New York.

Which brings us to our lunch when we got back to Detroit from the conference.

"You know," Jack said, "everyone told me I was crazy to go from 3,000 square feet to 25,000 square feet, that you don't increase your size eight-fold, and I'm starting to think they're right. Why don't you move your business in with me, outsource your manufacturing to Garden Fresh. That will help pay my rent, and I'll give you a free office—you can focus on sales and marketing, whatever you want."

I did just that, and after a few months our talents seemed to complement each other, so Jack asked me to be a partner in Garden Fresh.

That first year together, 2002, Garden Fresh recorded \$4.6 million in sales. I distinctly remember meeting with Jack and saying, "If we could ever get this to \$10 million and pay attention to our margins, wouldn't that be a great life?"

Well, that seemed to happen in about 15 minutes.

By the middle of the decade, we were up to \$30 million in sales and recently crossed the \$100-million revenue mark. Garden Fresh is now the number 1 brand of fresh salsa in the United States.

We eventually made our way up to become the third-largest hummus manufacturer in this country, the largest brand of tortilla chips

merchandised in the deli, developed a top-ten line of dips, ship over a million units a week, and in the midst of all this, received offers from some of the largest food companies in the world.

All before being approached by the Fortune 500 company that would eventually purchase us.

Doing all this wasn't easy. In fact, there were long stretches when there were more bad days than good. We were often stunned, and often heartbroken, over what was happening to us.

But it was an adventure. In fact, the adventure of a lifetime. Through it all we uncovered powerful secrets that directly led to our success.

In *Irrational Persistence* I describe both our adventures and our misadventures.

Adventures that illustrate that you're not alone with respect to the challenges you might face.

Misadventures that will enable you to avoid our mistakes as you face those challenges.

Secrets that can be applied directly to the challenges. Secrets that can help not only the entrepreneur but that are valuable for the multinational company as well.

Secrets you can implement to accelerate growth and minimize risk.

Secrets that illustrate that, while I hope you never find yourself in the position we did, starting with less than nothing, even under those conditions building something great is still possible.

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Summon the Courage to Enter the Dark Room

“If you’re going through hell, keep going.”

—Winston Churchill

So how do you launch a business, even with less than nothing, and somehow get to the point at which some of the largest companies in the world want to buy you?

What’s the first step?

The first step is into the dark room.

The dark room is what confronts everyone who is not living the life they’ve imagined for themselves. Who is professionally unfulfilled. Who finds that condition unacceptable.

And who is determined to do something about it.