



DAVE LILLO

FORMER VICE CHAIRMAN OF GARDEN FRESH

IRRATIONAL PERSISTENCE

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

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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.

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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