

Episode 1 The Restaurant Entrepreneur, with Evan Tepper

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Rushab Kamdar: [00:00:30] Welcome to The Business 360 Podcast where we will take a 360 degree view of all things business in under 30 minutes. I'm Rushab Kamdar, a serial entrepreneur, a serial eater, but without milk and my serial number, I think is my social security number.

The aftermath of COVID-19 has financially hurt most of the restaurant industry, but it also paints two vastly different pictures. Large chain restaurants and fast food restaurants, they're thriving. Mainly because they already have the groundwork in place for a takeout, drive-through or even delivery.

These restaurants also have the resources to quickly adapt to new forms of food delivery, things like curbside, or even the use of delivery platforms like DoorDash, Uber Eats and Grubhub. Now these food delivery apps, they can take large commissions on food sales. But these large chains, they can negotiate them down, mainly because of their large sales volume.



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On the flip side, there are thousands of restaurants that are struggling during this pandemic. These smaller mom-and-pop style restaurants are being forced to keep their doors closed. And it has been difficult for the owners to keep up with rent, payments, operating expenses and salaries. Because these small restaurants are financially hurting, it's hard for them to pay 15 to 30% commission on food delivery apps. Now, that being said, there is opportunity for aspiring restaurant entrepreneurs. The pandemic has created a huge shift in consumer behavior where contactless and convenience are winning. And many restaurants actually have learned to get pretty lean. They've streamlined their menus and implemented other cost cutting measures. Today on The Business 360 Podcast, we are welcoming someone who successfully operated a food business for five years before being affected by the pandemic. My guest is Evan Tepper, the former owner of Whole Sum Kitchen out of Minnesota. And before Evan jumped into entrepreneurship, he started in healthcare consulting. Then he moved his way into the corporate space only to find his way to starting a business. Evan, I'd like to welcome you to The Business 360 Podcast.

Evan Tepper: [00:02:31] Hey, Rushab, thanks for having me. It's a pleasure to be here.

Rushab Kamdar: [00:02:34] Awesome. So we'll just jump right into this. First of all, you know, tell everyone about Whole Sum Kitchen.



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Evan Tepper: [00:02:40] Whole Sum Kitchen. The idea was fairly simple, and it was this idea that there was an unmet need for less processed, healthier food but that was also equally delicious. And we started with the food truck with a simple menu, and we received a lot of great feedback from our customers. And, you know, that allowed us to build out a comprehensive business plan with some reasonable amount of data to help us sort of shape what that future and that vision look like.

From there, we opened our first brick and mortar location. And then we started expanding on the menu again, start small and continue to evolve as you grow. So we added in a lot of food into the menu and started, we started with grab and go and then move that to made to order food. And our food was being received really well, but we were in a very ideal location for serving that food. So we started a catering business and so on and so forth. So that's just a little bit of what a Whole Sum Kitchen is and, or kitchen was prior to the pandemic. And yes, unfortunately having to shut down.

Rushab Kamdar: [00:03:43] What was the reasoning behind going from a food truck to a brick and mortar, and, you know, what are some of the benefits of that?

Evan Tepper: [00:03:51] Yeah, good question. So the food truck for us was never the end goal. The end goal was to create a brick-and-mortar concept that we felt like we would be able to scale and replicate over and over and expand through



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franchising. And so for us, it was an extension of the brand. It was the next step in that process towards, you know, towards growing.

Rushab Kamdar: [00:04:12] Like so many people out there, you started in corporate and then you moved your way into becoming a business owner. And how did you decide on choosing the food-dining-hospitality industry?

Evan Tepper: [00:04:24] I'd like to say that the decision to choose food over something else was a really well articulated framework. But frankly, part of starting a business is recognizing opportunity, and this is where I sought out an opportunity and moved on it.

Rushab Kamdar: [00:04:41] One of the businesses that I've actually owned has been in the food catering hospitality side. I'm not in that business any longer. And this was years before COVID hit. And I know that there are tremendous operational challenges that takes place as being a owner in this industry. What are some of the most common challenges you faced while you were running your business and obviously before COVID?

Evan Tepper: [00:05:03] The biggest challenge is sort of the sheer number of responsibilities that, you know, a small business owner, particularly in food service, which moves really quickly and is operating every single day. Pat, so think about it in a corporate structure and now apply it to a small business. You're wearing a ton of different hats, right? So you're doing everything from HR. You're



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responsible for accounting and finance. You manage your relationship with vendors. You take care of operations, you know? Equipment breaks down, you sort of on the hook for that. There's, if something goes wrong with the plumbing, right? And so you can just imagine the number of different hats you have to wear.

Rushab Kamdar: [00:05:42] All right. You know, so I want to take that one step further.

Evan Tepper: [00:05:44] Yeah.

Rushab Kamdar: [00:05:45] Specifically for restaurant owners. What is their lifestyle like?

Evan Tepper: [00:05:49] Yeah. So, you know, as we sort of touched on, this thing is operating all the time and frankly, the lifestyle can be really, really challenging. Really the business is constantly in motion. So, and even when you're not open or you have a day off, things can go wrong. Right? Like I mentioned, the ever mentioned freezer breaking down, where there's an employee that has an emergency, or, you know, you get a call from a vendor, things like that.

And so it's really best to not really think about owning a restaurant in terms of like that proverbial work-life balance and really thinking about it as a lifestyle. Right? Because it's going to impact you, not just professionally and personally, but, like



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all of those around you as well. So your friends and your significant others and your families but it can also be really fun and exciting, right?

Like there's that adrenaline. And because of like the pace, there's also that comradery and you feel that sense of accomplishment and teamwork. And so, you know, like you've sort of offsetting all of those things.

Rushab Kamdar: [00:06:51] One of the things I tell a lot of people is that whatever you get into don't chase the dollar signs, chase something that makes you happy. And I know for a fact that many restaurant owners give up a lot of their weekends. And so if you're someone that enjoys your weekends, you know, this is probably a business that you don't want to get into. So now let's kind of move it to what's happened because of COVID. You have to exit Whole Sum Kitchen as has many other restaurant owners. What did you learn from that experience?

Evan Tepper: [00:07:17] I think you just sort of have to expect the unexpected, look, this isn't something that anybody could have planned for. There's no protocols in place for this. There's no insurance, you know, there's no business interruption insurance to help with these kinds of things.

And I think this is probably just another test of resiliency of being a leader, whether that's in the corporate space or owning your own business. Obviously



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the effects are a little more personal if it's your own. But yeah, it's, again, it's another one of those tests. I would say.

Rushab Kamdar: [00:07:49] Only 8% of the CARES Act PPP program reached restaurant owners. Is that something that, when that was announced back in April of 2020, that you were expecting and waiting on, or did you just realize that, "Listen, you know, this is not going to work, whether there's a fun there or not, and I'm just gonna close the doors because otherwise I'll be drowning in debt."

Evan Tepper: [00:08:12] Yeah, such a good question. And it was something that we wrestled with pretty extensively. Just a little bit of backstory here. When we first opened the location that we selected was very neighborhood driven. It was really great part of Minneapolis, but it was very residential. Meaning that between 9:00 AM and 5:00 PM, the neighborhood was pretty vacant with everybody exiting to go to work.

Now, as we sort of evolve the business into more food centric that turned out to not work in our favor, meaning that we didn't have that lunchtime crowd that we needed to continue to grow and to build on the success that we had had. Right? And hence this idea of starting the catering business. Because if folks weren't coming to us at lunchtime, let's bring it to them.

So really a large part of Whole Sum Kitchen's revenue was around like catering to the downtown office crowd. When COVID-19 hit, that catering just fell off a cliff,



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like it went to zero. But you know, and again, a little bit of backdrop. In our expansion to be able to offer that catering and so forth, we had to bring on additional higher paid staff. And we had to take out a lease. We leased some space in a shared commercial kitchen, and we just had some additional responsibilities as well. And so as we looked at the picture about our existing revenue for our on-premise and sort of married that with what our, you know, our expense load was, I just didn't see a path forward.

And I knew that this pandemic wasn't going to be done in a few months. So the road for us, as tough as it was to sort of come to terms with, just didn't look that promising. And to your point, right, we already had a reasonable debt load taking on additional debt. And I think part of the CARES package for the PPP was that, like, I think 75% of that funds had to be applied to staff wages and silver.

Yeah. And so for us, like if we were going to scale back, that was, like, that's would have been helpful, but that wouldn't have carried us through the sort of length of the pandemic.

Rushab Kamdar: [00:10:29] Something that's very important you just touched on, which is when you're an entrepreneur, you have to look at where you are and what even one month close can do to you. And if you give it more thinking you're realizing, that's going to take a lot of tremendous debt on you. It's not, it's something that you have to make a decision now, rather than taking the wait and see approach.



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Evan Tepper: [00:10:47] It was so, it was so hard. Right? You know, and we were, we knew what was coming with the PPP loans and so forth, it just, wasn't going to fill the gaps for us. And look, this was a really hard decision. There were a lot of sleepless nights and so forth. And personally, right, making that decision hurt. And beyond just sort of this idea of failure being painful, but I had obligations, both financial, but also sort of personal obligations to a variety of people. And you feel like you let them down and that's, that's the hard part.

Rushab Kamdar: [00:11:25] A lot of times people think entrepreneurship is extremely glamorous and although it can be, there's quite a bit of grinding and hard work and difficult decisions during that process. What advice would you have for entrepreneurs who want to pursue a business specifically in the restaurant and hospitality space?

Evan Tepper: [00:11:43] Yeah. So yeah, I think that the first thing is, and this is what I touched on earlier about making sure you go in with eyes wide open, right? Marrying that passion with a very clear understanding of what the expectations will be. I think the other really, really important thing here is in my mind, in order to be successful, even with a small operation like we had, it requires two people of different sort of mindsets. You need both an operations person, right? So somebody that's passionate about the kitchen or about the food, right, that can manage a lot of that. And then you need the person with the



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business discipline. Right? To drive things forward. And so having that team I think is really, really critical and really, really valuable.

Those are probably the two biggest things that I would sort of think about is making sure that you have strong partners in place. You know? And then there's a variety of other small piece of advice that I would give. And this is true, sort of, of anything is networking. Networking is so, so important.

Rushab Kamdar: [00:12:49] No, this is great. It crosses the entire gamut of entrepreneurship in general. Right? Make sure you have good partners, make sure you are connecting with organizations, or people that can be resourceful to you. And I think one more important thing that you just mentioned was learning. Trial and error is always part of entrepreneurship, but if you have, you know, some education, on what your, what to expect, you may be able to avoid or mitigate some of the mistakes that may have come across your path. So getting informed, I think, is probably the best way to put it. Yeah, Evan, I think you've given some great information for anybody that's interested in opening up a restaurant or just to get an understanding of one. So thank you for that. And I really appreciate you being a guest on The Business 360 Podcast.

Evan Tepper: Yeah, I really appreciate being here. Have a great weekend.



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