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[00:00:34] Ryan Newman: This is dare to disrupt, a podcast about Penn State alumni who are innovators, entrepreneurs, and leaders, and the stories behind their success. I'm your host, Ryan Newman, and on the show today is Justin Rosenberg. Justin is the founder and CEO of Honey Grow, a fast casual stir fry and salad restaurant chain founded in Philadelphia in 2012. With over 40 locations across the northeastern United States, honeygrow is committed to enriching the lives of its employees, its customers, and its surrounding communities. Justin graduated from Penn State in 2004 with a degree in history. This is a first for us, Justin. This is the first time we've had a guest whos innovating within the restaurant industry. Its also our first live dare to disrupt podcast interview. Thanks so much for joining us.

[00:01:23] Justin Rosenberg: I'm flattered to be here. Thank you, Ryan.

[00:01:25] Ryan Newman: Well, Justin, I'd like to start where we always do, which is at the beginning. Can you give us a sense of sort of those early years when you were growing up, where were you and what was those early experiences like for you?

[00:01:35] Justin Rosenberg: Yeah, well, I was, I guess, 25 minutes east of you growing up on the Highlands. I was in the Melville area, exit 48 on the LA. I wasn't really sure what I wanted to do with my life at all. I was a big musician, played sports. I didn't know what I wanted to do.

[00:01:53] Justin Rosenberg: And actually, the only school on the planet that I really wanted to go to was UCLA. And I visited. I was like, oh, I can go out here in LA and surf and have the best time. My parents like, there's no effing way you're going to UCLA. I visited Penn State kind of begrudgingly, to be honest with you, because I wanted to be in California so bad and fell in love. I'm like, wait, this is awesome. I want to come here. So went to Penn State.

[00:02:16] Justin Rosenberg: Lived 714 curtain hall, where I was back in 2000. I graduated four, but had a really wonderful experience. And I was a history major, spanish minor. Zero clue what I wanted to do. And when I talked to a lot of folks who are undergrads, not really sure what you want to do. How many people here know what they want to do? What do you want to do?

[00:02:35] Audience Member: Sports social media.

[00:02:37] Justin Rosenberg: All right. Well, I was like everyone else.

[00:02:39] Justin Rosenberg: I had no clue. And I graduated Penn State. I met my wife at Penn State, actually, at the East Fairmount efficiency. I don't know if it's still there. I assume it is. She was my next door neighbor. We started hanging out. We started dating when we graduated. She's from Philadelphia. She's like, come to Philadelphia. I'm like, you're out of your mind. I'm from New York. Any New Yorkers here? All right.

[00:03:00] Justin Rosenberg: Any Philadelphia people here? There you go. Where in Philly are you from?

[00:03:04] Audience Member: South Jersey. Warstown.

[00:03:06] Justin Rosenberg: You don't count. Where are you from?

Oh, you're really Philly. Okay. There you go. You ever go to Pasariellos?

[00:03:15] Audience Member: That's my joint.

[00:03:16] Justin Rosenberg: Yeah, that's good. So I moved to Philadelphia begrudgingly and wound up getting a job at a chocolate factory in south Philadelphia. Really enjoyed it.

[00:03:25] Justin Rosenberg: Then I got into real estate because I had a really cool opportunity. Eventually worked for a company called Pennsylvania Real Estate Investment trust in Center City, Philadelphia. Got my mba in finance at Temple, and honestly just really want to start my own business during that process.

[00:03:39] Ryan Newman: So I want to go back to the beginning. You've given us a lot there, but we always like to understand what some of those early drivers were almost like the pre seedlings before the real seed was planted. That says, I want to be a founder. I want to be an entrepreneur. So take me back to long island. You mentioned you're a musician. You mentioned your interest in sports. What instrument did you play, and what were your musical exploits that you had?

[00:04:03] Justin Rosenberg: So big guitar player. Had a band, was a lead guitar player. A lot of, like, blues, funk, punk rock.

There is a freedom when you play music. There's a beauty when you're with a band, and it's the same thing with team sports. So I'm actually a big Sixers fan.

[00:04:18] Justin Rosenberg: I converted. I'm sorry, but when you have kids, that's what happens. I love that team dynamic. I love the freedom of it. I love relying on people you can trust. I love winning, and there's something about that in music and sports. So for me, that was kind of, like part of it.

[00:04:34] Justin Rosenberg: And my family, they're entrepreneurs. So my great great grandfather started a business in lower east side Manhattan in the 1880s, and they were literally coopers. They were making wooden barrels for pickles and stuff. In the twenties, they moved to Brooklyn, to Greenpoint, and my grandfather ran it, my father ran it. And as a kid, in the summertime, in between semesters at Penn State, I worked for my dad in Brooklyn, loading steel drum trucks and doing the deliveries in the five boroughs. And my brain was like, there's two roads I can go down. There is my mom, who was a teacher, and she taught at Seifert High School, and that's what she wanted to do, and that's great. And there was my dad's path, which was more, I have the freedom to really build and scale a business, and I found that really exciting. And to be honest, another kid from Long island, Jewish kid, was like, you're either a lawyer or a doctor, so pick one.

[00:05:22] Justin Rosenberg: My parents wanted me very much to become a lawyer. I remember I took the LSAT here at Penn State. I bombed it. I barely studied for it.

[00:05:32] Justin Rosenberg: I remember my car got towed during the test, but I just, I'm not wired for that. My passion really is that exciting people. I like seeing people happy, and the idea of building and scaling something is what gets me out of bed.

[00:05:45] Ryan Newman: So it's fair to say you had an early inkling of what being an entrepreneurial and entrepreneurial journey could be like. And you were able to see that both in your grandfather and your father very early on, for sure. But in some ways, you were also still fighting that temptation, given the societal pressures to sort of do something more conventional, like be a lawyer.

[00:06:03] Justin Rosenberg: Yeah, I think there's that feeling of safety and security. I interned a law firm in Manhattan. You know, it was kind of like, you get your lawyer, you make a good salary, and you live your life. And I remember, like, photocopying a stack of things. This is horrible. Like, this is the saddest feeling. And to be honest, when I went. When I was working corporate for about six, seven years before starting honey grow, I kind of had that same feeling. I'm like, you know what? Like, I don't feel excited.

[00:06:27] Justin Rosenberg: The company was great. They owned shopping malls. But I don't know, there's something about being out there and scaling and building it in your hands and stuff and creating. Life's short. I'm already 42.

[00:06:37] Justin Rosenberg: I graduated yesterday. It was 2004. Feels like I just was here and before I know it, I'll be in my seventies. Hopefully. Well, not too fast, but hopefully I get there. I don't want to look back on my life and be like, fuck, I didn't do what I wanted to do. Excuse my language.

[00:06:54] Ryan Newman: So you're in Long island. You're lead guitarist on a band. You're watching some of these examples of your parents with respect to your dad, especially with respect to entrepreneurship. You're also in the back of your mind thinking, maybe I need to do something more conventional. You really didn't want to go to Penn State. You get planted here in state college. What were those early experiences? Being in state college, being in University park.

[00:07:16] Justin Rosenberg: It's probably inappropriate for this podcast, I'll be honest. Like, I pledged a fraternity. I got here, I partied my butt off. I'm sorry. Everyone is being honest, you guys. I wouldn't be sitting here today, as in, like, the audience. I wouldn't even think to come to this. I would be, what, it's almost 03:00 on a Wednesday. I'm probably not drinking yet, but, um, no.

[00:07:36] Justin Rosenberg: I mean, look, I. I got here not knowing what I wanted to do. I was. I was undecided. I was a psychology major. I was a business major. I was. I didn't have a freaking clue. And eventually I settled on what I enjoyed, which was reading and history, and I felt comfortable there. And I said, all right, I'll pursue this. So I went to liberal arts road. But, I mean, look, my freshman year was; I was rushing, then I was pledging fraternity here.

[00:07:57] Justin Rosenberg: Anyone from Delta Chi? Anyone know anyone from Delta Chi? Oh, really?

[00:08:01] Justin Rosenberg: That's awesome. Okay. Is he a big TikToker? Okay. Is Delta Kai considered okay these days?

[00:08:15] Audience Member: Top five.

[00:08:16] Justin Rosenberg: That was not the case.

It was like where New York kids go. It was like, whatever. I had a lot of fun. And I remember I graduated high school. I was senior class president. I was honor society, blah, blah, blah, blah. When I graduated Penn State, I remember, like, I had to play catch up to get my grades back up

[00:08:37] Justin Rosenberg: My first two years, I just had too much fun. So I had to work hard those last two years.

[00:08:41] Ryan Newman: So let's talk about that for a part, if we can. You're in high school, you're class president, you're playing the guitar, you're playing sports, and then you get to Penn State. You think, looking back in hindsight, was it kind of the temptation to just sort of sit back and enjoy yourself? Or was it arguably maybe a lack of purpose driving you to want to work harder? Cause you didn't know what you were working for.

[00:09:06] Justin Rosenberg: You should be a therapist. Like, these are great questions. I've never thought about this, to be honest with you. I think it was the latter, actually. I think I wasn't sure what I wanted to do. I felt like, I'm here. I probably was bummed I wasn't on the west coast. And I started having a good time, and then I got sucked into having a good time. And then I realized I'm like, crap. I don't have a good GPA. I really need to get this back up. And my personality is a high performing, a type human being. So it was very unlike me during that period of time. I remember my mom freaking out.

[00:09:38] Justin Rosenberg: What are you doing? She'd visit my fraternity house. The floors are sticky. What is going on here? But, uh, I think my junior year. I really put it back into high gear. And by my senior year, I was, I was just super serious with it. I was just like, I really want to. Like, I started going more to different events on campus. Really. Like, I discovered how great Penn State was a little too late.

[00:09:56] Justin Rosenberg: And when I come back now, it's like, man, like, I want my daughter who's 15 to come here, she and I actually talked about it last night.

[00:10:01] Justin Rosenberg: She's like, I'd love to go to Penn State. Like, there's so much here that I didn't take advantage of, which, looking back is frustrating, but, yeah, that's good stuff.

[00:10:08] Ryan Newman: So you find some semblance of, if not purpose, at least a desire to want to really apply yourself. You clearly have tremendous talents and skills. And as you leave Penn State, what was your first experience or foray into the professional world? Back to the photocopy?

[00:10:24] Justin Rosenberg: Yeah, for sure. So that was interning my first. I graduated Penn State. My girlfriend and I, who's now my wife, had a whole debate in New York or Philadelphia. She won, moved to Philadelphia, thinking it was temporary, and got a job at Frankfurt Chocolate. And so they actually imported Nickelodeon and Mattel stuff into the states, distributed to Wawa, different companies, really cool company. But I started really being interested in real estate. Like, okay, development, entrepreneurialism. And that eventually led me to apartment acquisitions, and then that eventually led me to Preet.

[00:10:59] Ryan Newman: So you find yourself getting interested in real estate. What was it about real estate that excited you or interested you?

[00:11:05] Justin Rosenberg: I think it was the entrepreneurialism of it. I think the idea of scaling something, building something from scratch, how do you monetize it? There was something really exciting about that. And then I drifted towards restaurants.

[00:11:16] Justin Rosenberg: And to be honest, one of the restaurants I was just talking about before, Green Bowl on Beaver Avenue was the genesis of honeygrow. So I used to go there all the time. Back in the day, it was a create your own stir fry concept. Now I think its more of a chinese restaurant. It was \$9. All you can eat. Throw pineapples and noodles in a bowl with a sauce. We would go there all the time. And I remember thinking to myself, how

[00:11:35] Justin Rosenberg: Do you take that and scale it? So when I was at Preet, I was thinking the real estate development is fun. I like food, I like hospitality. It's just more my angle, more my passion. How do I take something like this?

[00:11:48] Justin Rosenberg: No one's really doing anything like this and scaling it.

[00:11:52] Ryan Newman: You're at Preet, and what were your portfolio responsibilities initially, before you had exposure to enough to know that maybe there's a business idea here, what were you doing day to day at that real estate company? And just give us a sense of what your sort of portfolio responsibilities were.

[00:12:09] Justin Rosenberg: Yeah, so as an asset management, we would oversee, I had oversight of about 18, 19 malls around kind of like the east coast, northeast, and actually down south. I would be underwriting deals. So if you want to put a Barnes and noble into a mall and have to relocate seven tenants, like, how does that work? How does it compare to budget, doing the capital, forecasting, doing the budgeting, reforecasting, and deal approval for any of the malls?

[00:12:31] Ryan Newman: So you're in this role. And now talk to us about that moment of inception where you're thinking, I actually want to become an entrepreneur. Was it the idea of wanting to become an entrepreneur before the actual business itself took hold? Or was it the business idea itself that then led you to say, this is worth taking a risk for becoming an entrepreneur?

[00:12:49] Justin Rosenberg: Yeah, I think I always wanted to be an entrepreneur. I just knew I didn't have enough skillset. I graduated with a history major, which would have been great if I wanted to teach or go to law school or go to school again. I just knew I didn't have enough of a skill set on the business side, which led me to push myself.

[00:13:03] Justin Rosenberg: To get jobs out of my comfort zone in finance. And I got my MBA in finance thinking like, I don't know anything about this. I need to figure it out. And I enjoyed it, but I'd say by 2008, I really felt like, I was 26. I'm like, I think now is the time to try. And I gave myself three years to get funded to do it.

[00:13:22] Justin Rosenberg: And I said, if I can't do

this, I'll move back to New York and be in finance and

be okay.

[00:13:26] Ryan Newman: What's really remarkable is that 2008 was the year you decided to choose a job. For those of our listeners who may be on the younger side, that is basically the start of the global financial crisis. And you can't say that you weren't aware of what was going on because you got an MBA in finance.

[00:13:41] Justin Rosenberg: Well, I was looking at the pre stock price every day. It was, like, scary.

[00:13:44] Ryan Newman: How were you able to overcome the fear of the uncertainty in the economic environment and the macro environment to say, now's the time to try and start this?

[00:13:52] Justin Rosenberg: I just am crazy. I just was like, I don't know. I just was like, now's the time. We just had our first daughter. I kind of felt like things were rebounding a bit. And by 2009, I had faith that we would get through it. And I figured, I'll pitch as many human beings as possible with this idea. And if I run out of steam or reach the end of 2011, I'm done. I tried. I gave it my all. I will never look back and be like, well, I should have tried to do that. I did it right. And it led to me pitching 94 human beings over that period of time. It was a very humbling period.

[00:14:29] Justin Rosenberg: So if you want to raise money for a business, write a business plan. Part one. Wrote a business plan. Know how to do that from business school. And a lot of people, when you're pitching them, people are in power positions. So they could be really nice to you or they could be real jerks. I've experienced both of it. My wife was like, the rock during all this. I come home, be, like, deflated. I was wearing a suit a lot to work, which was more business casual, and everyone thought I was interviewing. So they would be like, are you interviewing?

[00:14:52] Justin Rosenberg: I'm like, no, I'm not. If I told them I was raising money for a restaurant chain, they'd be like, okay, sure. This kid's out of his mind. And I told them that and they were just like, okay, yeah. And then the 94th guy, a guy named David Robkin, who you probably know. Steven, star restaurants in Philadelphia. So David's partner was Steven. He was involved with Steven since the first buddha con in the nineties.

[00:15:10] Justin Rosenberg: And I met David through, I

pitched an attorney. He goes, I might know a guy I play tennis

with. I pitched David, and David is a vc and accountant by

trade. Great guy. And he's just like, yeah, you know what?

[00:15:21] Justin Rosenberg: Like, you want to create one concept versus Stevens, 40. Steven's a genius. I'm not. I could do one and scale it. And he's like, that's great. Probably can get this funded. I'm like, holy shit. So that was April 2011.

[00:15:34] Ryan Newman: So you talked about, you alluded to this idea of the Green bowl up here on campus, or giving you the idea. How about just overcoming the uncertainty around this notion that, like, another restaurant chain, really, how did you sort of overcome that? The lack of novelty of this idea of another place to go and eat, not to mention just the tremendous difficulty. I mean, I think for everyone that can think of a restaurant chain that they know, they can also think of a vacant building where there used to be a restaurant chain they used to know.

[00:15:58] Justin Rosenberg: That's absolutely right. So when I was a prit, I would see the sales information for the various tenants. So, you know, Saladworks was doing gangbusters back in the day at Cherry hall mall. Chick fil A would always do great no matter where it was. And then you have brands like the Apple store doing crazy numbers compared to anchors. And I was like, okay, there's something about really great brands.

[00:16:16] Justin Rosenberg: Chipotle was beginning to really blow up, and their numbers are through the roof compared to, say, qdoba.

[00:16:20] Justin Rosenberg: So what is it about creating a great brand that you can scale that's different. So I didn't want to be a mexican concept. I didn't want to be a burger concept. I didn't want to be another salad concept. We sell for every, I think it's 80% stir fry to 20% salad. So really more of a stir fry company. And I didn't want to do what's been done. So thinking about what is it going to take for you to walk past someone else to come to us? And it's got to be different. We got to be able to do two day parts, seven day week traffic. Which, fortunately, the model does when you.

[00:16:50] Ryan Newman: Talk about two day parts. Can you unpack that for us?

[00:16:53] Justin Rosenberg: Yeah, So there's lunch and dinner. Technically three. There's lunch mid. In our world, lunch mid and dinner. We'll call it just lunch and dinner.

[00:17:03] Justin Rosenberg: We're about 40% lunch to 60% dinner, dinner being five to close at 1030.

[00:17:08] Ryan Newman: And so you have this idea you're pitching all these investors. It only takes one, right? But when you walked out of that 93rd pitch of a no, were you still amped to do 90? Number 94. And how long were you in the trajectory? You said you gave yourself three years to get funded. Zero eight to 2011. How late into that cycle were you before you got that 94th?

[00:17:31] Justin Rosenberg: So if I, If I started the process at the beginning of 2009, I was, you know. Two years and three months in, so. I had, you know, nine months to go. So I was really in the beginning. You're full of like, yeah, I got this, and you. **[00:17:44] Speaker C:** And then by that point in time.

[00:17:45] Justin Rosenberg: You just become really calloused. But the good is you really begin to know the questions and you gain confidence. I remember the first time I pitched somebody, I was just like, I got this idea. The guy's like, speak up. I'm like. He goes, how much money do you need? I'm like, \$500,000. He's like, kid, that's not enough money. I'm like, okay.

[00:18:03] Justin Rosenberg: I was, like, nervous, and then by the time I got to, like, 90, 91, I was just like, we need a million dollars. I raised the number. We need a million dollars. Here's how we're going to do it. Here's where we're going to go. And, like, that confidence was key in raising capital. So I was tired for sure, and I think I probably would have made it to the end of the year, but I think December 31, 2011, I would have been done like, that's it.

[00:18:23] Ryan Newman: So you get your first yes check for a million dollars.

[00:18:26] Justin Rosenberg: It was him. He brought another individual on, and, yeah, together, everyone raised a million bucks.

[00:18:31] Ryan Newman: So a million dollars literally hits your bank account, all released at once. The company's bank account?

[00:18:36] Justin Rosenberg: No. Well, first it was a \$20,000 check, which was, like, insane. And then it was. I don't remember. I think it might have been tranced. But either way, I remember seeing the bank account going, oh, my God, and I'm nuts with this stuff. So I'd make sure I was accounting for every penny. There's no questions, like, super transparent. I mean, even today, like, we do an annual audit, I want everyone to know, like, we do monthly p and ls. I think it's really key for business, like, to be transparent, to show, like, what you're doing. And I think pretty quickly, I gained the trust of my partners, and it's off to the races, man. It was like, you know, we're doing the stir fry salad concept. Now I got to do it like it was all business plan. Now it's, like, real.

[00:19:08] Ryan Newman: So that was my next question. So did you have any proof concept? Any. Any sort of kitchen showcase, or did you have anything that you were using to entice investors or was literally just a piece of paper with a business plan? Any food samples?

[00:19:19] Justin Rosenberg: Nothing. I call it be shirt. It was really like fate almost. So I worked in a restaurant on the weekends in Washington, DC for a buddy of mine at the time. And I just learned back a house and cooking and everything else. I paid for architectural renderings, what it would look like. And I was trying to say, it's kind of like this concept and this concept and this concept, and I would bring people to those places so they could understand it and see it and taste noodles. Like, we buy the same noodles as

[00:19:43] Justin Rosenberg: David Chang and Momofuku. Like, it's a really high quality product. I mean, and they're proprietary to us. The fresh made egg white noodle, fresh made whole wheat noodle.

[00:19:50] Justin Rosenberg: And I think once they started getting an understanding of it, they took the risk and said, I get it. We'll do one urban, one suburban. So we did 16th street center city of Philadelphia, and we did ballot Kenwood.

[00:20:00] Ryan Newman: So you've got two locations that started at once. Once in an urban environment, once in a suburban environment, and out of the gate. What were, I'm sure there's a million things that you learned in that initial startup phase, but what were some of your, when you reflect back on your biggest takeaways, when you actually now had a physical restaurant space that you're running versus when you're just sort of thinking this as an idea, what were one or two things that went either really well that you were surprised by or one or two things that went really, really poorly where you had to really pivot super quick?

[00:20:29] Justin Rosenberg: Yeah, I mean, I never really run a restaurant at the end of the day. So I remember we opened up. I hired a GM, probably not the right GM. Hanging out with staff after work. Found inappropriate videos of her, which my staff did. I mean, just problems. My wife gave birth to our second daughter three weeks into it. I remember the day we opened.

[00:20:48] Justin Rosenberg: This is classic. The day we opened, we couldn't handle the volume. Like, it just, we got slammed. And I had team members just walking off the line saying, f this. I want to be a part of it. We couldn't service customers. Air conditioning broke in the middle of June. It really sucked. And I remember going home to my wife. Like, I may have made the biggest mistake of my life. And I called my partners the next day, and I'm like, guys, like, Saturday, we're closing for Saturday. We're reorganizing, catching up on prep. We're going to figure this out. They're like, what are? Like, what?

[00:21:15] Justin Rosenberg: And they for sure were worried,

like, what the hell's going on?

[00:21:18] Justin Rosenberg: And then day by day, we started getting better and more confident. So we opened the second location seven or eight months later. I ran it. I knew what I was doing. I felt comfortable with it, and that one took off from day one.

[00:21:27] Ryan Newman: So you have this early learnings on the first location. You sort of iron the kinks out when you get to the second location. How about, you know, your own passion for food? I mean, were you a foodie? Were you really into it? Did you like working in the restaurant? You hear from one single location restaurateurs that the trap of the restaurant is the hours are horrible, the work is really grueling, and you gotta wake up and do it all again the next day. Did you, were you concerned at all that you might get trapped actually operating in this business, as opposed to on the business?

[00:21:59] Justin Rosenberg: For sure. And I operated in the business for the first three years. I mean, I was basically GM DM, running the restaurants, designing the restaurants, developing the restaurants. Fortunately, today we have a great team of people to be able to do that. I love the food business. I mean, it's a passion. As a kid growing up in New York, like, I would, you know, name a bagel place, we would go to it. Name a pizza place. Like, we weren't really going to cool fancy restaurants in Manhattan. We were doing more, like, the places in Brooklyn and Queens, like, but there's something really soulful about that and beautiful. And if I couldn't be in the music business, this, to me, is as good. And I figured this is my passion.

[00:22:31] Justin Rosenberg: And you gotta, like, I tell entrepreneurs all the time, like, you gotta be good at something and really love it because, you know, this. Like, you're gonna go through, like, horrible peaks and valleys. Like, it's just inevitable.

[00:22:41] Justin Rosenberg: It's like, you know, there's no straight line of success. And when the lows are low, they're low. And you gotta be able to, like pick it the fuck up and go, like, you gotta be like, all right. And for me, the passion of the food business and hospitality, we have customers coming in, and they're having a good time, and I could talk to them, hey, how's it going? Like, I love that. I love the food aspect of it, the team aspect of it. I mean, for me, it's where I should be.

[00:23:01] Ryan Newman: So you're up to 40 locations now?

[00:23:03] Justin Rosenberg: 41.

[00:23:04] Ryan Newman: 41 locations. We went to print with 40, so now we got to update that because you're growing so fast, we can't keep up. That's a theme here in data disrupt.

[00:23:11] Justin Rosenberg: Good.

[00:23:12] Ryan Newman: Our data is normally stale, not because we're not doing the research, but because the businesses are growing so rapidly. So you're at 41 locations. What's really fascinating is you've also had made social impact an important part of your message. Can you talk about the importance of the business in terms of connecting communities in which you serve and how you really take that through to your employees and all aspects of community?

[00:23:33] Justin Rosenberg: Yeah, I mean, we do a lot. I'm actually on the board of nonprofit called Team Impact, which works with kids who, when they're leaving hospitals, are getting some sort of treatment. It's kind of like after you're in the hospital, what then? And partner with a lot of NCAA teams. I believe Penn State is a part of it. Every dollar for every kids menu meal that we sell goes to team impact. So we raised a six figure number for them last year.

[00:23:53] Justin Rosenberg: We've partnered with a ton of stuff in Philadelphia, various markets. We do fundraising out of every one of our restaurants. You have to integrate yourself in the community where you operate or you won't come off as part of community. Simple as that. I think it's one of the reasons we're successful. Like if we just open up shop and act like we're the thing, like the cool people, like no one's going to buy into you, you got to give back. It's key.

[00:24:14] Ryan Newman: And how about the profile of the location itself, physically? So one of the things I've noticed is in certain locations, the building can be in a really striking type of architectural profile. Can you talk about how that sort of the style and design piece has played into community integration, but also being potentially a beacon for people to be attracted to?

[00:24:35] Justin Rosenberg: For sure, I mean, we want to be a best of brands and I think what you see is what you get. And we want people to see like the king of Prussia town center location. I don't know how I got it so early on, but I mean, that really put us on the map, especially in the Philadelphia suburbs. But then you have Radnor, which is more of an inline space, not on the main road, but does phenomenally well. So we look for really great co-tenants, Wegmans, anchor Target, those kind of guys, preferably NCAP pad site.

[00:24:58] Justin Rosenberg: But you want something that, I mean. We actually did a market survey with about 3000 people.

People find out about us not from social media. Social media isn't the way people find out about us. It's actually people driving past the stores. So we need highly visible sites for people to discover. Oh, what's that, Honeygrow? Place stir fry. Well, let me check it out. Like, that's honestly how we drive most of our business.

[00:25:21] Ryan Newman: And you have to, because you're a new brand, you're a nascent brand, and you're not known to everyone. Do you eat the food yourself? And how is, is it, is it healthy? Should we, how should we thinking about it?

[00:25:29] Justin Rosenberg: Sure. So I find it nutritious and as healthy as you want to make it. So our whole wheat noodle, 7 grams offiber, 17 grams of protein. Better than a quinoa bowl. Toss your vegetables in there. But if you get a cobb salad, it's gonna be like a thousand calories. So, you know, it's delicious and it's really good product.

[00:25:44] Justin Rosenberg: But, like, the blue cheese, the bacon, like, calories are there. So I tend to do my, create my own stir fry. I do the freshly made egg white noodles. They're awesome. I do light, spicy garlic sauce. Sauces are awesome.

[00:25:57] Justin Rosenberg: Pineapple, broccoli, edamame, and turkey meatballs. That tends to be my go-to.

[00:26:01] Ryan Newman: And in terms of the, what have you learned about managing people and what sort of cultural things have you brought to your team to go from where you were when you started, where it was so difficult, people walking off the line, to now feeling a sense of empowerment among your people, people that work for you?

[00:26:15] Justin Rosenberg: My leadership style totally changed over the years. I think it's really key. And you're in the same position. Like, you really want to continue to better yourself as a leader. My job now is to continue to build more leaders. That's one of the key things. And instilling that way of thinking into my team. I have a great team.

[00:26:27] Justin Rosenberg: I like to think they're empowered. Do your thing. Like, I don't care how you get there.

[00:26:31] Justin Rosenberg: Like, get there and you figure that out. But we work together on the KPI's and what the goals are. Um, but I really enjoy working with smart people.

[00:26:39] Ryan Newman: Well, in a minute, we're going to open up to our audience for questions. But what is the future hold for Honeygrow? As you sit here today with 41, not to be confused, with 40 locations and rapid growth, you're now out of the kitchen yourself. No longer running the daily operation, but really working on the business as opposed to in the business, what does that future look like for you? How do you, what do you see when you look out?

[00:27:00] Justin Rosenberg: Yeah, I mean, we're opening a total of 15 restaurants this year, continuing that 30%, 35% growth rate annually, and we're at an inflection point. You're actually having a bored conversation now about it. One of my investors owns a big chunk of five guys, corporate, and that five guys found a lot of success with franchising.

Our model is very complex. It's not flipping burgers, not peeling potatoes. It's a lot harder to franchise, in my opinion. But we're exploring it. Or do you self fund it with some debt, or do you continue to go down the road? We're going get the right private equity group involved with us and then do what COVID did and IPO. It's exploring all those avenues for the long term, but they're all exciting.

[00:27:42] Ryan Newman: When you bring your family into the restaurant and your kids come in and they've gotten a little older in age, what do they tell you that excites them about the restaurant? What are they usually selecting?

[00:27:52] Justin Rosenberg: Yeah, so my wife's actually the number one loyalty member in the company. Like, bizarre, but they're getting it probably four times a week. My wife's just super nuts with food. And she knows where it's coming from, so it's good.

[00:28:02] Justin Rosenberg: They're getting stir fries and salads. My kids tell their teachers, honeygrow is well-known where we are.

[00:28:07] Justin Rosenberg: So my kids will tell their teachers, oh, my dad's the founder of Honey grow, and I think they're just trying to get good grades or something, so they leverage it and good for them. So, yeah, nah, it's all good.

[00:28:19] Ryan Newman: Now I have to ask the question. I'm going to let the audience ask questions in a minute, but I have to ask the question that all audience members want to know. Is there a state college location coming and if so, when?

[00:28:29] Justin Rosenberg: So I'm looking at two sites while I'm here at the earliest would be the end of next year. At the earliest.

[00:28:35] Ryan Newman: Well, whoever your host is for the Penn State visit, we're going to make sure you don't actually leave the zip code until that location has been identified.

[00:28:42] Justin Rosenberg: One is very close to right here,
so, I'm trying.

[00:28:44] Ryan Newman: Very cool.

[00:28:45] Justin Rosenberg: Thank you.

[00:28:46] Ryan Newman: Great. Well, now we're going to open up to audience questions and we have a mic that we're going to pass around and your chance to really ask Justin any questions, ranging from his entrepreneurial journey to his penn state journey to anything about the business, honey grow as well.

[00:28:57] Justin Rosenberg: How are you doing?

[00:28:58] Audience Member: My name is Daniel, and, uh, I first interacted with honeygrow on the city line avenue location. Um, lovely spot. It is exactly the way you market. It is exactly the way I stumbled upon it. Kind of like, oh, wait, what is this place? Um, but I do have a. Just a foodie type of question first. Um, have you thought about the inclusion of fish within your menu?

[00:29:19] Justin Rosenberg: Yeah, we have shrimp, obviously. Um, we had a lot of people wanting us to do tilapia, and it's just.

[00:29:26] Justin Rosenberg: You want to limit the amount of skus you have. It's one of the challenges with the model. We have 85 skus on the menu.

[00:29:33] Justin Rosenberg: So I think fish becomes a bit more challenging. It's tougher to keep fresh. If I can't do it, great, I don't want to do it. I worry about fish.

[00:29:42] Audience Member: Hi, my name is Alex. I just had a question. So looking back at everything that you've accomplished so far in your lifetime, what would you tell yourself? When you were pitching, like, your first starting pitches, your first few, whatever. What would you like tell yourself then, if you could look back and go to that moment?

[00:30:01] Justin Rosenberg: Nothing. No, gotta go through it. Nothing. You gotta just keep moving forward in life. I've learned that there's a lot of ups and downs. You just gotta keep going.

[00:30:10] Audience Member: Hi, I'm Nathan. I'm curious if you have a favorite or most impactful book that you read about business along your journey.

[00:30:18] Justin Rosenberg: Oh, man, I'm a big. I don't know if you are big book person. There's a lot. I actually finally read Shoe Dog by Phil Knight earlier this year, which is super great. I always recommend that for entrepreneurs looking to start out. One that's way more complex, but I thought was really interesting was Robert Moses book by, what's his name? Caro. Which again, what I liked about the book was how difficult it is to build things. Power broker by Robert Carrow.

[00:30:46] Justin Rosenberg: So it's about Robert Moses. I mean, he was a very controversial figure for many reasons. And he plowed through neighborhoods with expressways and parkways and totally destroyed neighborhoods. But it's a fascinating book on a guy who just got things done and not always in the most ethical way, which is horrible. But New York City wouldn't be what it is today, for better or for worse. And just very, very interesting book that I read a long time ago.

[00:31:13] Audience Member: Hi, my name is Brad. You sound like a family man. And I'm just curious, with 41 locations, what's your travel schedule like? Or how often are you home?

[00:31:23] Justin Rosenberg: I don't know. Well, I'm here next two days, next week, Boston.

[00:31:28] Justin Rosenberg: So, I mean, I'm usually home three to four nights a week on average. With the openings that we have we're in seven different markets from DC to Massachusetts to Pittsburgh. We're doing Ohio this year as well. Any Ohio, Cleveland people here? You're from Ohio?

[00:31:42] Audience Member: Family is in Cincinnati.

[00:31:44] Justin Rosenberg: Oh, Cincinnati, yeah. We're trying to get there a lot, and it's a balance. And, you know, look, I always tell people, like, make sure your spouse is supportive. Fortunately, mine is.

[00:31:52] Justin Rosenberg: And by the way, that's partially why we live in Philadelphia, because my in laws are there. And, like, if I'm not home and she needs support, she's got it. And they're great.

[00:32:01] Audience Member: Hi, I'm Heather Winfield. Thank you so much for being here today. And I was curious, you've talked a lot about how this came to be, how you got to this 41 stores. Are there any other challenges that you faced along the way that you can talk about if there's been, you know, some stores that weren't as successful in their locations and you had to close or if there's been any other, you know, stories that we can, that we can learn from your, from your failures, as well as your successes?

[00:32:32] Justin Rosenberg: Yeah, I mean, I'll tell you quick. I mean, we, the first, like, 13,14 restaurants that we opened were extraordinarily successful. And when you have so much success so early, you tend to just get arrogant without even realizing.

[00:32:48] Justin Rosenberg: You just become overconfident. So we raised too much capital, in my opinion, too early. And we had the pressure to grow, grow, grow really quickly. So we wound up doing, in 2016, signed a bunch of leases in Chicago and Pittsburgh and Boston, Baltimore, metro DC, metro New York. And I wanted to do a second concept called Mini Grow, which would be a smaller footprint version of Honeygrow, easier to do. And simultaneously with all this capital we raised, we hired this big, fancy corporate team. So the GNA skyrocketed and the cost to build the honey growth was high, which is why I wanted to create that second concept, Medigro, to kind of alleviate that. It was like you read a business textbook of everything never to do, and I did that.

[00:33:32] Justin Rosenberg: And so by 2017, we opened all this up, 2018 running out of cash. And we had raised a lot of capital. And I'll never forget, I was on vacation with my wife in Miami, and she's on the phone with my kids. And I'm on the phone with my CFO, and my CFO is just like. We have a board meeting in two weeks and we're going to declare bankruptcy. That's it. We're calling it a day, Justin.

[00:33:53] Justin Rosenberg: Were not going to get out of these leases.

[00:33:55] Speaker C: We had this weird bifurcation where the new markets weren't taking off and the older markets were doing unbelievably well. So this weird bifurcation and it was just sucking cash. So tough board meeting, laid out a plan.

[00:34:07] Justin Rosenberg: The investors were supportive, basically said, look, were going to reduce the GNA, were going to stop growth, were going to close Chicago its bridge too far, and were going to drive sales and profit. And 2019, we made some big changes on the p and L without ever reducing quality. That was kind of like key. Like, how do we better manage the business? How do we get the construction costs down? How do we make the right model to scale? **[00:34:33] Speaker C:** And, you know, we have, I have an awesome group of people that work with me, and, you know, they did it. So they really figured out, like, you know, Marco, Walt, he's also a Penn state guy. Walt Harkin, shout out.

[00:34:44] Justin Rosenberg: He really, you know, did a great job. Ralph Wallace, Penn State engineer guy. He actually was formerly five below head of their development, who I poached, but he figured out with his team how to take this thing from a \$1.3 Million cost and get it below a million bucks.

[00:35:02] Justin Rosenberg: And then the returns really

made sense. In our world, you need a two to one sales to

investment ratio. You need less than a two year payback, and

you want above a 20%. Four wall profit for every restaurant.

And we all work our butts off to get there.

[00:35:18] Justin Rosenberg: And there's a lot of people I don't have time to mention, but you know who I'm thinking of? You. And I love you. I mean, the team really stepped up. They did an unbelievable job in their own way. So 2020, we're ready to rock. Things are better march. By August 2020, we were actually doing okay. We leaned into third party delivery doordash, kind of saved our butts, was 8% prior to the pandemic, and then became 45%. And we survived. And then since stopping the engine of growth and then restarting it in 2020, we've opened 18 locations, and they're outperforming all the other ones.

[00:35:56] Justin Rosenberg: So that breather, I tell people

who want to grow fast make sure you really nail down what you

have, because I think we had a false positive in the beginning.

[00:36:01] Ryan Newman: Justin, can we talk through some of that for a minute? So let's just unpack that a little bit. So really incredible. And credit to Heather for an amazing question. So you've got this experience where what you're doing is working, and every marginal dollar before you expand outside of the region, every marginal dollar you're investing is showing you a marginal return, and you're feeling really good about it. So as you sort of. But you've also got this pressure, this crush, if you will, of all these dollars. And so just to kind of pack that for our listeners, if you have too much dollars and you're not putting them out into the businesses, the return on investment in those dollars is not high enough, even though your actual units per unit is actually performing well. So you say, okay, I've got all these dollars. I'm forced to expand. When you expand to a place like Chicago. And actually, just funny you mentioned that because I literally was on a flight once sitting next to someone who was actually responsible for expanding honeygrow into Chicago.

[00:36:56] Justin Rosenberg: Wonder who was that?

[00:36:57] Ryan Newman: I remember thinking at the time, like, wow, that's a Pennsylvania based company. What are you doing in Chicago?

[00:37:02] Justin Rosenberg: Survival.

[00:37:03] Ryan Newman: Can you just talk for a moment about the fact that the idea didn't have any, didn't have the same degree of uptake there, or the concept, I should say, didn't have the same degree of uptake there, what lessons did you learn from that, that you're now applying as you go into Ohio or further south into Maryland and DC, where you're getting beyond that sort of word of mouth footprint in Pennsylvania?

[00:37:24] Justin Rosenberg: That's a great question. I mean, look, we're opening Ohio. It's our first new market since 2018. So in what is that, six years? So there's a lot of anxiety and concern.

What we're doing differently is evaluating where we're going start there. So in Chicago, I don't know how familiar with Chicago you are, but we were in the west loop. We were in the loop, and we were in Schomburg, which was like the middle of nowhere compared to the middle of Chicago. Really understanding, to your point about construction costs, negotiating with the landlord to make sure we can get the right deal for us. If we can't pencil it out, we don't do it.

[00:37:56] Justin Rosenberg: We see a lot of publicly-traded other fast casuals taking deals that are crazy in terms of rent and lack of, you know, ti check or whatever. Let them take it, and that's totally okay. Like, we are really disciplined on the deals that we're doing and willing to do and willing not to do. So that's part one.

[00:38:10] Justin Rosenberg: Part two is the co tenancy. So again, thinking about Chicago and some other sites that didn't work out, not having an anchor, not having the ability for two day parts, not having, not having the right visibility, if we don't have that and the right demos, we just don't do it. So we'll see some really awesome real estate corner and cap, whatever. Rent's going to be \$240,000 a year. We're not going to take it. So a good example is Boston. Boston's our best market for sales, period. I mean, it just crushes it up there.

[00:38:37] Justin Rosenberg: We love it. We're very happy we took those deals. The rents are astronomically high. We have great GM's. They figured out how to make it work, but all the other sites that we look at, it's crazy. So as well as we do in Boston, it doesn't matter how high the rent is, it's like, fine. We're not willing to take that risk and just being very disciplined in that process.

[00:38:56] Ryan Newman: So you mentioned no ability for two day caps. Are you talking about certain locations where you maybe can stay open, but there's not enough foot traffic to support that second leg of sales?

[00:39:06] Justin Rosenberg: Yeah, because again, think about a supermarket. If you have a powerful Wegmans, people are going to come in the morning and they'll come back maybe at 06:00 after work or whatever. That means that we will be seen twice and on weekends versus, you know, I'm trying to think of an example. Chicago, like West Loop, you know, like, no one was really going for lunch.

[00:39:24] Justin Rosenberg: But, like, they come there for night, so sometimes they go for dinner. But there was so much competition in that market, it didn't really make any sense. Conversely, in the loop, people were going for lunch, but they weren't going for dinner. So again, that two day part is key.

[00:39:35] Ryan Newman: So as you think about the way that office populations are migrating away from in office downtown urban areas to more work, from home work remote, how is that influencing the real estate decisions on where you're actually deciding to put future sites?

[00:39:50] Justin Rosenberg: Yeah, I mean, we are. We switched to a suburban model full time in 2018 before the pandemic. So we've been just, like, happy with it now. Everyone jumped into the bandwagon, so rents are going up, but I mean, still.

[00:40:01] Justin Rosenberg: Like, we're looking at markets where we know we can drive both of those day parts. Also, we do about 36% 3rd party deliveries. So you might be home and you're going DoorDash.

[00:40:11] Justin Rosenberg: We want to make sure the picture looks beautiful. That's not just an overhead bullshot like everybody else. Like, we want you to be like, we call it a thumb stopping moment. Like, oh, cool. Like, that noodle bowl looks really good. I want that. So again, like, 36% of our business coming from Uber Eats, Grubhub and DoorDash. Has it changed our real estate strategy? Not really, but we're getting a little bit more bullish thinking about does it need to be that highly visible site for that rent? Maybe you can go a little bit next to it, pay a fraction of the rental, and still do as well with third party. So we'll test it out.

[00:40:39] Ryan Newman: You mentioned the food delivery. The food delivery model has gone through a dramatic degree of changes. Obviously, it was an explosive business during the pandemic. It's now started to start to trail off. People have questioned the unit economics of whether that model is viable. And then also there's the profit sharing in terms of using the rider. Can you talk about how the economic model works for you in terms of delivery and anything you've had to do different in terms of skus offer or anything else to be able to drive the right traffic at the right margin for that part of your business?

[00:41:06] Justin Rosenberg: Yeah, great question. Premium price on there, so there's a markup on that. It's the only way it's going to work for us, really for anybody, because they're taking about anywhere from 20 plus percent of your profit margin or of your sales. So that's 20% is your profit. So we do a 20% markup on it. And we tested that four and a half years ago, thinking, like, people are going to push back and no people. I think a lot of folks are understanding of that, and they get it.

[00:41:31] Justin Rosenberg: We really work hard to make sure that we can, that the product will be good when you get it. I always worry if you're not eating it at the restaurant, it just simply won't be as good. It's pretty good in the container that we have. But if there's a problem, for example, We've had DoorDash drivers just drop the food off and smoke a cigarette on someone's porsche, and then people watch it in the ring, and then they kind of like, why is your driver doing this? It's a bad reflection on the brand. So there's a lot of good and bad, but really there's way more good. I mean, if not for those third party companies, we wouldn't have survived the pandemic period, and 2021, I'll never forget 2020.

[00:42:04] Justin Rosenberg: Everyone was afraid to get food. I was out there throughout the pandemic. I still didn't get COVID until 2022. But I remember in the beginning, everyone's like, I don't want to order food. I'm going to get coronavirus. I think that the third party thing saved us. People weren't leaving their homes, and amazingly, it's still 36% of our business.

[00:42:23] Ryan Newman: So as you think back to that period, you had this growth scare in 2018 with respect to the way you were expanding as you're retrenching, getting over that, then the pandemic hits. I mean, some of those early days, what were you thinking in terms of the viability of your business? The whole country was going through a lot of self reflection and concern over that time, but you're a business owner on top of it.

[00:42:46] Justin Rosenberg: We just got out of the whole, we're almost lights out in 2018. So we were already kind of veterans and survivors that were just, like, tired. So when I remember all the announcements from any NBA was canceled, we were like, this is real.

[00:42:59] Justin Rosenberg: Oh, my God. Like, we went to work on Friday. I remember my kids didn't have school that Friday. And, um, we sat there and we thought, like, what can we do to keep this business alive? Do we want to stay open? Our team, we, all the restaurant team members were like, we need the job. Like, we're willing to just be out there and get this. Like, we need to work.

[00:43:18] Justin Rosenberg: So we said, fine, and we figured out.

How much cash we had left trying.

[00:43:22] Justin Rosenberg: To find debt from anyone that would give it us so we can actually stay afloat. And fingers crossed the government would do something. So when the PPP thing came out. It saved our business, period. It was great.

[00:43:31] Ryan Newman: Well, it's one of those things where until you've actually been to the brink, you don't really know how strong you are. I imagine in some ways, living through 2020 and then figuring out the playbook of how to survive was probably not unlike talking to your 93rd investor at that point in terms of having to raise money. It was interesting thinking back on a question that was asked earlier about what comments or advice would you have for your earlier self, and you said, nothing. Basically, just go out and do it.

[00:43:58] Ryan Newman: I think that really speaks to your resilience of what you're trying to achieve. For anybody that's thinking about starting a business, for anybody that has the desire to be a founder, but maybe they don't yet have the idea or the concept, what advice would you have for them?

[00:44:12] Justin Rosenberg: Love this question. And I always give the same answer. Take accounting 101. It's just like, I think a lot of times people think about being an entrepreneur, and just, you get to have your cup of coffee with a laptop. That's it. Honestly, that's crazy to be an entrepreneur. Look, profit or nonprofit, you need to understand the way a business works. And so when you can understand the income statement and the difference of cash flows and your balance sheet, you really begin to understand things a bit better. I remember my dad and my grandfather, they ran the business with knowing how much money was in the account. That was the old school way. It's like, okay, we got this in the account. We got to get this check this check this check. Jeff, make the phone calls. My grandfather would say, so my grandfather would make the calls.

[00:44:54] Justin Rosenberg: Whereas if you can budget and understand that and you have KPI's and goals that you can work towards, and you can understand accounts receivable, money coming in, and the difference of accounts receivable and cash flow, you really begin to have a bit of an edge. And I always coach people like, I get it, you want to do this, but understand the absolute basics of business, which is accounting 101, which, by the way, I took here and got a D because I didn't show up.

[00:45:17] Justin Rosenberg: And so when I went to Temple, they're like, you have okay grades, but you got this d in accounting. And I was like, yeah. So I had to retake it and I got an a. But it was when I actually, like, applied myself to it, I found it very interesting.

[00:45:27] Ryan Newman: So I think it also just speaks to this idea that when you actually find, whatever your purpose or calling might be, the will to really go above and beyond really comes out as well.

[00:45:35] Justin Rosenberg: For sure. Love it.

[00:45:37] Ryan Newman: Well, thank you, Justin, for taking the time to share your entrepreneurial journey with us. That was Justin Rosenberg, founder and CEO of Honeygrow. This episode was produced and edited by Katie DeFiore. And if you haven't already, be sure to subscribe to Dare to Disrupt wherever you listen to podcasts, and look out for next month's episode. Thanks, everyone, for listening. And for those in the room, thanks for joining us.