



FRESH!

Fresh Brothers' leadership, growth potential earns it
2012 Independent Pizzeria of the Year

BY **MANDY DETWILER**
PHOTOS BY **JOSH KEOWN**

When you're located in a large metropolis, it's easy to get lost in the crowd. Luckily, Los Angeles-based Fresh Brothers is not just a standout in the pizza industry but also in the bustling central California restaurant landscape. Since its inception in late 2007, the company has grown to six stores with sales of more than \$8 million. Sure they've got high volume, but their noteworthy leadership skills and successful operations have garnered the company national attention — including our 2012 Independent Pizzeria of the Year award.

Adam and Debbie Goldberg, along with Adam's brother, Michael, launched their first store in June 2008 following careers in television, but they didn't enter the pizza business blind.

Adam and Michael's brother, Scott, owns Miller Pizza Company in northwest Indiana, and Adam and Michael based their core menu and pizza recipes on their brother's. They tweaked it for central California, however, and placed a greater emphasis on fresh salads and wings. Today, the company has six stores in the L.A. area with two more slated to open by the end of 2012. Sales are expected to weigh in at just over \$8 million this year and are projected for more than \$10 million in 2013.

When coming up with a concept, why pizza? The Goldbergs noted a lack of upscale fast-casual pizza in their market, and having the support of their family made the career transition easier. "The big reason, for me, was because I thought I could spend more time with my family and my kids to be an owner-operator business with the intention of growing," Adam says. "Our business plan was to open five stores in two years, and we ended up doing five stores in about 28 months."



Adam and Debbie Goldberg (left) and Michael Goldberg (right) own L.A.-based Fresh Brothers, which has six stores and two planned units.



Fresh Brothers proves that a menu doesn't have to be large to generate high volume. The focus remains on pizzas, salads and wings even as they expand, Adam says, "and we've made the ordering process easy. That's very important. People can call us here who have never seen our menu and order a pizza."

They make dough at their Manhattan Beach store and transfer it daily to the other units. "That's a big end of quality control — to make sure the consistency of the pizzas (is) the same from store to store," Michael says. Sauce is made in-house, and in a bit of ingenuity, Fresh Brothers offers a secondary sauce

for kids (offered at the cost of an additional topping) that includes a blend of vegetables mixed into the pizza sauce. The idea was even featured on the syndicated talk show "The Doctors" in a discussion on whether pizza was an appropriate menu item in schools. (Fresh Brothers has school contracts to supply pizza to several school districts.) "When we were coming up with the concept, we looked at everything from the perspective of a parent," Debbie says. "I think our most powerful customer is the mom, and this is one thing that parents just love."

Like most pizzerias, pepperoni and cheese top the list of bestsellers,

but Da Works (Sausage, pepperoni, mushrooms, green peppers and onion) and the Fresh Vegetable (fresh green peppers, onions, mushrooms, green and black olives) are favorite specialty pizzas.

"We bake everything — nothing's fried here," Michael says. "Our fries, our wings — everything's baked. It goes right through the pizza oven."

The company even hand-chops the vegetables for its popular salad offerings, which is based off a salad bar concept without the self-service, making it easier for the customer and faster for the stores. "We have a 40-item salad table, and we give people the opportu-



nity to create their own salad,” Adam says. “People can choose how they want their salad — tossed or chopped, do they want the dressing tossed in or on the side — and (what exact) ingredients. Of course along side of that we have seven other set staples — our Fresh Market, our Farmer’s Market, our Cobb ... but I really enjoy making salads, though, and there (are) very few salad bars out there anymore that aren’t Bristol Farms or Whole Foods that you walk out at 14 bucks a piece. We wanted to do a fair-priced fresh salad.”

Debbie says part of Fresh Brothers’ salad appeal is that they go beyond the Iceberg lettuce and stringed carrots found at many contemporary restaurants. “We knew we could really set ourselves apart,” she says, by offering salad ingredients like hearts of palm, pepperoncini, avocado, fresh eggs and a variety of dressings.

Menuing items beyond pizza would require better packaging, and “we chose nice, clear plastic bowls,” Adam says. “We grew up eating salad in a bowl, not in a Styrofoam container. We thought that was real important as part of the marketing so you can actually see the fresh salad when you were handed it.”

While pizza makes up a significant portion of sales (up to 95 percent), “on a Friday or Saturday night at all of our locations, anywhere from 65 to 80 percent of our salads go with a pizza,” Adam says.

Vendor deliveries four times a week ensure freshness, and smart ordering and reducing waste keeps their food costs manageable. “We’ve actually found that we’ve made our ...

walk-in cooler smaller, which forces us to order (product) more,” Michael says. “We’ve found that if we shrink down that walk-in cooler, it really makes you think how your product control is.”

“We’ve also pushed and negotiated with our food purveyors to give us multiple deliveries,” Adam adds. “They don’t want to do it. When you’re a one-store unit ... your terms are not nearly as good. You don’t have that credit yet. They only want to drop once a week.”

And when Fresh Brothers couldn’t source what they needed locally, they weren’t afraid to ship in product, such as the giardiniera they buy from a Chicago company. “We could not find a good giardiniera out here,” Adam says, “so we ended up shipping it by the five-gallon bucket. Now we bring it in by the pallet. We get one to two pallet loads at a time.”

They added gluten-free pizza to their repertoire after finding that many residents in their market had switched not only out of necessity but also as a lifestyle change. Michael says it took trying out six to eight different crusts before finding one that best replicated their thin-crust. “We now sell over a thousand of those pizzas a week,” he says. “We have our own menu dedicated to it, and it’s a big part of our business. The wonderful part of our gluten-free menu is that we’ve been able to bring families together to eat at our restaurants or to eat (pizza) at home because they couldn’t before. Johnny had a food allergy, so Mom and Dad stopped eating pizza. Now they can order a pizza for Johnny and a regular pizza for



themselves, and everything that goes with it.”

They have a strict training program that educates employees on the gluten-free process. The crust comes from a vendor in a sealed box, “and we don’t want to say that we make it, because it’s a lot safer that we don’t,” Adam adds. They have a whole set-up in their walk-in cooler dedicated to making gluten-free pizza including separate products, tools and packaging. Boxes are taped shut for delivery or carryout so gluten-free customers feel secure in knowing their product hasn’t been tampered with.

Debbie adds that the addition of a non-dairy vegan cheese alongside the gluten-free menu has been “life-changing” for some customers who have not been able to enjoy pizza of any kind.

“Being able to offer those has been very rewarding,” she says.

They test-marketed beer and wine at one location, but the upcoming Santa Monica store will have a full beer and wine selection, and future locations will offer it as well. Adding that component has been hindered by the size of their locations and current laws mandating bathroom sizes for restaurants with bars, but it’s not a large part of Fresh Brothers’ business. “A lot of it is just the demographics that we’re in,” Adam says. “Our model is based on a pick-up and delivery service, which is what we’re sticking to, but with our second unit, we found that when we put about 24 seats inside, all of our restaurants have communal seating outside as well, so we take advantage of that outdoor seating. In California,

we have about 320 days a year that we can use that seating. We’ll always have some kind of seating in there. ... A lot of it just comes down to the cost of real estate. We’d rather get more pizzas into people’s houses on the pick-up or delivery side than have to pay for a larger space.” Delivery accounts for about 55 percent of sales across the chain. Michael spent 25 years in the trucking industry and brings that operations experience to the business. Managing the delivery side has been done through use of their POS system, and they say training helps expedite the high delivery volume. “We’ll have anywhere from four to 10 drivers, depending on location, working at one time,” Michael says.

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FRESH BROTHERS BY THE NUMBERS

- ◆ Fresh Brothers served over a half million orders in 2011.
- ◆ Fresh Brothers mixed up more than 5,000 gallons of Fresh Kids’ Special sauce in 2011.
- ◆ 15 percent of Fresh Brothers’ customers order online or use their iPhone or Droid App.
- ◆ The Manhattan Beach and Las Virgenes school districts served more than 85,000 Fresh Brothers pizzas to their students during their 2011-2012 school year.
- ◆ 400,000 pounds of dough were made fresh at the Manhattan Beach Fresh Brothers commissary in 2011.
- ◆ The six Fresh Brothers units went through 375,000 pounds of part skim, lower fat mozzarella cheese in 2011.
- ◆ Fresh Brothers sold 225,000 pounds of baked Buffalo wings in 2011.
- ◆ Fresh Brothers is looking at 39 potential cities from Santa Barbara to San Diego to open locations in the next several years.
- ◆ Fresh Brothers locations are earning an average of about \$1,250 in sales per square foot. A typical location is about 1,200 square feet.



Michael Greenberg, co-founder of Skechers USA, Inc., has made a personal investment in Fresh Brothers.





Part of Fresh Brothers' success lies in its infrastructure, starting with a director of operations who oversees a team of 12 managers.

The company employs 255 people and like most restaurants, retention is crucial to smooth operations. "We're honest (with employees)," Michael says. "We respect them. We've given a lot of people their first jobs just from walking in, right out of high school or while they're in high school. Our management team, we train them very well and we watch what's going on. I think it all comes down to respect, though. If you respect them, they'll respect you back."

Adam adds that since the company was founded as a family business, they try to extend that relationship to employees. "We want them to feel, at the end of the night, that they had a good day at work," he says. "They're going back home to their families, and we want their families to feel good about where their kids are working."

"Our retention is very good," Michael adds. "We have original employees at our Manhattan (Beach) store who have been with us since the start. And, we have original employees who have moved up through the system. We have always put that goal out there for people if they are interested. Our management team probably consists of 50-50 coming from within or coming from the outside."

The Goldbergs remain visible in their stores as much for the employees' sake as for their customers. "The one thing you can't put on paper is the attitude that you give to your customers and your employees," Adam says. "They're able to pick that up from Michael and I and Debbie, (and) when our brother, Scott, comes out or when our father, Gary, comes out. They see how we work and how we deal with people and how important it is to kind of duplicate that."

Back-of-the-house functions such

as payroll are kept out of the stores so managers can focus on day-to-day operations. They rely heavily on their POS system for daily ordering reports, which helps them stay on top of their food and labor costs. "That is a big part of our success," Adam says, "to make sure that we're on top of those numbers, even down to making sure our credit cards batch each night and the banks have receipts."

"There's no way we could be at six stores if we were sitting up at night cutting paychecks or trying to reconcile our bank accounts," Michael adds.

Despite six stores and their planned future growth, Fresh Brothers' owners remain active on a daily basis. Jumping from two stores to three was the most challenging — Adam and Michael joked that since there were no brothers left to take the next store, they'd have to rely on outside help for management, and giving up that control — even with 15- to 16-hour days — was difficult at first. After six stores, though, "it surprises me every time I'm sitting in a store and I see someone park their car, come in and get a pizza and walk out to go home," Adam says. "It's the greatest feeling I have, and not that I should be surprised — because that's exactly the idea of owning a restaurant — but four years later, I get such a kick out of knowing that that dad just came over to pick up a pizza to go home and feed his kids."

With units now covering more territory in the L.A. market, Fresh Brothers has turned its attention to extensive marketing.

Even with its first store, emphasis was placed on direct mail and print, and "a very big part of our marketing is through social media, as well as Internet sites," Adam says.

More stores covering a larger area requires more advertising, and "we've sprung into radio in the No. 2 market

in the country (and) we have three billboards throughout Los Angeles," Adam says. "It all ties in. We have people who live in Calabasas and (work) in Beverly Hills. They order for their office at one location, and on Friday night, they can order food for their family at another. That's the real key to our growth and building the brand, and that's why consistency is so important, because many of our customers eat at more than one Fresh Brothers."

Aside from in-store branding — everything, right down to the napkin holders carries the Fresh Brothers logo — they also have a "Fresh Fan Club" and "we've absolutely taken the approach that it costs us less to bring in our current customers than to bring in new customers," Adam says, but "we do both. We have marketing geared toward our loyal members who like to eat our food on a regular basis (and) to those who have never tried our food. And how do we get them?"

"Our No. 1 secret is sampling our food. It's where most of our marketing budget goes to on a monthly basis. We will spend upwards of \$10- to \$15,000 a month in giving away free food."

All the stores with the exception of the Manhattan Beach location, which doesn't have the walk-in traffic of the others, samples anywhere from 5 to 15 pizzas a day. An employee hands out one-by-two inch slices one customer at a time. It encourages people who might have seen the company's billboard or heard their advertisement to put a taste to the name, and it also reinforces the brand for current customers and encourages them to try something other than their usual cheese or pepperoni pizza.

Debbie coordinates the company's social media and "in keeping with the idea that Michael and Adam are in-store every day — at least one of them is walking around — it is me talking to our customers," she says.



“We don’t farm it out. I know our customers through our Facebook page. I know who I’m tweeting with. I think that’s amazing, and that’s really unique. I think that’s where a lot of people go wrong.”

The team personally handles complaints through their Web site and social media, and five customers are called each day to get feedback and offer a discount for their next order. If the customer had a bad experience, that is expedited to an owner for follow-up and a promise to make the order right. Catering orders are also followed-up on in the afternoons after delivery.

“We encourage our management team to write up a gift certificate request for even the smallest mistake or issue that happens,” Adam says. “For instance, somebody orders an additional ranch dressing with their order of chicken wings, but they only got one and they call and we learn about it. We want to know about that, and we’re going to acknowledge that with a letter to them and give them a little something to get them to come back in next time. It’s all about that customer retention.”

They launched apps for iPhone and Android smartphones this year and offer a 10-percent discount just for using those. “We’re trying to draw them to that web ordering or app ordering because somewhere down the line, we’re going to start seeing the percentages change, and we can start reducing our labor,” Michael says.

An additional benefit to smartphone and Internet orders? “We see about a 10- to 15-percent increase per ticket,” Adam adds. Folks who might just order a pizza on the telephone see enticing offers for additions like salads and wings. The more menu items customers try, the more apt they are to reorder those items.

With its operations firmly under control, Fresh Brothers, it seems, is on the precipice of a very real and envious expansion, but this isn’t a spark-and-fizzle plan. In June, the company announced that it had received an equity investment from Michael Greenberg, co-founder and president of international shoe company Skechers USA, Inc. The partnership will add fuel to Fresh Brothers’ fire, and two new stores are planned this year in Santa Monica and Brentwood, California.

“I acquired a meaningful position in Fresh



Brothers and expect to be an active partner in helping Fresh Brothers build upon the solid foundation that has been established since the company was founded in 2008," Greenberg says. "I was attracted to Fresh Brothers because of the company's family friendly menu and its compelling store level economics.

"My investment will be used to repay Fresh Brothers debt and to fund new store growth, with Fresh Brothers planning to double its store base over the next 12 to 18 months."

With the new partnership, they don't worry about growing too fast too soon, especially in the Los Angeles market, which has plenty of room without the potential to cannibalize themselves. When the company expanded from one store to two, "we were looking to tag the market," Adam says. "Where

we are, we're looking at about a three-mile radius around each store to add the next store.

"As we got to our sixth store, we knew we needed to bring in not only somebody with some capital with the potential to recapitalize the company but (also) someone with the knowledge of how to continue to grow and what it takes to move forward in opening stores and other potential investment opportunities."

Greenberg's investment is not only financial. He also brings a wealth of business experience — including international operations and expansion — to the partnership, which is critical for the level of growth the company hopes to see in the next few years.

"Michael's vast knowledge of real estate development and business experience makes him the perfect strategic partner

for Fresh Brothers," Adam says.

Along with expansion comes the need to standardize their operations to ensure consistency from one location to another. They've created a master plan and future units will use the same design, which includes warm, muted colors, televisions and an open floor plan. They also use scales to measure and the exact same product from store to store. That uniformity strengthens the brand for growth outside their own system, but the intent is to remain private for now with a focus on Southern California first. "We're not looking to sell franchises," Adam says. "Every time we open a store, we get that much better. We're constantly learning." ♦

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