What I Wish I Knew Before Starting a Business

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Over the years, Noah Alper, 75, has started and run five businesses and a nonprofit school. Four of his ventures — including Noah's Bagels and the natural food and housewares chain Bread & Circus, now owned by Whole Foods Market — were huge hits. Two, by Alper's admission, were flops.

'I like to say I had a .666 batting average, which is good in baseball,' says Alper. 'But if you strike out, it's real money!'

These days, Alper — author of "Business Mensch: Timeless Wisdom for Today's Entrepreneur"(http://businessmensch.net/) — spends much of his time in Berkeley, California, running his consulting firm and assisting entrepreneurs eager to get their businesses off the ground.

"I think one of the things that I've been able to do in my career successfully is see emerging trends and jump on them," he says.

Given Alper's impressive track record as well as the lessons he learned from his business failures, Next Avenue wanted to find out what he wishes he had known before starting his companies.

Speaking by Zoom during a recent visit to Israel, Alper shared lessons that can help people over 50 become more successful launching their businesses. Here are highlights of that conversation:

Next Avenue: Do you remember when you first realized you wanted to be an entrepreneur and why?

Noah Alper: I had a lemonade stand from the time I was eight years old in Boston. Even when it was almost March, I'd put a sign in the snow and start out. I just always loved the back and forth of commerce.

Start Small, Think Big

Was your first business Alper International, when you were in your twenties?

Yeah, it was. But it started out as something else.

My first business was wooden salad bowls from Vermont. I was at a friend's house and saw these wooden bowls she was serving salad in. Back in the late sixties and early seventies, everything was natural and going back to the land. So, repurposing these wooden chopping bowls into tableware salad bowls for people who were into natural living was something that I jumped on.

I wound up selling them in front of my brother-in-law's bookstore in Cambridge (Massachusetts) off the back of my car. They sold out in an hour. Then I brought in other lines that eventually expanded into a wholesale business for them as well.

That developed into the Alper Wooden Bowl Company which eventually added more imports, such as glassware. It dovetailed into the gourmet housewares business, which became Alper International.

A Natural Next Step

At that same time, my former wife was very interested in natural foods. There were health food stores where you could buy vitamins and supplements, but you really couldn't buy natural foods. So, I went in and did this natural food store, part natural foods and part housewares and other gift items.

We called the store Bread and Circus because it (stocked) the essential and the non-essential. We wound up selling Bread and Circus to an Irish immigrant who built it up to the largest natural foods chain in the Northeast. Then he sold it to Whole Foods Market.

What do you wish you had known before starting the housewares business and before starting

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Bread and Circus?

I really wish I had known a lot more about finance and accounting.

I sold the housewares business in 1984 when we were doing the better part of a million dollars in sales. At one point in that process, I went to my father and said, 'Dad, we're doing really well with the business, but I don't understand: I'm broke!'

It turned out I had a cash-flow (https://www.nextavenue.org/3-key-elements-business-plan/) problem, not a profit problem. I had no clue. My dad walked me to the bank and introduced me to a banker to get a revolving line of credit for the company. That was very helpful.

What about with Bread and Circus?

I spent too long with half the store being natural foods and half being housewares; it was sort of like my wife and I had this little competition going on. I finally came to the realization that the food was doing the business, and that needed to get bigger faster.

If that had gotten bigger faster, we would've made more money.

Know Your Weaknesses

It sounds like you're saying you knew how to start the businesses, but not how to *grow* the businesses.

Right. I'm kind of a concept guy and a quality-control freak.

If I had known how hard running a retail store was, maybe I wouldn't have done it. (Laughs.) I think that's true with a lot of the businesses I started.

I really fundamentally did not know much — or anything — about any of the businesses I started.

Your next business was one that was not successful: Holy Land Gifts. Tell me about that.

After selling Bread and Circus and Alper International, in 1984 I decided to go to Israel. I had read that a third of Americans admitted to a born-again Christian conversion and thought, 'Wait a minute. They've got to be interested in stuff from Israel.' So, the new company started out selling foods from the Holy Land — crackers, olives and water with custom labels and a special logo.

Then I came to the conclusion that the play was gifts; it wasn't food. So, I pivoted to a gift mail-order catalog.

It just never worked.

I read you lost about $50,000 on Holy Land Gifts?

Sounds about right.

What do you wish you had known before starting Holy Land Gifts?

Two huge learnings.

One was: Know your customer. *Really* know your customer. Don't *sort of* know your customer. Understand what they like.

More importantly though, when you're doing microbusinesses that have a social mission to them, understand the business fundamentals. That goes first and the causes come second. Otherwise, a business doesn't exist, and you can't help anybody.

At one point, my older brother Dan said to me: 'Is this a crusade or a business?' In retrospect, I wanted to help Israel as a passion for me. And I was trying to squeeze this round peg into a square hole.

What did you do after Holy Land Gifts flopped and you were 42 at the time?

It was very devastating because I had had these two successful businesses. I was sort of down on my luck and started looking for businesses to buy. There was nothing that appealed to me, and I was starting to run short of money. The money from Alper International had dried up.

A Bagel Bakery is Born

What did you do?

My brother had come back from Montreal and showed me a picture of a famous bagel place there. He said: 'You ought to do this in Berkeley [where I lived].' I said: 'I don't know. I don't know baking.'

I spent a year researching it. What I found was that bagels were getting very popular. They were leaving the

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ethnic pockets of the Northeast and going mainstream. It was becoming pizza.

In the course of this exploration, I was sent to a bagel equipment dealer in (the New York City borough of) Queens who said: 'Look, I have a customer in Pittsfield, Massachusetts, who's been very successful with this.' (She) had also been a customer of mine in the housewares business.

Then what happened?

I went to meet her, and she showed me her operation. I said: 'You know, I think I could handle that.'

It was accomplishable, but it was less accomplishable than I thought it was. Because there are a lot of nuances to baking — climate conditions, shop conditions — as I came to learn.

(She) sent me to a baker in Rhode Island and we made a deal. He would give me the recipe and basically be our mentor for a fee.

I was like, 'Yeah, we're going to do this,' because we've got two pieces of the puzzle accomplished. We've got demand; San Francisco didn't have a decent bagel. And on the supply side I had a great product. I just needed to get it to market.

The first location we found (for Noah's Bagels, in 1989) was a heavily Jewish neighborhood near a college campus. So, we had a customer base who was right for the product.

How did it go?

We opened the doors and there were lines around the block. On Sundays, it was so intense that at the end of the day, I did like a primal scream with all my employees.

Building on Success

How did you wind up expanding and starting other Noah's outlets?

A year after opening the first store, my brother approached me and suggested that he would open stores and we would divide up the functionalities.

So, we developed a complicated licensing arrangement. We actually never got the license agreement signed. (Laughs.)

We opened our second store two years after the first one opened, but in the meantime, we opened up a central commissary, which was going to service the two stores and more stores we were going to build.

What skills did your brother, a Stanford Business School graduate, bring to this?

He thought a lot bigger. He was sort of like a banker type; he had funded businesses and understood systems.

We executed on our expansion plan (https://www.nextavenue.org/grow-your-family-business/) very successfully and wound up with 38 stores.

Deciding to Sell the Business

How did the sale to Einstein Bagels come about?

We weren't looking to sell. But we were getting into the big leagues by 1994 and 1995. We ultimately sold the company to the same people who had started Boston Chicken, in 1996. I became sort of ceremonially the vice chairman of this Einstein Bagel/Noah Corporation.

We didn't take their deal originally, but they came back a year later and offered us more money. It was an offer we couldn't refuse.

How did things go for the new owners after the sale?

They were interested in the day-to-day profits, but much more interested in the ultimate sale of the entity and where that could take them, which resulted in them going bankrupt within a year of them buying our business.

What happened?

The unit-level performance wasn't there, and they expanded way too fast. Eventually it collapsed like a house of cards.

An Unexpected Turn

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What did you do after selling Noah's Bagels?

I was a co-founder of a Jewish high school [The Jewish Community High School of the Bay, in San Francisco].

How did that happen?

After Noah's was sold, I spent a year here in Israel. When I got back to the Bay area, I was tapped to do this school. . . . It got off the ground in 2001 with 26 kids; we've graduated 550 kids now.

In my mind, it's a much stronger and more important accomplishment then Noah's was, to be honest with you.

Another New Venture

Your next business was your Kosher/Italian restaurant in Berkeley — Raphael — when you were in your mid-fifties. How did that come about?

I guess I was itchy, in terms of getting back into business.

Noah's was the largest kosher retailer in the United States and a lot of people were beating up on me when Noah's wound up not being kosher anymore (after the sale).

I saw a need in Berkeley to have a community-building vehicle for the observant Jewish community, found an Italian guy who wasn't Jewish, and we developed a kosher/Italian restaurant. We opened in downtown Berkeley; it was a white tablecloth place with great food.

How did it do?

We had some good times, but for the most part, it struggled.

Learning from His Mistakes

Why?

There were a number of reasons, and believe me, I've dissected this a number of times.

It was too ambitious for the clientele. There weren't enough kosher eaters to really support a restaurant like this. And there was a ton of competition with all the restaurants in the Bay Area and people being fickle.

The location turned out not to be great. The restaurant was located where there was great foot traffic between the campus and the subway line. So, there were hordes of people. But they weren't my customers. They were professors, and the kosher crowd wasn't loyal enough.

Also, the rent was expensive because of that high traffic.

The place should have been much more casual, too.

Having said all that, we made it for four years and were almost at break-even at the end. It was a tough business and a bit of a passion project — again, something my brother warned me against.

What do you wish you had known before starting that restaurant?

Had I drilled down on its core customer, I would've done something a lot more scaled down. It wouldn't have been as exciting as a full-on white-tablecloth place. It might have been a cheaper, backstreet location with simpler food.

A Mensch Becomes a Mentor

The last business you started is the one you're now running, Noah Alper Consulting. You started that when you were around 62. Why?

I learned a lot of stuff with all these businesses and wanted to give back. In this consulting business, a lot of my work is with startups and young entrepreneurs.

I've coached in the neighborhood of 150 individuals and entities, mostly with concept creation and strategy. Helping guide and teach lessons (https://www.nextavenue.org/future-is-multigenerational-and-bright/) to people in business has been extremely gratifying for me.

Is there anything you wish you had known before starting the consulting business?

I guess I would have liked to have had a little bit more actual training in consulting and coaching.

For people over 50 thinking about starting a business, what's the most important thing they

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should know?

Put an exclamation point on this: Make sure their core financial needs are covered, externally to the business!

I've talked to some people in the course of my consulting who have shot their wad on stuff when they hadn't had their core financial needs met. And I think that's a dangerous proposition.

Also, get a lot of feedback before you start the business and a lot of feedback while you're building it.

You once said: 'Follow your passion, but be practical, too.'

Yeah. Head in the clouds and feet on the ground.

Watch an interview with Noah Alper here. (https://eiexchange.com/content/serial-entrepreneurship-a-conversation-with-noah-alper-of-noahs?search=Noah)

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