

Mark Begelman

Vaughan Lazar



Pizza Fusion's Goals Much Broader Than Just Selling Some Pies

College friends and fraternity brothers Michael Gordon and Vaughan Lazar both felt they needed a change of pace in their respective careers. After going their separate ways for different ventures after school—Gordon owned Style Rentals and Lazar ran Stellar Concepts & Design—the two came back together in February of 2006 to discuss business options that could make an impact on the community and the environment.

"I believe there are no accidents in life and...everything happens for a reason, and for some reason, Michael and I were both at this crossroads at our careers at the same time," Lazar told Sunbelt Foodservice.

Lazar maintained an organic lifestyle but realized there was a void in the market for these foods. Apart from Whole Foods and Wild Oats, Lazar struggled to find organic options, and the idea to form an organic pizza place was born.

"That was kind of the 'aha' moment, like 'Wow, why don't we do a café or a restaurant,' and we got excited about it," Lazar explained.

Though neither of the two had experience in the restaurant industry per se, that did not stop the duo from developing a fast casual pizza concept based on organic foods. Many in the industry told them the idea would not work and there was already too much competition. But Gordon and Lazar envisioned ways to increase sustainability and create a green business and restaurant resulting in a "friendly competition" of ideas including hybrid cars for delivery, LEED certification for buildings, Energy Star certified appliances, low-flow sinks and toilets, compact fluorescent light bulbs and bathroom sinks made from bamboo. Even the employees' uniforms are made with organic cotton or bamboo free from pesticides. These are just a few of the environmental initiatives Pizza Fusion uses in its stores; the complete list consists of nearly 40 concepts increasing the restaurant's green statement: "Our mission is to uphold the highest level of integrity in all we do, from the quality and origin of our food to our care for the health of our customers and the environment."

With the concept firmly in place, Gordon and Lazar needed a business-savvy addition to the store, and one of Mark Begelman's business partners was a fan of Pizza Fusion and told him, "They're visionary men and have a good thing going but could use some gray hair." Begelman met with them and joined the team after many years in the business world. Begelman co-founded Office Club, which merged into Office Depot, and was named Ernst and Young's "Entrepreneur of the Year" twice.

"Here comes Pizza Fusion with the completely organic menu and coupled with being a green business, it was a very attractive niche. I saw a point of differentiation between anybody else that was out there, and that particular part of differentiation was just logic for me," Begelman said. "Eating food with pesticides in it is just not logically right, so I felt when I joined Pizza Fusion that it was on the cusp of what will be a new lifestyle for people."

Based in Florida, Pizza Fusion consists of two corporate stores (Ft. Lauderdale and Palm Beach), while the rest of the 20-something locations

are franchises. A Hollywood location just opened in September at 7950 W. Sunset Blvd., and its footprint continues to grow. The company's projected store count for this year was set at 30 and will end at 27—right on path. The 2010 projected count triples to 90 and 2011's sits at 150. Though the company was founded right when the economy began its struggle, both Begelman and Lazar are confident in Pizza Fusion's ability to grow and weather the storm.

"What always goes through the back of my mind is if they can do this kind of business in a soft economy, it will be exciting to see what they can do as the economy continues to recover, so it's not discouraging," Begelman explained. "We'll continue to remain optimistic."

CEO Begelman and Co-Founder/President Lazar spoke with Sunbelt Foodservice staff writer Mandy Rodgers about the restaurant's business and creative concept, the challenges and highlights of running a franchise-based idea and, of course, the award-winning pizza itself.

Q: What was your involvement with organic foods before Pizza Fusion?

Lazar: That was my day-to-day life. If you open my refrigerator, everything is organic and natural, but several years before that, it started. One step at a time...I wish more and more restaurants would serve organic food, and they are, but not as much as I'd like because I do travel a lot to eat organic food.

Begelman: Let me be perfectly honest. I look at things as a businessman first, and then my personal style. Interestingly enough, I really didn't have that organic life. I was conscious of it, but when I looked at this thing, it really wasn't based on a lifestyle, it was based on a business opportunity. Subsequently, though—and it is enlightening and inspiring—my whole lifestyle has changed as has my family's lifestyle, including the green side....I bought a hybrid. Running the greenest restaurant in America, I certainly didn't want a gas-guzzler. Here I am down the road, and my wife wants to get rid of her car and buy a hybrid; my daughter's graduating college, and we're going to buy her a hybrid. And it's not because of fashion anymore. It's because we want to do the right thing. It becomes a little infectious—we walk the talk. Not perfectly green but so much more than the average guy. So what started out as a business has turned out as a way of life as well.

Q: Why the name Pizza Fusion?

Lazar: If I told you the truth, it really would not make for an exciting story. No, it really was just kind of the "fusion" of the organics and something as simple as pizza, and it was two things never heard together. We did a search on Google to see if the domain name was taken, and it wasn't, so that kind of made it a no-brainer. It was a very catchy name, and we knew we had to stand out. We had to be different, which is another reason we chose the shape of our pizzas. Our pizzas aren't round like traditional pizza places. They're all oval shaped like skateboards or snowboards, and in a world of Papa John's, Pizza Hut, Domino's and every other mom-and-pop pizza place on every corner, people were like, "You're absolutely crazy. There's no room for

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anyone else in this industry," and we were like, "That's not true." Michael and I—just being the type of personalities that we are—the second somebody says no to you, or you can't do it or it's not going to work, that's all we need to hear to motivate us.

Q: Mark, as a twice-named "Entrepreneur of the Year," what did your business knowledge bring to the Pizza Fusion table?

Begelman: It's a coupling and interestingly enough, the product is different (than my previous work), but the business concepts are the same, so one of the things that you come to learn as an entrepreneur is process becomes a very important dynamic. My focus, at least over the last 12 months, is to create a process for Pizza Fusion and the Pizza Fusion franchisees that teaches them how to apply core principals for running a business, running a restaurant, marketing a business and caring for customers in a way that gives them a solid opportunity for success, based on how the franchisee wants to run the business. One of the first things I did was revamped the team. Looked for people with relevant expertise...

Q: Tell me about the restaurant's general concept and design.

Lazar: We started with the organic food in this fast casual, quick service setting, and obviously we knew that we had to differentiate ourselves, and one thing we realized we could do is deliver pizza in hybrid delivery cars. Kind of would have been an oxymoron to deliver this delicious, healthy, pesticide-free food in a broken-down 1973 Datsun with no catalytic converter. It was really just those two simple things—the cars and the pizza—that set us down our path... But we just really wanted to push the envelope, and we were like, "What else can we do?" One of the first things we noticed was that most restaurants are extremely wasteful in areas of water, energy and things like that. So we addressed each one of those... But we wanted to make a difference, and before we opened, we came up with that motto: "Saving the earth, one pizza at a time." It wasn't just marketing-speak... We really believed it, and we wanted to somehow convey our passion and our core values to our customers. And we wanted them to feel like, literally, when they spent \$1 with

Pizza Fusion, they were making a difference.

Begelman: Our business model calls for somewhere between 1,500 and 1,800 s.f. based on space available by market, but they're designed to create an experience, express the green in an environment where customers haven't seen anything like this before, and it is a little bit more upscale. It's not over-the-top, but it is designed to be part of an experience for the consumer that they just haven't had before at a place that sells pizza, salads and sandwiches. Seating is between 36 and 42, depend(ing) on the configuration, but the key thing is a store that permits us to define what a green restaurant is all about and create a buzz and create some type of excitement in the marketplace.

I would probably be more inclined to suggest that it's a little more upscale fast casual place. A whole litany of good-looking and inspired product—even the tile we use is recycled product.

It's a three-pronged strategy. Dine-in, pick-up/take-out and, of course, delivery... It wouldn't be unusual for a store to have 55-60 percent of their business dine-in and 45-40 percent pickup delivery.

Q: You have so many environmentally conscious initiatives that Pizza Fusion utilizes. Is there one trait that stands out to you as being unique or different?

Lazar: I think what makes us different is kind of the sum of all its parts, but just the fact that we took a bold step and said, "We're only going to serve natural and organic food." The one thing that we're very proud of is that we don't serve Coke or Pepsi. We serve only natural sodas made with natural cane sugar and organic sweeteners. We only serve tea from Honest Tea. And again, this wasn't a catchy business gimmick—two guys in marketing class coming up with a way to sell a million pizzas—it was like this is how we live our lives... We're really proud of the countertops in all of our stores. We use the soda bottles from other stores to manufacture the countertops, and that's pretty neat because you always hear about recycling, and it's a really, really cool example of reuse.

A big part of what we do is about educating everybody, whether it's educating ourselves, educating our customers, our staff. Michael came up with this idea. We thought it would be really neat to hold a class once a month to teach people about organics, and you've seen McDonald's and they've got their Happy Meal and they've got their toy and stuff like that, and we wanted to give kids a little bit more. We let them come in once a month, and the kids make their own pizza, and we teach them about organic farming and

why we use organic foods. We teach them about hybrid cars and recycling... It's our Kids' Organic class. We do them at every single franchise every third Saturday of the month.

Begelman: They do so much, and I'm going to pick on something that's goofy, and it's goofy because when I first heard it, it took it to such a different level. I had never heard or thought of something like this. Instead of using insulation that's typically in a wall, we put in recycled blue jeans, and... it's such a clever thing to do—whether it's that or using soy-based ink and non-toxic paints. Instead of having water heaters, we reclaim the heat coming out of the oven and run it through a heat exchanger and that creates hot water. Every one of our stores use renewable energy certificates. I know that we're getting ready to build out our new corporate store, and I will have a glass panel somewhere in that store that shows these reclaimed, recycled jeans...

Q: Tell me about the menu. It consists of organic offerings as well as gluten-free items, including pizzas, sandwiches and salads...

Begelman: As great as it is to be America's greenest restaurant, it's about the food. We have worked with a group out of San Francisco that makes sure the food looks good, smells good and, of course, tastes good. On the core product, we get very good reviews. Very, very good. I have never heard anybody say the pizza is anything other than delicious. If the food's bad, I don't care how green you are. The gluten-free turned out to be icing on the cake, but it's more significant than that. Today, (they're) linking a lot of health initiatives towards leading a gluten-free life. We know in California that 23 percent of our business is gluten-free product. Autism may be linked somewhat to a wheat-based product, so the gluten-free, which started out as a healthy alternative, I think is going to become a very important lifestyle alternative. Ironically, of all things, I happen to have an allergy to wheat, so I run a pizza restaurant, and I don't eat pizza. Now I can get pizza.

Lazar: It's so hard to not use food puns, but as cheesy as it sounds—and I promise, that wasn't meant to be a pun—it's the pizza. And at the end of the day, it's important to always remind myself to talk about this—the pizza is phenomenal. Obviously, I have a biased opinion, but I think it's the best pizza in the world. I love it, a lot of people love it, it's delicious, and no matter green/not green, it's just good pizza. It's really tough to read through that type of

messaging because you're so busy talking about how green you are and all the amazing things that we're doing in the store and the community, you almost forget to say, "Oh, yeah, we're a restaurant, and we serve the best pizza in town." That's why we're here.

I have a pizza that I created called the Founder's Pie, and that is my favorite. I'm also a simple pepperoni guy, but I love my pizza. It's got white meat chicken breast, red onions, gorgonzola and kalamata olives.

We're actually working on a few different offerings right now, especially in the sandwich area... We are working on a few signature organic entrees right now. Not sure what they'll be. It's top secret right now.



For more information on franchising, menus and more, visit www.pizzafusion.com, www.facebook.com/pizzafusion, twitter.com/pizzafusion.

Q: I noticed your website is very advanced, and you enlist the help of social media as well. How have those things impacted your business and marketing Pizza Fusion?

Begelman: I think they've been critically important, particularly for us. One of the most interesting dynamics of being a newer company and a startup is you don't have the marketing funds available that a Pizza Hut, Domino's or Subway has. Getting a level of awareness in the marketplace really has been driven with social media and the website. We've managed to take—as my father would say—a "beer budget" and stretch it out. I think we've gotten a really good buzz. Vaughan runs the point on that, and he's as good as anybody I've ever seen, and he is on top of Web marketing and social media, and it's fun to see it. It's a small company with a fairly good presence and a fairly good buzz and market, and I attribute it to that because that's really at the core of our marketing strategy.

Lazar: (Social media has been) absolutely key to getting us to where we are now. Even from a PR standpoint, Eric Haley has done a tremendous job in getting Pizza Fusion's name out there. We owe him more than he could ever get paid in dollars and cents. And the consumer base we attract is also a little more tech-savvy, computer-savvy, so they'd rather communicate by email and these platforms as well. Early on, we've been adopters of things like facebook and Twitter. We have, not a ton of facebook fans, but being a small brand having over 2,000 fans, is fairly impressive. And the organic community and the green community are still a

very tight community... we have a very, very viral network, which is extremely important, and what's really important—because we do get asked more and more—is it's genuine. We don't have an intern that comes in and manages our Twitter account. It's me and one other person, so the founder of the company is responding to people and talking to people and engaging people. I think that's extremely important because so many companies on these platforms aren't genuine, they're not real—they're there because someone in their marketing department said they had to be in order to remain relevant. It really has been important, again, from a financial standpoint. It's cheaper to use facebook and Twitter. It's actually free. It's expensive to use other advertising routes, and let's be honest, traditional marketing isn't working like it used to.

Q: Vaughan, tell me about one of your community-based initiatives like The Fusion Extreme Team.

Lazar: A few years ago, I got involved with some endurance sports training programs, one of them is Team in Training, an affiliate of the Leukemia & Lymphoma Society. What they do is they basically get a group of people together to train for a marathon or some endurance sport marathon, and while they're doing that they're creating awareness for the Leukemia & Lymphoma Society. You set goals to raise money for the organization. I was an alumni of that group before doing Pizza Fusion. The first year we were in business with Pizza Fusion I got a letter saying, "We're getting another group together. Would you want to get involved?" I was like, "Does anybody want to do a marathon for me?" Surprisingly, eight other people from the office kind of jumped at the opportunity to get involved. Each person has an individual fundraising goal, so when we teamed up, we had about a \$50,000 goal that we had to raise, and we raised about \$48,000 that year for the Leukemia & Lymphoma Society, and we did it through help from our vendors and our customers. That kind of set us down the path of there's power in that type of group. So we work with several other organizations. One is Autism Speaks, a huge part of our gluten-free community. It's near and dear to our heart.

Q: Mark, what is a big challenge in working with Pizza Fusion?

Begelman: I think one of the challenges we face is getting consistent distribution. It's probably a heck of a lot easier when you're not dealing with organic, but when you want to support organic

farming within 50 miles of a store, food supply, getting consistency on that (is a challenge). And when you're operating from California to New Jersey, getting consistency in pricing and getting consistency in delivery. The challenge has been enough critical mass by market that affords franchisees more efficient distribution just on the food side.

Q: Vaughan, what is a major highlight with your job at Pizza Fusion?

Lazar: Just the simple fact of doing something new but doing something you truly, truly love... When you see the impact that that type of business has on the community, when people pull up to show off the new hybrid they bought because of you, that's what makes it all worthwhile... We used to have people drive from I-don't-know-how-many miles away to eat the gluten-free pizza. We've had families come in with their kids, and the entire family was in tears because it was the first time their son or daughter ate pizza. It just touches you, and you realize you really are making a difference—it's not just throwing food on a plate.

Q: What advice would you offer to young entrepreneurs and those looking to get involved in the restaurant industry?

Begelman: Probably the single most important thing is do your homework. And I'm talking about digging into every single detail so that when you walk through the door, you have your eyes wide open. The core for me has always been, "Is the business model fundamentally sound? Is it executable? Is it financially rewarding? What's it going to cost me?" There's no detail that should not be looked at, and I say that to our own prospective franchisees that come through the door.

Lazar: First and foremost, don't ever let somebody tell you that you can't do something. No one has the ability to steal your dreams, but really know what you're getting into.

I lived on Google for months before doing this, just really researching the industry.

Stick to your guns. And do it because you love it.

