**Urban Evolution Podcast – Kam Talebi**

Bill Von Bank:

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Kam Talebi:

I had probably the most difficult decision that I've had to make in my career and deciding whether you continue to go or put a hold, right? Because the world was collapsing and nobody knew what'd tomorrow bring. And I decided to take the risk. It ended up being our most successful launch ever in the company's history, even at 50% capacity.

Bill Von Bank:

Welcome to Urban Evolution, a podcast about harnessing creativity and innovation to transform communities. I'm your host Bill Von Bank. My guest today is Kam Talebi. Founder, and CEO of Kaskaid Hospitality, operator of 12 Crave restaurants throughout the Midwest. He surprisingly opened his newest Crave restaurant in Rochester, Minnesota in the middle of a pandemic, even as restaurants nationwide were closing, but his family's special bond with the Rochester and Mayo Clinic was his motivation. Kam Talebi, welcome to the Urban Evolution Podcast.

Kam Talebi:

Thank you for having me. Great to be here.

Bill Von Bank:

From Iran to America in 1979, share your story and your special bond with the city of Rochester, Minnesota.

Kam Talebi:

Well, it certainly has been a journey. As a young kid coming to the United States, you go through the overall change of culture and what you go through to go abroad and learn a new language and learn a new culture. So that in itself was certainly an adventure. And we came here to the US and in particular to Minnesota and Rochester, because my mom was diagnosed with breast cancer and we visited the Mayo in March of 1979. And at that point, the doctors had informed the family that they're going to do their best, but the cancer had spread and my mom had three months or so to live. And she is an absolute miracle case. She's still with us today. She beat all the odds.

Bill Von Bank:

That's great.

Kam Talebi:

And overcame a lot of challenges throughout the years, but she's still with us here today and still our Energizer bunny. So every day she's still full of life and joy, and it certainly puts a perspective on everything, and during the dark days and times that we live in today, you just go back to being thankful that you have your health, but that was the journey that got us here and it still keeps us in this wonderful state.

Bill Von Bank:

How old were you?

Kam Talebi:

I was 11 years old.

Bill Von Bank:

You were 11. And at the time you thought you were going back to Iran.

Kam Talebi:

We did. Yeah, it was supposed to be a quick trip. The doctors actually back in Iran, had told the family, that it was not cancer. So this was just really caution on my dads and family to get a second opinion and get it abroad. And so what a, obviously, a change of events from thinking that you don't have it to, to being told you've got three months to live. So, again, thankful to have made that decision.

Bill Von Bank:

In 1979, things changed dramatically in Iran. Obviously the reason you stayed in the United States.

Kam Talebi:

Yeah. The country was going through a revolution. And when we came here, we obviously had to stay here because of mom and the treatments that she had to go through Mayo. But the country was certainly going through a complete change of leadership and somewhat state of disarray. So my dad was able to get back and do what he needed to do to really get us to move out here to the US we had family here in Minnesota that helped. And yeah, and I've since, never been back.

Bill Von Bank:

So, it was your father, your mother, you and your brother?

Kam Talebi:

Correct.

Bill Von Bank:

This podcast shares the stories of evolutions, whether personal or professional or the manner in which our cities and communities are evolving, your career certainly has evolved from tech entrepreneur to restaurateur. Tell us about that journey.

Kam Talebi:

Sure, sure. I grew up in corporate America, so I was always sort of an entrepreneur at heart, but I wanted to make sure that I had enough business experience and business acumen to be able to go on my own. So I spent close to 14 years in corporate America with a lot of startups, primarily in the technology sector and went through the ranks and ultimately left corporate America to start my own companies and had success with the startup of three different companies that I sold. And as an investment, we had looked at a restaurant concept that was brought to us. So we got involved and the name of the restaurant was Bellanotte, and it was a great restaurant.

Bill Von Bank:

Was that in Minneapolis?

Kam Talebi:

It was Minneapolis, yeah, right across the Target Center. So that was sort of our forte into the restaurant space as an investor and a minority stakeholder.

Bill Von Bank:

When was that?

Kam Talebi:

Gosh, 2003.

Bill Von Bank:

Okay. So tech entrepreneur in the nineties into the early two thousands, and then you pivoted into hospitality?

Kam Talebi:

And we pivoted into hospitality first, it was sort of, again, as a side investment, and then I sold my company and at that point to do something else, and my brother wanted to be in the hospitality business. So, that's ultimately how we got into the restaurant business. We started Crave as a one-off. And that was in 2007 when we opened up our first location at the Galleria.

Bill Von Bank:

In Edina, which is a suburb of Minneapolis?

Kam Talebi:

Correct. Yep. And the Galleria shopping center. And it was 2009, two years into the endeavor that I sold my last company. and I told my wife, I think I'm going to be a restaurateur. And she took a big breath that said, "Really?"

Bill Von Bank:

What were the tech companies? And where were they located?

Kam Talebi:

They were primarily East coast. So we started a co-founder of a CRM company, that we started in 2001 and we sold to Microsoft and subsequently an automotive auction company that I sold to Manheim and Cox enterprises. So I'd been in this space for a long time, and honestly, I sort of grew tired of tech and I wanted to do something different. So I felt like we had a very solid concept that had legs. I looked at it differently as a business guy and an entrepreneur rather than a chef. Right? I knew that-

Bill Von Bank:

And we're talking about [crosstalk 00:07:23] Crave. So, Crave is a restaurant concept from your hospitality group called Kaskaid Hospitality, correct?

Kam Talebi:

Correct.

Bill Von Bank:

Tell us more about your company?

Kam Talebi:

Well, it started as just Crave, right? So we had one restaurant and then in 2009 is really when I jumped in and said, "I want to build restaurants." And our second location was at mall of America, and then we came into West End, which is the St. Louis Park location, and started the path to grow the Crave restaurant locations [crosstalk 00:07:58]

Bill Von Bank:

In Minnesota, and primarily in the twin cities?

Kam Talebi:

In the twin cities. Yes. And then that led to obviously opportunities outside of the Crave brand. And at that point, we decided we need to sort of package the restaurant holdings under one brand that we can market when we speak to different brands, right? So, it's not the Crave guys that own action and why, so Kaskaid Hospitality was basically the brand that invested in new concepts, and we've launched several that have worked in several that haven't but currently we hold and operate the union restaurant in downtown Minneapolis, a great restaurant with a retractable rooftop, sort of the inspiration for our Rochester location. And we have Brit's Pub, which is been a recent addition to the family of celebrating 35, 40 years in downtown Minneapolis. And we've got event centers and a catering division, Crave Catering, we've got two large event centers that we host great gala's and weddings.

Bill Von Bank:

So multifaceted?

Kam Talebi:

Yeah. So we've got a fast casual concept in Burger Burger at the Mall of America. So, we put the concept on the road and went to Florida and Ohio, and we just decided that we'd rather really be a Midwest concept. And so we sort of grew back into primarily growing in here in the Minneapolis market. And we've got locations in South Dakota, North Dakota, and Iowa,

Bill Von Bank:

So, easier to manage compact within the upper Midwest?

Kam Talebi:

It is. We learned that the hard way that is you put a restaurant on the road and you go to different locations. Number one, you've got to know the city, right. And the management becomes tougher because you're not there every day. To remote manage a restaurant concept is difficult. So, again, one of the learning curves that you go through when you're an entrepreneur and decide to grow a business that you didn't grow up. And so, as I said, there's a price you always pay as an entrepreneur, when you go into something that you don't have experience in. And so we live and learn and got smarter for it and reverted back to, again, focusing in the Midwest.

Bill Von Bank:

You opened your newest Crave restaurant in the middle of a pandemic in Rochester, Minnesota, and you opened your first Crave restaurant, just at the start of the great recession of 2008. That first experience might have been enough to have convinced a restaurant owner to lock the door and shut out the lights, but you didn't.

Kam Talebi:

Yeah. When we opened the second Crave location in 2009, a lot of people including our banks, "It's crazy. What are you doing growing a restaurant in the recession?" But we had such a wonderful rocket ride with Crave and the success that it had, that I didn't really fear looking to open during challenging times. Obviously we did it at the outset of the concept when we started building Rochester. Certainly, we had no knowledge of an upcoming app pandemic. We were 50%, 40% into the construction when March came along and I had probably the most difficult decision that I've had to make in my career.

And deciding whether you continue to go or put a hold, right? Because the world was collapsing and nobody knew what'd tomorrow bring. And I decided to take the risk. And a lot of it just had to do with the city. I really wanted... My journey to the US started at Mayo Clinic in Rochester. And I just felt so great about the city and what the city meant to me, my family, my mother, that I was bullish and said, "Look, at the end of the day, whatever happens, you feel it in your gut." And I said, "We're going to keep going. We're going to keep going."

Bill Von Bank:

And certainly Destination Medical Center in downtown Rochester had to have been attractive to you as you were thinking about Rochester for this growth.

Kam Talebi:

Absolutely. And remember, I grew up in watching Rochester, go from a little town with highway with one lane each to becoming what it is today. So, it's my hats off to the city, and what they've done to continue to grow, to be such a medical powerhouse in the country. And frankly from a global perspective to be a recognizable brand.

Bill Von Bank:

This is a big restaurant. Rooftop, retractable roof, expensive.

Kam Talebi:

Yes, yes.

Bill Von Bank:

You have 11 others, and I'm sure they don't all have retractable roofs, and I'm sure there were some efficiencies you could have made and you didn't.

Kam Talebi:

Yeah, it, as I said, we wanted to create a, one of a kind, it just goes back to wanting to do something really extraordinary in the city. I felt like I owed it. I was so grateful for what the city has represented and what may represent it again. Me and my family, that when I met with the hotel ownership, he talked to me about a very, very small second level restaurant space. And I said, "I've been looking at this market for years and waiting for the right opportunity to really do something special." And I said, "If we do something here, it's got to be out of the box." So, took out the plans, and I gave him sort of the vision of what I was thinking about doing, and it slowly but surely came to reality.

Bill Von Bank:

Well, you have 12 Crave restaurants. So what sets Crave apart and give us a flavor for the restaurant.

Kam Talebi:

Sure. We always wanted to create an experiential restaurant. So, in my mind, what makes a successful restaurant is you've got to put all the pieces together and all the pieces add up to a larger sum. And so it was not only about great food, great service it's to create a dining experience that was unique, and I always was a big fan of vibrant, energetic restaurants. So you see a lot of, again, every single Crave that has a very open field and lots of movement and an open kitchen, large circular bars and a large commitment to high top and bar space bar seating.

So, in that respect again, it's a restaurant that is really primarily based off providing a great experience. And then the menu is unique in that there's something there for everybody. I wanted to create a restaurant that again was very suburban friendly. And so we've got American inspired menu in a wide range of menu items from great steaks to seafood, to pizzas and salads and all the way to, again, what was unique at that point was a serious commitment to a sushi offering to be able to bring American cuisine and sushi together from day one, it was sort of in our DNA and sushi was a huge hit for us. That's what makes it special.

Bill Von Bank:

Well, obviously your restaurants are successful. You're in several states around the upper Midwest, your 12th one, Rochester is unique. It's such an international city because of Mayo Clinic. It's a convention city with a fairly significant convention center. How has the restaurant fared since it opened this past September, and then you couldn't even ever really open it to full capacity because of the pandemic?

Kam Talebi:

Yeah. Well, I think I want to capitalize what you said. One of the great things about the Mayo in Rochester is it does expose you to a global reach. So if someone is looking to build a brand, right, what a wonderful location to be able to be exposed to all walks of life, very similar to sort of the benefits of being at the Mall of America, because you get millions of visitors throughout the country that come in and get to see your concept and your brand. So that certainly is a huge plus, we opened a restaurant right in the heart of obviously a pandemic, but the team did a fabulous job. We had great commitments from an employees, and it ended up being our most successful launch ever in the company's history, even at 50% capacity.

So, the feedback was tremendous. The city has been great. We appreciate all the support and all the love that we got from our customers, and it's difficult to go dark when we were so excited about what we were creating and what the experience was from our guests. But there'll be better days in front of us. And we just can't wait to be able to open up the doors again. And by the time we open, it will be spring and we'll get that roof top opened up. And it will be just a fabulous, one of a kind dining experience in the city.

Bill Von Bank:

I know you're concentrating on the Crave restaurants within the upper Midwest, but do you have any new ventures you're working on?

Kam Talebi:

Not right now, we've got our eye on potentially a steakhouse concept here in the twin cities, but at this point, we're happy with what we have and just trying to get ready to hopefully turn the lights back on and get back to normal business post pandemic.

Bill Von Bank:

I did read that you are using your Crave restaurants for a delivery concept called Toasty Buns. So share a little bit about that.

Kam Talebi:

Sure. Yeah. As everybody knows, right now, restaurants are closed for in dining and primarily delivery and take out. So we've got large restaurants, we've got large kitchen space and we're doing fraction of the business that we were doing when the restaurant was open. So, there are what the market is going ghost kitchens and where you really create another concept, right. And another offering and you operate out of an existing kitchen, right? So Toasty Buns was exactly that.

It allowed us to be able to get into the fast casual price point seven to $10. And leverage the same investment in a kitchen and the space that we have, and introduce that concept in the twin cities. So it's been a great success. We've now launched, I think we're about two months into it. And it started to grow and grow and grow the success of that led us to actually launch another one called Cluckers, which is a crispy fried chicken concept. And that's about two weeks in the rollout, very new, very new. Great feedback. And again, looking to continue to raise awareness and market and get that offering out in the marketplace.

Bill Von Bank:

So no new brick and mortar ventures, but certainly some new ventures using existing space?

Kam Talebi:

Correct. Correct.

Bill Von Bank:

Let's talk about the changes you predict we'll see in 2021's restaurant experience, based on the pivoting restaurants have had to do just this year, what do you see in the 2021 restaurant trends?

Kam Talebi:

Sure. I think it's going to be a wild ride in 2021. I think a lot of people have stayed away from restaurants and have shifted their dining experiences to inside their dining rooms. But I think as Americans, restaurants and the restaurant dining experiences is a way of life, it's a way for people to socialize and interact. And when this pandemic is over and this vaccine is produced and provided for the mass, I believe that restaurants are going to be on fire. Everybody's going to be getting out. And we're prepared for a great ride for the second half of 2021.

Bill Von Bank:

And how has your business pivoted during these challenging times?

Kam Talebi:

We've really learned to become a delivery and takeout business. It wasn't really in our DNA of offerings. It was there. We didn't really promote it, but during the last seven months, we have introduced new items. We've really figured out how to transact, make it easier for our guests to be able to order online and pick up at the restaurant. So, we've shifted obviously to focus into more delivery and take out and have learned a lot, and we've made great progress. And, as I said, currently, a hundred percent of the business that we're doing is takeout and delivery.

Bill Von Bank:

Will any of the changes you made follow through as we get past the pandemic?

Kam Talebi:

Absolutely. I think there are certainly the marketplace has matured and come together in terms of the actual model of delivery. And so I think that part of it is here to stay. I think a lot more people are now comfortable ordering whether it's through the takeout companies Door Dash and Uber to pick up, right? So I think there's a segment of the marketplace now that will continue to do that, but in dining will still be the way that people are going to want to get out and experience and enjoy themselves.

Bill Von Bank:

There's so many tragedies out of this pandemic that the hospitality industry has just been decimated. And how do you overcome some of the losses you have fared fairly well, and you just predicted that you're just going to see crazy business, but will there be enough restaurants open for people who really need to get out and feel that experience?

Kam Talebi:

Sure. It's really sad because I think the industry has been singled out to see a lot of smaller restaurant concepts and restaurant owners that just don't have the financial resources made available to them to be able to weather the storm. Their livelihood, their lifeline savings, everything that they've worked hard for get decimated. And that to me is one of the toughest thing, at least within the restaurant business that I see and the impact to the staff and our employees, it is outside of a business owner and the impact that it has on the business. I tell you the biggest emotional tool for me has just been the toll of seeing what's happened to our employees. So we're doing all that we can to be there for them. This is a family owned business, and our culture's been always one of we're a family.

And so we're working and doing the best that we can to do what we can to help our employees get through these difficult times, and I just hope that the government, and they figure out a way to be able to come to the rescue of it. It's an industry in a state of shambles. And the national restaurant association predicts that if help does not come half a million restaurants will close in the next 60 days.

Bill Von Bank:

Wow.

Kam Talebi:

It's challenging times right now. You've got to have a stomach for it. You got to make... It's a fundamentally different thing. It's no longer running a restaurant it's survival, right? And how do you continue to reinvent yourself to be able to make sure that you've got enough and to be able to ride out the storm and we're trying our best, this is a new territory. There is no right or wrong answer. You just have to do your best and look for better days and survive.

Bill Von Bank:

Sounds like it takes a bit of an entrepreneurial spirit, too.

Kam Talebi:

It does. It does. I mean, it's very easy to be able to sort of just throw up your hands and say enough's enough, but my hats off to everybody in the business today that's thinking outside the box, doing different things, having their employees contribute and taking care of their employees, it's challenging times, and it's extraordinary heroic efforts to sort of get through it. And I hope a lot of my peer group in the industry can weather the storm and be able to survive.

Bill Von Bank:

Any advice you can give to our listeners who might be interested in starting a restaurant?

Kam Talebi:

It's interesting, because I think as with any downturn, there comes opportunities. So you hear about all these new restaurants that are opening, right, during this process. And a lot of it has to do with unfortunately restaurants closing. So it makes some of the certain locations really easily accessible without big investments to be able to move right in. So I think it represents an opportunity for some, but it's still, in my mind, an incredibly challenging business, specially over the next six to nine months, you're crippled with what you can and what you're able to do. But I still believe in the hospitality industry, I'm still bullish on it. I think, unfortunately, we just happened to be a sector, it's no different than hotels and airline, that's just really been hit hard. And I hope that that restaurants are able to survive and be there when the lights come back on. and we can go back to what we enjoy doing, which is serving our customers and putting smiles on their faces.

Bill Von Bank:

As we close our conversation, my last question for you is what inspires you?

Kam Talebi:

It's great people, I'm in the people business. And we've got a thousand plus employees and talking to them, living their lives, being able to make an impact, providing a place where people can go and enjoy themselves, especially now with this pandemic and what everybody had to go through over the last year. It makes me still want to come running to work, and running what I consider to be my extended family. So, in many ways, it's the family of employees that I have and the family of customers that visit our restaurants.

Bill Von Bank:

Thank you, Kam Talebi for being our guest on Urban Evolution.

Kam Talebi:

Thank you for having me.

Bill Von Bank:

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