



## Growing... Like No Other Market — an Interview with Howie and Dan Glickberg of Fairway

How Fairway plans to stay unique while doubling the size of its business.

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The New York Enterprise Report

February 2009

How can two Glickbergs appear so different? The father — with his shaggy, gray hair, gruff demeanor, and mumble — clearly built his multi-million dollar business with his street savvy and industry experience. His son — a polished college guy with a casual but perfectly pronounced PR vocabulary, a clean shave, and a charming smile — brings a more academic approach to running things. However, after only five minutes of speaking to Howie and Dan Glickberg about their family business — Fairway Market — it is clear they are both passionate about the same goal: doubling the size of their business in the next three years.

Nathan Glickberg founded Fairway as a produce store near the corner of Broadway and 74th Street in the late 1930s. The store was passed down to his son Leo, who brought his son Howie into the business. Howie and his two vendor-turned-investor partners, David Sneddon and Harold Seybert, expanded the Broadway store to twice its size and began to sell specialty food items in addition to fresh produce. The store became a New York institution with its overcrowded aisles, aggressive shoppers and no-nonsense workers. The three partners went on to open a second location off the West Side Highway in Harlem in 1995. The success of this second location led to the opening of the Plainview (2001) and Red Hook (2006) locations. In 2005, Howie's son Dan joined the team and currently serves as executive vice president.

In January 2007, with Howie's two partners retiring, Sterling Investment Partners acquired a majority stake in Fairway Market for an undisclosed amount; however the Glickbergs retained a significant equity stake in the business and will continue to lead the business going forward. This infusion of capital is being used to open four new locations, including the store in Paramus, NJ, scheduled to open next month.

Both Howie and Dan spoke with NY Report managing editor Daria Meoli about learning the family business, training employees to be Fairway people, and how they plan to retain the company's unique qualities that customers have come to expect, while growing so rapidly.

Daria Meoli: Howie, how did you get started in the family business?

Howie Glickberg: In college, I used to work at the store on weekends. Back then, we had hanging scales in the produce department, not electronic scales. So if tomatoes were 59 cents a pound, and someone wanted nine ounces, I had to know immediately what the price was. I was really good at that.

DM: Your first job was as a human calculator?

HG: Yeah, my father would look over my shoulder and if I was off by a quarter of a cent I got yelled at. Back then I had long hair, and for a few years my father and I didn't get along very well. When I finished school in 1969, I was a stockbroker for two or three years. At that point, my father had somebody running the store for him, but it wasn't working out. It started to become just a regular supermarket, so it was a good time for me to come back into the business. When I came in, we emphasized all fresh products — we emphasized produce. We put in a cheese department when nobody else had fresh cheese. We put in a fresh deli department. We didn't sell groceries when we first re-opened. It was a specialty store; there was no other store like it. When we opened up and produce was a third of the store, everybody in the industry said, "Hey, there's not enough business up and down Broadway for you to survive."



DM: Were they right?

HG: It was a good time for us because people were starting to understand fresh food. We not only survived, but we eventually took over the store next door and grew to 5,000 square feet.

Dan Glickberg: What they really had done was they took all the neighborhood markets and put them under one roof, and that's something you really didn't see before. It was a big draw for people. They didn't have to go to two or three different parts of the city or on long walks to get all their fresh products.

DM: Dan, did you always want to be in the family business?

HG: He went off to college. I'll admit that he's smarter than me. I went to college to stay out of the draft, but he went to college to get an education. During his junior or senior year he said he wanted to join Work in America.

DG: It was Teach for America and that was my sophomore year. This is his story; I'll tell mine later.

HG: I didn't push him to come work for me, but the option was always there. Then, senior year in college, Dan came up here one day and said, "You know, Dad, I think you're working too hard. I'm going to help you."

DM: Now what's your side of the story, Dan?

DG: I think like any other kid, I went through a period when I wanted to break away from my family and go do my own thing. You want to see the world through your eyes and make certain decisions, whether they're the right decisions or the wrong decisions. But when I got to my senior year in college, I felt a certain pull because I could see how my dad's eyes would light up when he'd talk about the possibility of me working in the store. I knew it was very important to him. He's given me a great life growing up, so I felt like I at least owed it to him to give it a shot. Then he stuck me unloading trucks for my first year or so, but I know now that he had a certain plan for breaking me into the business.

Then, when my dad was negotiating the deal with Sterling Investment Partners, he was away from the business. I took the initiative to go around to the stores and look after them like he used to do. My role has taken off from there. I know I've taken on responsibility at a more accelerated rate than my dad would have given me if he had it his way.

HG: The only thing that hasn't changed is that I'm always right.

DG: Of course. But, I think the two of us are comfortable enough that once we leave work, it's back to our normal relationship.

DM: Howie, is this how your father introduced you to the business?

HG: You have to understand the progression. My grandfather worked 100-hour weeks. He came here from Russia, so he came from the old school. He treated my father like garbage. He treated me a little better, but he was very critical and I'm sort of the same way. I'll look in this room, and what I'll pick out is what's wrong with the room as opposed to what's right. But each generation is a little more compassionate and a little less autocratic than the generation before. When I first started in the business, my father watched everything I did. Then after four or five years, he started asking me for advice.



DG: One of the differences that has made our transition a little easier than it was for previous generations is that my father built this business to extraordinary heights. He's done most of the heavy lifting in the business himself with his own two hands. For me, it was a lot easier to come into this company since it already had such great brand equity. I have the easy job compared to what he did. All I have to do is kind of take it to the next level and expand on it.

DM: How did you develop that brand equity?

DG: We do a little marketing, but it's mostly word of mouth. Our customers are passionate enough about our stores and our products that they really pass that along to their friends, to their family, anybody who will listen, and that's really where we've gained a cult following.

HG: We have very loyal customers, and there's a reason for it — they trust us. Our theory has always been that we've only got to get the people in the store once to make customers out of them.

Location, Location, Location

DM: How did you know when it was time to expand and open the Harlem store? How did you decide where to open your second location?

HG: In 1994, we got involved in the Harlem store. We bought the property up there and everybody said we were crazy. "You can't open a store in Harlem," they said. When we opened up there, where the park across the street is now, there were hookers and drug dealers. But I said, "Look, there's parking. We'll get the people."

Another plus is that this location is big and we are able to have a full grocery line. We expanded everything. We sold meat and fish, which we never had before because we didn't have room for it on the Upper West Side.

DG: I think the big characteristic they looked for when selecting the Harlem spot — and it's something that we've looked at in all of our other new locations — is the proximity to the highway. The Harlem location is central to people downtown who have cars, people in Westchester, and even some in the Bronx. The easy access to major highways was the big draw.

HG: We're sort of responsible for a lot of what's gone on in Harlem. We were the first big business that moved in and made a success out of it.

While Harlem was a good location because we're near the highway, the store in Brooklyn is probably the worst location in New York City.

DG: We called it an "F" location because it's completely cut off from the rest of Brooklyn.

DM: Why did you choose it?

HG: Because we had a chance to open up a 50,000-square-foot store with parking. You can't find that in New York City, and Brooklyn's really underserved in terms of food.

DM: Is your customer base a factor when choosing locations?

DG: I'd say that the difference between our site selection process and other stores is that the geographic circle we pull our customers from is much larger than the ordinary supermarket.



HG: When we open in Paramus in March, we have to take customers away from the Harlem store. When we opened the Harlem store, we took customers away from the Upper West Side store.

DG: Even with Brooklyn, we took away customers from the two Manhattan stores. We understand that because we have a large customer base coming from 20 miles away, it's inevitable. But it's a great problem to have because most supermarkets don't have a following like that. They can't draw people from that wide of an area.

## Growing Pains

DM: What are the most significant challenges to opening new locations?

HG: The biggest challenge is getting the store organized. Each store has its own personality, so something that works in one store may not work in another store. You have to open up the store and then you make tweaks and change things around.

DG: Another challenge is training new employees. We hired someone to be in charge of training. We understand that the more stores you open up, the less you're going to be able to be involved in the day-to-day operation, which I know is frustrating for Dad. It's even a little frustrating for me because it's something that we're not used to. When I opened up Brooklyn, I was there every day for the first nine months.

HG: We live in the stores that we open up.

DG: But we understand that part of growing the business is having to take what we do and translate it for the employees who are going to be in those stores everyday. I'd say that's probably the biggest challenge.

HG: What I do is I hire people who know more than I do about certain things — like organic foods or cheeses — and then I mold them to become good merchants.

DM: Do you have an HR department?

DG: Yes, and we've just expanded it.

HG: In the last two years, one partner retired and now the other partner is getting ready to retire. It's a complicated deal, but basically Sterling Investment Partners bought them out. Sterling threw a lot of capital into the company to expand. We're wonderful merchandisers, but we never concentrated on back-office functions; so, we brought in experts in those fields; we have an HR attorney on staff. We used to have one person handling HR, and now we have three or four handling it.

DG: HR is a huge part of the development of this company. We have to have our employees feel comfortable enough that they can come and voice their opinions to the two of us or to some of the other executives in the business and know that they'll be heard. We feel like we've brought in two very accomplished people in the HR field to help us provide that medium to our employees.

HG: My IT department used to be five people, now it's 20. We've brought in a whole bunch of people to help with that, as well.

DG: It's all part of the ramp-up. These hires will make the opening of the new stores a lot easier because we'll have all of the infrastructure already in place. It will be much easier than building infrastructure at the same time that we're opening up the stores.



DM: Is there a specific Fairway company culture?

DG: I think another part of the culture is that even though we're a medium-sized business now, we are still like a small, family-run business in the fact that our employees on the floor know they can come up to one of the two of us and talk to us.

HG: I'm in the store all the time.

DG: And you see how we're dressed? We wear jeans, not suits. We're on the floor of the store, you know, picking up garbage off the floor if we see it.

HG: I've been doing this forever. Dan will be doing this forever. There's nobody like us left. The difference between us and anybody else is that I could actually get on a cash register right now and ring because I've done it. If somebody doesn't show up in the deli department, I can get behind the deli department and use the slicer. I can pack the shelves out. I've done all that. We're dinosaurs in this industry. Every big chain now is run by people in suits who don't understand.

DG: They just look at the numbers.

What's Next

DM: You've started to sell private label products. How much of your business is private label?

DG: It's something we haven't really focused on in the past, but we're going to grow that. We're probably one of the first companies in this industry to bring in a private label that is considered top quality. The Fairway olive oil, vinegars, and coffees are probably the biggest selling private label products we have.

HG: We're not going to bring in private label toilet paper and paper towels. We're bringing in good products.

DM: Are you expanding your business over the Web?

DG: We just opened up an e-commerce store to sell gift baskets, some Fairway private label, and specialty items you can't get anywhere else. E-commerce is important for us.

We also have a video-based Web site — [discoverfairway.com](http://discoverfairway.com) — that features video interviews with our different food expert employees and cooking segments with our chef Mitchel London. The site also has recipes and food FAQs.

What we're trying to do with Discover Fairway is become an all-knowing food authority. We want people, regardless of whether they've shopped with us for 40 years or if they live in Utah and they've never heard of us, to come to our site and feel comfortable enough that if they hear something or read something, they can trust that it's true. They can take the information we give them to their local market, if they're not shopping with us. That's really something that's brand new to us.

HG: I don't have the patience to get all this stuff started. I'm used to saying, "Go move that over there," and it gets done. All this takes a lot of time and it's meticulous work.

DM: Aside from the Paramus store, what do you have planned for Fairway?



DG: We have four stores that we plan to open over the next two to three years. It will double the size of the business.

DM: Will all the stores be in the New York metro area?

HG: We're going to slowly expand from the center, which for us is Manhattan.

DM: Do you get offers to buy Fairway?

HG: We have had a lot of people come after us in the past but I have to be in charge. I think the equity partners understand that we do this better than anybody, so they leave us alone and let us do what we have to do to build the business.

DG: It's also important that my sister Joanna and I have a significant equity stake in the business. Going forward we definitely want to have our name attached to the business regardless of whether we're a public company or part of some other big conglomerate.

## The Fairway Experience

DM: Shopping in Fairway is like a contact sport. Is that by design?

HG: You know what it is? We're just so crowded. In the 74th Street store, the original store, there's no room. That's a store that was built for one-tenth of the amount of business we do.

DM: Is it more of a passive shopping experience in the newer stores?

DG: We have more room, but it's the same shopping experience. Even in Plainview, on the weekends the customers act the same way as they do in the city stores, and that's a suburb. I think it's really the personality of our customers. Our customers aren't happy having somebody pick their produce off a shelf at some warehouse and have it shipped to them. They're really enthusiastic about food. They want to go through nine apples before they find the perfect apple. The experience is part of the reason people shop with us, as well.

## Lessons Learned

Anticipate your company's infrastructure before you grow. Before each new location opens, the Glickbergs make sure they have the back-room operations in place to support the greater demand. For example, the Glickbergs staffed up their HR and IT departments before opening additional locations.

Be a pioneer. Don't be afraid to pursue opportunities others may think are "crazy" if you have justifiable reasons to back up your ideas. While others saw a ghetto, Howie looked at the store's Harlem location and saw accessibility.

Invest in training. Howie and Dan invest significant resources into molding their employees to do things the Fairway way. Because they recognize that two people cannot be in five stores, they hired a designated employee to oversee the training of all employees.