

PE Pathways* — Food and Beverage Industry Updates 2026*Host: Nanette Heide****Moderator: Joe Kadlec****Panelists: Brian Choi, Sheemul Valecha, and Craig Dubitsky****Recorded: 1/28/26****Aired: 3/4/26****Nanette Heide (00:05):**

Welcome to *PE Pathways*, our podcast series where experienced dealmakers share their thoughts on current private equity and M&A trends and developments. My name is Nanette Heide, and I am a partner from the private equity practice of Troutman Pepper Locke. I am also one of the leaders of the consumer products industry focus for Troutman. On January 28, 2026, we hosted an event with Alliant called the Private Equity Collective. For this event, we invited private equity sponsors and investment bankers that regularly participate in transactions in the consumer products and food and beverage industry to our office for a day of deal flow meetings.

Nanette Heide (00:46):

We started the day with a food and beverage panel moderated by my fellow private equity partner, Joe Kadlec. The panel featured Brian Choi, Managing Partner and CEO of The Food Institute, Sheemul Valecha, a Managing Director at BDO Capital Advisors, and Craig Dubitsky, founder and CEO of Happy Coffee. The panel discussed the state of the deal market for the food and beverage sector. This podcast features the recording of their discussion. I hope you will find it as interesting as I did.

Joe Kadlec (01:17):

My name is Joe Kadlec. I'm a corporate transactional attorney. I head a number of industries, food and beverage in particular being one in a variety of different ways, either products or even some farming deals that we've done. And we as a firm represent people in this space from a deal lens, from real estate lens, from litigation and FDA lens, and a variety of topics. One of the things that I've always learned and appreciated as I've gotten to be more senior is where the lawyers fit into the M&A ecosystem. And when I was a young associate, I thought it was the culmination of everything and this is the big deal. And then I went to my first closing call. It was 30 seconds, and I said, "Oh, wow. Okay." And then I did some training programs and I saw all the work that goes into sourcing deals and financing deals and integrating deals, and it was very quickly dawning on me not that lawyers aren't important, but there's quite an M&A ecosystem out there far beyond our little slice of it.

Joe Kadlec (02:11):

So, we appreciate folks here, Brian and Sheemul and Craig, who are part of that ecosystem and can bring a lot to bear for this conversation. We are actually recording this. We'll have a podcast that will be going out through our Private Equity Pathways recording. So, if you want to follow up

or send it along or whatnot, happy to have you do so. Thank you all for being here again. As kind of an intro for yourselves, Brian and Sheemul, whoever wants to go first, can you please just tell us a little bit about where you fit into the M&A ecosystem? And with this being the state of the market, what you see as a really exciting opportunity for 2026 coming up.

Brian Choi (02:42):

Sure. Well, thank you, Joe. And again, my name is Brian Choi, Managing Partner and CEO of The Food Institute. Just to provide some context, I come from a background of investment banking, consulting, and private equity, primarily in the food and beverage space. I decided to shift and pivot in 2020, right around January, and I personally acquired the Food Institute. Great timing. And the whole vision was to build this into the Bloomberg of the food and beverage industry from a news, data, and trends perspective. So, Food Institute is an almost 100-year-old media and insights firm. Started in 1928, primarily was a print publication for many decades. When I took it over, I had the plan to build a digital platform that has a news and media side, a data insights platform, and also a market research and advisory side as well.

Brian Choi (03:32):

So, to answer your question, Joe, I sit at the intersection of data and insights, news, and market research, primarily in food and beverage. And yeah, what a year, what a year it's gonna be for food and beverage. There's so many macro forces that are impacting the industry. The consumer is... They're stretched financially. So, we're seeing this value obsession amongst various socioeconomic groups within the consumer space. We're also seeing a shift towards health and wellness, much more so than even just a couple of years ago. And now with the whole MAHA movement, that's further accelerating the focus on clean label. And then we're also seeing a huge influx of global food.

Brian Choi (04:18):

So, Indian food, different types of Asian food. I found an interesting statistic that Jollibee's... Who's heard of Jollibee's? By raise of hands. Okay. One of the fastest growing fast-food chains, chicken fast food chains in the United States. It's number two. So, we're seeing a huge influx of global flavors that are impacting the market. I think the confluence of these events are what I'm most excited about. And especially for the folks in this room that deal on the M&A side, there's going to be a lot of great opportunities to find pockets of value and also opportunistic investments in 2026. So, that was a long answer.

Sheemul Valecha (04:57):

Great. And thank you for looping in M&A over there because it's a very important piece of the pie, as many of us here know. Hi, everyone. I'm Sheemul Valecha, and I'm a Managing Director at BDO Capital. Many of you may have heard of BDO. BDO Capital is BDO's investment banking arm, and we focus mainly on working with family and founder-owned businesses and middle-market private equity where we work a lot on the sell-side, buy-side, and capital-raising environment. I've been doing this for over 12 years and have focused mainly my efforts on the consumer and retail sector with an emphasis on food and beverage, consumer health, beauty, and personal care.

Sheemul Valecha (05:40):

In terms of the deal environment today, I think it is definitely very constructive. 2026 is shaping up as a year where buyers are cautiously optimistic, capital is available, and fundamentals are back in place. Investors are razor-focused on fundamentals and making sure they shine through when they look at high-quality assets, which are highly limited. And so I do think it's going to be a year that's gonna tell a tale that will be here to stay for a long time. And little bit about my personal self and how the energy at home really keeps me going at work. I'm a mom of two, two little ones. I have a seven-year-old girl and a three-year-old boy, and they teach me a lot when it comes to the act of prioritization, negotiation, and truly managing chaos, which are quite transferable to being an M&A banker. So, thank you for having me here.

Joe Kadlec (06:40):

I'm glad you mentioned that. I have three girls from 14, 11, and 5, and negotiation skills are a key part of our household. Unfortunately, they've learned that probably from me. My five-year-old's not teaching me much about consumer products yet. She's kind of just whatever comes in front of her face. But my 14-year-old certainly is, particularly more on the health and beauty products than food necessarily. So, I'm learning a lot through that. And I also coach softball, so I am around many 13 and 14-year-olds and learning that environment. So, if you all want a focus group of 12 to 14-year-olds, I can provide that [laughter]. You both touched on two things that I think I wanted to take the next step here before Craig comes in. Fundamentals are important, but there's still some macro uncertainty, certainly. So, those who can navigate this world are the ones that are going to do well. So, in the spirit of that, what are some of the food and beverage unique issues that you're seeing this year, kind of pulling closer to this particular industry compared to the broader economy?

Brian Choi (07:38):

Sure, I can start. The broader macroeconomic environment is one, it is going to be slower growth this year. So, if you look at the broad economic outlooks of whether the World Bank, the IMF, we're probably going to end up around the 2% GDP growth area over the next 12 to 24 months. Now, if we were to look back 5, 10 years ago, that would be 3, 4%. So, there's been a slower growth. We're also seeing higher cost structures across the board. So, whether it's employee costs, whether it's input costs, whether it's tariff costs. So, one of the big challenges that I see for food and beverage at large is dealing with a slower growth environment, but also dealing with higher costs. And we're seeing that across the board. If you look at the big publicly traded CPG companies, the Nestlés of the world, the Mondelez of the world, margins are tough to maintain now. You look at the stock prices, they've reflected that slower, tighter margin. But what we're seeing, and this is one of the key themes I think for 2026, this is a year for the challenger brands.

Brian Choi (08:50):

So, what do I mean by that? Challenger brands are the up-and-coming brands. So, these are the ones that have higher sales velocity. They are the ones that are connecting with consumers in a much more tangible way than some of the big companies. And it's resonating with consumers. So, Simple Mills, that transaction happened last year. It got acquired by Flowers

Foods. So, better-for-you cracker company. And whether it's even Goodles, it's a better-for-you mac and cheese. They are growing at a faster pace than the Kraft mac and cheese. So, these up-and-coming brands are the ones, I think, they're the next food and beverage companies that will dominate over the next three, five, and even 10 years.

Brian Choi (09:35):

There's another segment I think is really exciting, and this is the intersection with science and food tech. One company that I'm very familiar with is BlueNalu. They are a lab-grown tuna company. They're based out in San Francisco. They raised, I think over \$50 million by a variety of family offices and sovereign wealth funds. But they are building a sustainable, real tuna product, and they're coming to market over the next couple of years. And so that's super exciting for me. And this is more for those venture capital folks, that high-growth, high-risk. We're seeing that level of innovation come to the market that we haven't really experienced over the past couple of years. So, a lot of different moving parts there, but those are some of the themes that I see.

Sheemul Valecha (10:23):

I think from an M&A perspective, there's definitely these broader themes that you talked about that are very effective when it comes to especially innovation, driving consumer preferences, and consumer preferences driving innovation. I think it's like a virtuous cycle of what we are seeing in the market. But what we're also seeing is like this equation that investors are underwriting where, yes, there are innovative brands and they want to cater to consumer practices, but at the same time, they want supply chain that is really built to sustainably grow these brands. Given recent trade and tariff policies, the environment has been pretty dynamic in terms of changes, and so that supply chain resiliency is going to be critical. You know, investors have always been hyper-focused on brand equity, on margin expansion, on durable growth, but at the end of the day, it's really recalibrating and thinking through, can you do all of this with the right supply chain processes in place?

Sheemul Valecha (11:32):

Companies that have single ingredient sourcing or callback or dependencies are definitely seeing valuation pressures and compression in addition to just friction around diligence, but at the same time, if you contrast that with brands that are innovative, but really have strong supply chain processes built in for manufacturing, sourcing, logistics, they are really seeing the other side of it where they are being rewarded for better resiliency in the market. And tying this together with, I think consumer health dynamics that are really coming together with what consumers want and how that's evolving over time, these challenger brands are truly taking it to the next level with fast innovation cycles where legacy brands are slower to adapt. s driven towards functional beverages, nutrition, protein, digestive, and gut health. But there's a lot that needs to be synthesized when it comes to the underwriting when it comes to investors. And so we'll talk about this later, but legacy brands are also thinking inwards and rethinking how they design their portfolios and how to bring that to market.

Brian Choi (12:55):

Yeah. And I'll just add the strategics have capital. Not only are their stocks, the stock market is, I think it reached 7000 today on the S&P, but they could use their stock as capital for M&A and they're willing to spend for that growth. So yeah, it's super exciting times. And one other point, one thing that you mentioned, Sheemul, is quite interesting is that the whole supply chain is such an interesting part, and dynamic. I think it's going to impact valuations and M&A. With what's happening with the geopolitical risk is going to create opportunity. And I was just observing the currency markets. Trump has been talking down the dollar. So, if you look at the US dollar relative to other currencies, it is down 10% over the past 12 months.

Brian Choi (13:44):

So, I think the dollar is going to continue to go down, which will mean that I think foreign acquirers will see an uptick in US M&A. We're looking for US assets. So that's an interesting element. The whole geopolitical and what's happening with sovereign nations, I think that's going to create additional opportunities for M&A, particularly in the US.

Sheemul Valecha (14:06):

Definitely. I think I'm already seeing that with some private equity that are doing this cross-collaboration with strategics that are based in Asia and other parts of the world where they are thinking through investments that would not only transpire into growth phases for the strategics that are international, but also have a good chance of return of capital here for sponsors. They're tag-teaming.

Joe Kadlec (14:32):

Certainly been a lot of unexpected events over the last five years and how people react to them. So Craig, thank you for joining. This is Craig Dubitsky from happy. Tried to get my branding right. Nice to have you right here. Vanilla latte is lovely. So Craig, we started the intros. I was joking about where the legal piece is kind of the small piece of the M&A ecosystem. But I was giving everybody a chance to introduce themselves and where you fit into the investment/M&A ecosystem. And you can tell us a little bit of background on yourself.

Craig Dubitsky (14:58):

Thank you. First of all, really sorry. I reside in Montclair, New Jersey for most of my week and I left a little before 9:00 AM and just got here. So quick bit about me. I'm a Capricorn, I have no idea what that means. I love people. I think people write their narrative through their things, quite often their experiences. So, I'm a little allergic to the word consumer. We're people, we just happen to consume things. And I've been very fortunate. I won't give my whole backstory, but I started my life as a trader, as a floor trader, commodities trader, became the London Metals Exchange base metals and base metals derivatives trader at Citigroup. Managed a very large portfolio of risk, hated it. My bride's a PhD in clinical psychology and said, "What are you doing? You originally went to school for music. You're a creative, artsy-fartsy guy. You need to get out."

Craig Dubitsky (15:49):

So anyway, I ceased my trading activities and turned my attention to things I really love, which are people, design, brand, and led the original investment in Method. As you know, Method products, household cleaning products, personal care products. Then started a company called Eos. Sat at my conference room table, made a little lip balm with a sculptor and a designer who typically sits about 20 feet away from me. Not knowing that looking at Mimi's Longchamp purse, that purse was the genesis of Eos right there because women couldn't find anything in there. So, what if we made something that you could literally just put your hand in and feel and know what it was?

Craig Dubitsky (16:26):

Anyway, long story short, Eos became a thing and according to Mintel grew the whole category by about four and a half X, which is really fun. I started another company called Hello. It's an oral care brand. That went on to... I don't like the word disrupt. I think newer companies have this really amazing opportunity because they have no legacy and no layers. So, people would say, "Oh, you're a disruptor." And I would say, "No, we just ended up delighting people more." And by delighting people more, you end up disrupting the people that it turns out are not delighting people that much. Anyway, Hello went on to become the fastest selling, fastest growing oral care brand in the US, acquired by Colgate, which was great. And I served as the chief innovation person for Colgate for a few years and left. And I really love my Colgate friends and I'm not obligated or paid to say that.

Craig Dubitsky (17:13):

That's an incredible company. And left because I'm an entrepreneur and started happy with Robert Downey Jr., who couldn't be here today, but I send his best wishes. He's an awesome guy and it's been great. So, we've been in the market for about 19 months now and went from an idea to a fully commercialized product in a very short amount of time, like in a few months. And so I hear you talking about supply chain and speed. Speed is obviously an unfair competitive advantage for a startup. And at one point Walmart said, "Do you guys think you could do RTD?" And I said, "Let me think about it. Yes." And within four months was on the shelf with some of that product. So, anyway, that's my story. Love people. Brands are much more than just brands. It's more than stuff in a can and, yeah, really excited to be here. So, thank you for having me.

Joe Kadlec (17:58):

Craig, I'll stick with you for a second just to round out the question we had asked Sheemul and Brian. Now that you're in 2026, especially now that you've... You said 18 months you've been ramping this up and out in production and sales now. What excites you about, or are looking forward to in 2026? There could be things that scare you too. That's fine.

Craig Dubitsky (18:15):

Yeah. There's a lot of stuff that's scary. To quote another superhero movie, and I'll tweak it, with great distribution comes great responsibility. We went from nothing to about 60,000 points of brand distribution, about 17,000 doors really fast. So, what scares me now is, okay, we got it in a lot of places. How do we get attention? And we're living in a world where AI makes really a lot of interesting things happen, but where you have unlimited output, I think that sparks an interesting conversation around authenticity. Authenticity is what becomes scarce. Output is now every two seconds you can query and come up with something. So, how do we remain really authentic to why we started this company in the first place, which a lot of it has to do with mental health, which we can talk about later. But it's a real fundamental bit of why happy started, because not everybody is happy.

Craig Dubitsky (19:09):

So to me, the big sort of stay up all night stuff is, oh my word, what do we do? And how do we remain relevant and authentic in a world that's begging you not to be in some cases? So, that's really the stuff that keeps me up. Supply chain, sure. Tariffs, sure. I feel like... I don't want to overstate, but I feel like we've generally solved for that. We found the corner pieces of the puzzle. There are a couple of middle pieces we're still figuring out, but I feel like we've got that well discussed. Now it's about just continuing to execute and how do you do that with a small team and never enough time and never enough money. So, you need all that stuff.

Joe Kadlec (19:46):

Sheemul, to go back to now where you were alluding to some things you wanted to come back to. Are there particular subcategories in the space that you think are either presenting unique challenges or real opportunities? And then maybe a related question, the size of the company and where that fits into the M&A environment.

Sheemul Valecha (20:03):

Yeah, definitely. I think when you think about brands that are scaling or in the process of scaling, they're brands that could have reached the eight-figure or nine-figure mark. There is definitely a clear distinction between those that are winners and those that really garner the attention of investors versus those that don't. And I think it's important to understand investors are looking at everything out there because there is a scarcity of good assets, but everyone wants to see all the deal flow and make sure that they have a chance to say yes or no based on how they want to shape up their portfolio and what's important to them. But when it comes to certain headwinds that smaller brands do tend to face over time, a few that stand out to me just given my experience in the space and the current deal environment are really the ability for the brand to adapt and showcase their right to win in the market.

Sheemul Valecha (21:00):

Investors definitely want proof points today, they don't want potential. And so are you able to prove yourself? That is definitely something that stands out. I think when it comes to, back to the

supply chain topic, but I think having that supplier diversification is again extremely important for some of these brands that are in the growth phase. Customer concentration is key. We have definitely seen high customer concentration with a small group of customers where honestly, in the diligence process, that could really derail or stall processes and I've seen that happen most recently where it was a key gating item, especially for sponsor groups who will not get over the hoop of the customer concentration that brands could have.

Sheemul Valecha (21:48):

And I do think management teams are huge, like having strong management teams, and many brands at this scale will operate very lean teams, as Craig alluded to as well. And as you think about positioning yourself for the next step, I think it's important to start thinking about putting together that strong, execution-focused management team, which again could be a deal breaker, especially for sponsors, because they're truly looking for a management team that's here to stay, that's going to help them through the next cycle of an exit. And that is critical. And I've also seen deal processes kind of either stall or companies readjusting valuations for certain of these factors. I would keep those in mind.

Joe Kadlec (22:32):

This world, for somebody that's not exclusively in this world, it is where I do legal diligence or our team's due diligence, it's always fascinating to me. Some software deals, let's say, locked into one or many-year contracts, right? This is a very different world. If you have a contract, it's usually cancelable, right? So it's a very different dynamic. Brian or Craig or both to take where Sheemul was talking about the M&A, maybe more mature companies. Can you talk about more, maybe an earlier stage. Is there still proof of concept that's really critical, or is there a little more betting on potential there, besides the obvious? Yes, venture, there certainly is some of that. But in this space in particular?

Brian Choi (23:07):

Yeah. I would say that the appetite for, I would say, sub-5 million revenue deals is really, it's dried up. There will still be deals in that early-stage space, but the general investor appetite in that VC stage has... It's hard. It's very hard. So, they're taking a lot more time in their diligence. And going back to Sheemul's point, proof of concept, they want to see sustainable cash flow. They want to see consistent profitability. And especially with early-stage companies, and Craig knows best, it's tough to make sure you hit those KPIs. But going back to Sheemul's point, but the larger size deals, the 9, 10-figure, that's where most of the interest is right now. And investors like private equity, they are willing to pay up for those types of brands. So, a lot of money chasing fewer assets is what I've been seeing. But for brands like happy, you guys stand out. You guys stand out in the market because your point about authenticity, it rings so true. My wife actually, a week ago, we were watching something on YouTube and it was an AI-generated video, and she made the comment, "Nothing is real anymore." And I was like, "Yeah."

Craig Dubitsky (24:27):

Yeah. Authenticity is a word that definitely gets maybe a little bit abused these days. But people, I don't know how off-color I can be. I'm wearing denim, so it'll slip out. But people have a bullshit

meter. They can just tell. So, I think to add on to the comments and the question, I think proof points are really important. But there's different types of proof points. There's a proof point of, "How did your product or service do in the marketplace?" Yes, that's an important proof point. When you're really early, a proof point is "Who's on your team and have you worked together before? Is there some history?" Because often the human factor is such an unknown. I'm not here just to talk about happy, but for us, we were very fortunate. I had a team of people that I was able to assemble at my last company. And at the risk of sounding trite, we've been through a lot. We love each other. People have had babies, people have gotten married.

Craig Dubitsky (25:25):

We only had one divorce, but there were no kids and that person's remarried. It all worked out okay. We've been through a lot. So, we worked together for 12 years. So, when we started this, we knew how to get a UPC, we knew how to build out the supply chain, we knew who our 3PL providers were gonna be. I think we were able to put in some risk reduction moments right away that were helpful for an investor to see just because we had longevity as a team. There was the idea that the size of the prize was large and we could certainly articulate that. But I think removing risk as best you can is always helpful. I'm an investor too, so I like seeing that too. When it's just the power of the idea, ideas are important, but I personally get a little scared when people start telling me about their exit. It's the first meeting and they're telling me about their exit and I'm like, "That's my exit. I gotta go." Because I know how hard this stuff is to do. It's really hard. And when you're just focusing on your exit, I'm like, "No." I made something up one day and it just came out when someone was really peppering me hard about Colgate and Hello.

Craig Dubitsky (26:23):

And they said, "Well, you had an exit. You had an exit." They kept really hammering on this exit thing. I just said, "No, we didn't have an exit, we had an entrance." They're like, "What?" I'm like, "The biggest oral care company in the world bought something that I started around my dining room table with three people and a dog." Was there a transaction? Yes, there was a transaction, but it's not the point. It was that we had an entrance. Again, I think some of that is important as an investor, looking at the mindset of the people that you're going to entrust with your capital or your LPs' capital. It still comes down to human beings. As much as I like to focus on the math, I focus on the magics. If you get the magic right, the math takes care of itself. "Can we improve our margin?" Yes. "Can we operate with more efficiency?" Yes. "Can we diversify our supply chain partners?" Yes. Those are all important things. But there's systematic ways to do that. It's much harder to get chemistry right. So, getting that stuff, that's kind of the secret sauce, I think, at least for an earlier stage company. It's hard to knock off soul. You can't just outsource it.

Sheemul Valecha (27:23):

That's a great point. I sold a business a few years ago where there were a few co-founders involved and the dynamics have to be right as well. When you position yourself, you might be ready to exit and you're going through MPs, but there is tension and you have to really manage that tension amongst yourselves. So it is important when there is that trust environment, everything comes out naturally. When you're still building that trust, it takes a little bit of massaging and time, but you get there. But yes, the human capital is so important.

Brian Choi (27:56):

Yeah. And just one comment about the impact of leadership. I've seen so many companies where the founder was involved in the business early on and they grew it and the culture was so healthy, and then they bring on a new leader and, again, great pedigree, has all the checkmarks, and within a couple of years the brand is destroyed. Example I'll bring up on the quick service side. You mentioned the magic of Starbucks when it first came out of the block. It was a new concept. Howard Schultz really believed in the brand of creating that home away from home. As the company became institutionalized, he started to bring in outside leaders and the brand just absolutely got demolished. Now Brian Niccol from Chipotle is trying to resurrect it, and I think he's doing a decent job, but that magic is, in my opinion, it's gone. And it's...

Craig Dubitsky (28:55):

Sorry, which company were you talking about?

Brian Choi (28:58):

So, yeah. It's really hard to scale. It's hard to scale. So you need that right leader that has the right balance of like, they really care about, like you said, about people, about authenticity, and they're able to steward that over a long period of time.

Craig Dubitsky (29:10):

Scaling that is really hard, really hard. So, I've been inside of big companies, Colgate, Citigroup. When you're small, you have the ability to really let really talented people do their thing. First of all, everyone at Hello, I gave everybody equity. Everybody was a stakeholder in the business. At happy, same thing. And many of our folks, I'd say the lion's share of the team, have all invested in the business as well. So, we're rowing together. And my job is to find the coolest, smartest, best people and let them do their best work. It's not really to manage them. I think once you get to a certain level of scale and strata gets involved and ego-y stuff and titles, things just kinda change. Then there's management as opposed to creation. You're managing versus creating.

Craig Dubitsky (29:58):

So, I think, again, it's really hard to fit that all in a box and keep it tidy, but it's the job of the folks who start the thing to empower their people to rock it out. I always say I'm a founder, but I tell everyone, "You're all founders, 'cause you're all making it better." Everyone's adding their little bit. And again, that brings this other emotionally charged element to it, which I guess people call culture. Other people respond to that because they feel it. You can't fake it. So if I wasn't here and someone else was here, they'd be speaking in a really impassioned way too. Hopefully people would feel it. You just know when you know.

Joe Kadlec (30:34):

These are some internal factors that present, manifest themselves outwardly. Let's talk about the external aspect of this. Obviously, brand loyalty is important in this space, but can any of

you speak to this? Craig, maybe a little bit, you in particular, about, again, not consumers, like you've said, but people and their loyalty to a certain brand and product. And related to that, to not ignore the entire elephant in the room, how do celebrity endorsements or investments feed into that?

Craig Dubitsky (30:58):

Sure. I think n of one, right? So, I don't think people wanna buy things. I think they wanna join things. And I think that's a take on loyalty in a sense, because when you see something that appeals to you on this other emotional level, let's assume the economics are fine, you can afford the thing. Let's assume the logistics are such that you can find the thing, it gets to you on time. Let's assume that stuff is table stakes. When you find something that appeals to you and you're like, "Ooh, that's the thing I always knew I wanted, and someone figured that out for me," that's really powerful. I'm looking around the room. I mean, I see, this is not a criticism because I'm going nuts that my phone is in my pocket, but a lot of people have iPhones. If my Galaxy died, I'd get a Motorola. If my Motorola died, I'd get a Pixel. If my iPhone died, I literally ping the Apple Store and within two hours there's a new iPhone.

Craig Dubitsky (31:50):

There's certain brands that mean a lot more to you and you interact with them in a certain way, and that's indispensable. If my HP died, I'd get a Lenovo. If my Lenovo died, I'd get a Dell. If, oh, my Acer is even better. But if my MacBook went away, holy shit, I'm at the Apple Store. It's 24/7, I'm there. I'm gonna get a new one. There are just some things, again, that mean a lot to you. I don't mean to pick on technology like that because we're so dependent on it, but there are just certain brands you love. And I think it's incumbent upon people that are stewarding brands or companies to figure out, again, I'm gonna sound really mushy, but where that love stuff is, where that magic stuff is. How do you create it? And sometimes it's the tiniest thing. It's like, "Oh, if I put a green light on here, I know it's on." That's maybe cooler than the little toggle switch you normally get on a microphone because there's no visual cue that's as clear as a green light. Green means go. Those are red exit signs. If there were a fire, what does red mean versus green? Red means stop. If there were a fire, would you want to stop? No, you'd want to go. If there were a fire, you wouldn't even see the red because the flames would cover it up. So all this...

Joe Kadlec (33:00):

Scary thought that I never thought.

Craig Dubitsky (33:01):

Sorry, sorry. My point really is all these things communicate. Everything communicates. Sometimes in ways most rational people, leaving myself out of that, don't really think about. But if you can figure out again what people really care about, you're gonna do really well. And I think, switching to your question about having a celebrity co-founder. He's a co-founder, by the way. I'm an investor, he's an investor. We put in some financial bits into the business, into the company, but it wasn't a spokesperson relationship. We were introduced by somebody that knew us both. I can tell you who it is, I guess. I mean, we're in a closed setting.

Joe Kadlec (33:39):

Well, we are recording a podcast.

Craig Dubitsky (33:41):

Okay. Good. So, okay, I appreciate that. Who would think that I would know someone who would know Robert Downey Jr.? Because I have a face for podcasts, actually. So this is perfect. Anyway, someone put us together and said, "I know you both as people. You need to spend a little time." Because the mutual person said, "Someone I know wants to start a coffee company." Didn't even use gender. I had no idea it was gonna be Downey when I spoke to Downey. And we had this unbelievable call. Then we had a three-hour and 40-minute video chat, which I wasn't expecting. And I told him, with all due respect, I didn't Google him, Wiki him, TMZ him, New York Post, Page Six him. I didn't know anything, and I didn't want to know anything unless I heard it from him, which I think was maybe a little different than what he's used to. I said, "Rodney Dangerfield, Back to School, you were awesome in that movie." Then we talked a little bit about Charlie Chaplin.

Craig Dubitsky (34:35):

And I said, "Yeah. The film was great, but I love Charlie Chaplin because Charlie Chaplin, Douglas Fairbanks, Mary Pickford, DW Griffith started United Artists. They started their own studio," which was at the time an unbelievable thing. It was sort of like, "Well, we're the talent. People come to the movies not because of the studio. They come to see us do our thing. What if we made our own studio?" So, Downey and I start talking about that, and next thing you know, I had this weird guitar next to me, and he knew what kind of guitar it was. "How do you know that guitar?" He said, and I quote, "Dude." He says "dude" sometimes. "Wait, how old are you?" It turns out we're close in age. "Where are you?" "Montclair, New Jersey." "Dude, I lived in Montclair, New Jersey when I was like two years old. Of course I know that guitar." Next thing you know, we're singing deep cut Elvis Costello tracks to one another. Deep cut, like you couldn't fake it.

Craig Dubitsky (35:21):

So, I heard a lot about coffee in his life. I heard a lot about his bride. I talked a lot about my bride. He's like, "I married someone who saved my life." She's played an instrumental role in just all these things that Robert's been through. And I said, "Well, my wife saved my life in a different way. I would've been this miserable derivatives trader, but she told me, 'You gotta stop that stuff.'" It was a very natural thing. I wasn't looking for a partner. He wasn't looking for a partner. It just became this really... I'll use this word, I'll be full circle, it was this authentic thing. There was no pretense. There was no real agenda. And we just bonded. By the end of the conversation, I said, "I really want to meet your wife," because I'd heard a lot about Susan, his wife, and I had talked a lot about my bride, too. And I said, "The four of us need to have a chat." He's like, "Oh, yeah." I was like, "No, no, I'm serious." He said, "Yeah, you sound really serious. What's up?" I said, "Well, in life, you can choose your friends, but you can't choose your family. But when you start a company, it's like being able to choose your family. So I want to meet your family and I want you to meet my family."

Craig Dubitsky (36:19):

And my wife was pissed. She was like, "I have to get on a video chat with a Hollywood superhero and his wife? That's your madness that you would choose to do that." I said, "No, no. He was lovely. It was really amazing. It'll be 10 minutes. They have red carpets to walk down. They're in Malibu. We're suburban buffoons in New Jersey. It'll be quick." And it was the same thing, the four of us. It went for over two and a half hours. And again, it was just a very natural thing. And my wife, PhD in clinical psychology, because I brought it in-house, she's full-time on me, said, "That was amazing. No one could stop smiling. Everyone was finishing each other's sentences. Everybody was a good listener. Everybody was making an idea better than the little nugget that had come before it. Why wouldn't you do this together? Because of ego? Because of economics? Those really aren't your drivers. You should do it." She never says that. She's never like, "You should do it." "You should do it." It was this, again, very natural thing, and it's been great. People always freak when he comes with me to meetings, shows up on video chats.

Craig Dubitsky (37:22):

I won't say the retailer, but there was one where we did not let the retailer know early on that Downey had anything to do with it. We were totally stealthy. And we get on this video chat. She was a senior person. She had two folks that were on her team next to her. And she paused because there's Downey, and he's very recognizable. And she sort of takes a second and takes this little breath. She goes, "So, wasn't expecting to start my Wednesday on a Teams call with Robert Downey Jr." in this very professional way. And he says, "That's incredible. You know what? I have this loose implant in my lower tooth area here, and I have to go get it fixed after this call. How amazing that we're both having these unexpected mornings together." All the walls came down. It was this really productive conversation. It was a major retailer, and of course, we ended up launching there. He cares, and people can tell if you're phoning it in or if you just show up because you're the spokesperson and you're the "talent."

Craig Dubitsky (38:20):

Is he incredibly talented and witty and charming? All of it times Avogadro's number, right? He's incredible. But he really loves coffee. And if we were to give him five different coffees from different elevations, he could drink them and literally rank order them. Coffee is such a big part of his life and his ritual. He says, "I have a pre-cup before my first cup." He's in it deep. That's the kind of stuff and the kind of partnership that I think is not like, "Well, you'll get four Instagram posts a year from me and one retail visit a year. And by the way, you need to get my private jet heated up to 73 degrees before I get on it, and I only want plaid M&Ms. No one's had that before." He's not like that. He's really like a super down-to-earth, super sweet guy.

Joe Kadlec (39:06):

I think authenticity certainly seems one key theme here, and not taking advantage of in a bad way, but capitalizing on some uncertainty this coming year seems to be another theme. We will have Q&A if you want to have it on the side because we want to keep our meeting schedule moving. So, thank you everybody for being here. Appreciate it.

Nanette Heide (39:23):

We hope you enjoyed the panel presentation. Thank you for listening, and you can find other episodes of our *PE Pathways* series wherever you get your podcasts.

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