

- Announcer: This episode of Beyond the Bottom Line is brought to you by the program on entrepreneurship at the Yale School of Management, where we're educating students for business and society.
- Jen McFadden: Welcome to this week's edition of Beyond the Bottom Line. We are excited to have with us in the studio today Maribel Lieberman, who is the founder of MarieBelle Chocolates in New York City as well as a couple of other places now. Maribel, welcome.
- M. Lieberman: Thank you. Thank you. Thank you for having me. It's a pleasure.
- Jen McFadden: Yeah, so delighted to have you here. I would love to kind of back up a little bit and talk about your early days, maybe back in Honduras, and a little bit about your first entrepreneurial ventures when you were eight years old.
- M. Lieberman: Oh, my god, yeah. You know, I come from a family of eight kids. I'm the youngest one, and my mother was a seamstress. She was always working, and I think I learned from my siblings, my older siblings, that we're always very independent. I grew up in the farm. By the time I was in school, some of my older siblings were already abroad studying, so I started my little business of making caramels, and I started selling in school. At the age of nine, I bought a pair of shoes with my own money, my own savings, so I was very proud of that.
- Jen McFadden: That's excellent. You went to high school in Honduras and you decided to embark to New York City, and enrolled at Parsons in fashion and graduated, and went off into the fashion world. I would love to hear a little bit about that decision, and then a little bit about kind of how your work in the fashion industry informed some of the work that you're doing now with the company.
- M. Lieberman: Well, it's sort of like a long story, how I came to America, what made me come to America at the age of almost ... I was 17, turning 18, but there were some decisions that were made. Since I was always an entrepreneur and I always ... I think I was the only child in my family that, during vacation, I would go to work because I wanted to make my own money. My mother saw a lot of independence in me, something that she was not used to seeing in my other siblings.
- M. Lieberman: When it came time to go to high school, you either go to high school to go to the university or do something that you don't have to go, like an associate degree. At that time I wanted to go for architecture, and my mother said, "You know, we don't have an architecture school here in Honduras, so for you to do that, you need to really have a backup, because I don't know about you, if you're going to stand four or five years in school and then want to start already your business or working for somebody, making your money."

M. Lieberman: Anyway, she decided that I would go to high school but also do a minor in secretarial, and that was actually one of the errors that became a positive later. I was not good in typing and shorthand and I failed a year, and this is how I made my way out.

Jen McFadden: Small failures help us grow.

M. Lieberman: Exactly. Exactly. That's how I came here. I learned English. I went back to Honduras, but once I had tasted the independence here, I wanted to come back, and that's how I came back to New York.

Jen McFadden: You enrolled at Parsons?

M. Lieberman: What happened, I didn't have all the money to. Parsons was not part of the New School then. It was more affordable then, and I wanted to go to actually FIT, because it was less expensive, but FIT would not allow me to have a student visa and then work. I had the full school and then maybe a part-time, doing some work, and I wanted the other way around. Anyway, that's how I ended up going to Parsons. It was a lot smaller school then, and I took credits as I could. I worked during the day and I worked for a Japanese company, Shiseido Cosmetics, and then I was going to school at nighttime, and that's how I ended up getting my degree in fashion.

Jen McFadden: When you were at Shiseido, were you working at all on packaging, because part of your brand now is just this incredible, beautiful packaging.

M. Lieberman: You know, for seven years I worked there, and for me it has been my school of life, not only for the presentation but also the marketing. I learned so much from them, and that's how I fell in love. I still use Shiseido nowadays. That's how they ... it's more about, you know, the presentation to the customer, and then you start loving the brand, you know?

M. Lieberman: That to me is like, oh, my god, this is ... they're using the psychology of the people and then create something that people are going to receive, welcome, and hold with your hands. It was a synergy between the product and the people that I learned from Shiseido.

Jen McFadden: You opened your first store, Lunettes Et Chocolat, in Nolita in 2000. Can you explain this decision to do both eyeglasses and chocolate?

M. Lieberman: Well, actually the whole idea was because we, me and my friend ... my friend is an eyeglass designer, Selima Salaun. She's the founder of Selima Optique. We wanted to open a store, and I couldn't afford the full rent and she couldn't afford the full rent, and that's how we decided to make it like one store, but it was actually two different stores.

- Jen McFadden: Okay. In 2000, you open that store. You're in New York City in one of the toughest real estate markets in the world.
- M. Lieberman: Yes.
- Jen McFadden: You decide a year later to open a flagship store in Soho, which is one of the toughest markets in the toughest real estate market in the world.
- M. Lieberman: Yes. Yeah.
- Jen McFadden: Talk a little bit about how you were able to find a spot, how you were able to fund the opening of the spot, and why Soho.
- M. Lieberman: Well, I live in Soho, and why so soon was because I was pushed to it. After September 11, 2001, all the businesses in Nolita, in Soho, were suffering, but more so in Nolita. As a result of September 11, lots of businesses went out of ... closed, and there were lots of spaces for rent. Of course I was not willing to sign a lease for ... you know, I couldn't afford this rent, but chocolate is very seasonal, and December is actually one of the highest months for the sale of chocolate. I took that space where MarieBelle is as a pop-up shop actually, you know?
- Jen McFadden: One of the original pop-ups, before pop-ups became so popular?
- M. Lieberman: Exactly. Exactly. I didn't have ... I wasn't going to go and buy furniture, because it was just going to be for a month, so I borrowed some furniture from my next-door neighbor who had an antique store. I promised them I was going to sell the furniture for them.
- Jen McFadden: Enterprising.
- M. Lieberman: Anyway, so that's how I started that, just because I needed to sell more product, because Nolita was not really selling because not many tourists were coming to Nolita, but they were coming more to Soho.
- Jen McFadden: You continue to have that storefront, and it's evolved.
- M. Lieberman: Sure. Since day one, my customers started coming since day one, and of course it was a big space. For chocolate, it was too big, but then I put some rugs which were from my next-door neighbor, lots of furniture that I didn't need to, but I put merchandise in, and it did very well. Then I decided to extend it to Valentine's, and so I stayed until Valentine's. After Valentine's I said, "There's no way I can afford this rent. The only way I can do it is if I do wholesale."

- M. Lieberman: Anyway, that led to what is wholesale and how to price everything, and luckily, one of the ... the main buyer of Neiman Marcus and Bergdorf's went into my store when I was already thinking to do wholesale and they asked me if I do wholesale, and I said yes. They were actually my first customers.
- Jen McFadden: You've got this store. Talk a little bit about that transition to wholesale, and what were some of the things that were unexpected that came up. At this point, you already ... how many products do you have that you've developed for the store?
- M. Lieberman: The wholesale came in 2002. September 11 was 2001, so 2002. I had no idea about all the codings, you know, all these codings that I needed to have for the product, but actually Neiman Marcus taught me a lot, you know, because they wanted my product. They taught me that, you know, "This is what we need," and their pricing, I had no idea. I just cut the price in half from the retail. Of course in my previous conference just today I said, you know, this is something that you need to be very careful, because your margins are smaller. You need to be careful that everything is covered.
- M. Lieberman: Anyway, but from the errors, you learn, like I said. I sold my first order in October or November, and that same year my chocolate was featured, Oprah's favorite, in the year 2002, so it came like ... they couldn't even ... they'd sell out like every week, and it was perfect timing.
- Jen McFadden: Talk to me a little bit about ... at that point, did you have the production facility set up in Brooklyn, or no?
- M. Lieberman: No, no. I actually was making my hot chocolate in the basement, and the ganache, the bonbons, we were still making it in France. I started my production in the south of France in Biarritz, the Bayonne area.
- Jen McFadden: That's a terrible place to have to go visit a factory.
- M. Lieberman: I know.
- Jen McFadden: That's so horrible.
- M. Lieberman: What happened, when the franc became the euro, then the product really went up, and I said, "Okay, I have to find a way to manufacture." At that time there weren't so many small manufacturers of chocolate, and so in 2004 I bought some equipment from Belgium and I rented a space near the store on Sixth Avenue, and I started my production of only the ganache there. Then I still was making my hot chocolate in the basement, so I only had two products to sell then.

- Jen McFadden: You have Oprah featuring your product, you have product flying off the shelves and perhaps running out of product. Many sleepless nights, I assume, making chocolate, hot chocolate?
- M. Lieberman: Well, when the hot chocolate was featured, I mean, it was a good nightmare, a very good nightmare, you know? First of all, my tins, I had designed ... I had launched that year with my design of the packaging, and the lid was not really tight enough. There were lots of explosions, flying all over everywhere, so it was a nightmare. Then my website, my early website that I launched just before the Oprah, I didn't even have a shopping cart there, and then I didn't have the shipping label there, so I had to buy lots of printers. I was using an Epson printer. It was not like a laser printer.
- M. Lieberman: Anyway, I would finish my job at 11:00, 12 midnight, and start at six a.m. in the morning, so it was ... and I couldn't finish. I thought ... I mean, that year I produced ... I made about 10,000 tins for hot chocolate, and I thought I had enough. Then, December 12th I ran out of all the packaging, so anyway, it was a nightmare. It was a good nightmare, but you need to be more prepared for that.
- Jen McFadden: Lessons learned. You then decided in 2004 to open up a factory in Brooklyn. Can you talk a little bit about how you decided, from a capacity perspective, what that would look like?
- M. Lieberman: It was not in Brooklyn. It was actually near the store. It was 3,500 square feet. I put the equipment, part of the equipment just to make the ganache. I didn't have a chef. Either I make it myself or I will hire somebody, and I didn't have much resources to employ. They're expensive, because the chefs are expensive.
- M. Lieberman: My sister, who is a nutritionist back in Honduras, she always wanted to be a confectioner chocolateer, but my mother was always against it because, "Oh, you need to make more money," you know. I said, "Listen, do you want to try?" We went to do some training in Paris, and then we also went to Barry Callebaut in Canada and we took some training. Then with that, we just started doing the ganache, only one product.
- Jen McFadden: You've got this one product, it's doing quite well. You've got the cocoa, it's doing quite well.
- M. Lieberman: Yes.
- Jen McFadden: Now, you have hundreds, or at least 50 SKUs, it looks like, on your website.
- M. Lieberman: I have about 200 SKUs, but products, diversity, it's probably I have about 50 or 40. It's just different versions of the same SKUs, yeah.

Jen McFadden: When did you know it was the right time to kind of expand the product line? What was the first product that you went to?

M. Lieberman: I started making bars after that. I started making bars. I started sourcing my bars, actually, from South America. They were sending me the bars. In 2008, after the crash, that was another lesson to learn, because in my store you could never find products for \$5 or \$7. It was always higher than \$10, and that's when I said, "Okay, better start making different types of products," so it makes it more ... I want people to browse, you know, and be able to afford whatever they want, so that's when I decided to do that.

Jen McFadden: In 2012 you make the decision to expand to Kyoto, of all places.

M. Lieberman: Yes.

Jen McFadden: I'm assuming there's some correlation between that and ... maybe, perhaps, that's funny ... your Shiseido experience. Can you talk about the reasoning behind that?

M. Lieberman: No, it wasn't about Shiseido. Since day one I opened my brand, I attracted a lot of Japanese clientele. I was even featured in the local newspaper in New York for my chocolates, so a lot of people were just coming, a lot of Japanese, and I think it was the presentation. Not think, I know it was because of the presentation. They would come not even to choose flavor, but to choose design, one next to the other. I mean, this is how they would choose.

Jen McFadden: Talk a little bit about the design of the actual chocolate.

M. Lieberman: The design, I started with 10 designs, which is my husband's art. He's a painter, so I started with those 10, which is mostly abstract. Then in 2002, I said, you know, I need to put more fashion images, and so I know how to illustrate but I didn't want my style. I wanted more like funny type, so I went back to FIT and Parsons and put an ad. I actually hired someone who is a Japanese girl and I started working with her, and we've been working together for 16 years. Sort of like what I do, this is the theme that I want. I'm sort of like the art director, color-wise, and also images and style, and then what I do, I take each design and write a poem, what is my inspiration for that, so people are entertained before eating the chocolate.

Jen McFadden: A large focus on the experience of having the chocolate?

M. Lieberman: Yes. That's right, yes.

Jen McFadden: You choose Kyoto over Tokyo. Talk a little bit about that choice.

M. Lieberman: Just like I chose Lunettes Et Chocolat, to save the money.

Jen McFadden: Fair enough.

M. Lieberman: Kyoto is also the same story. Tokyo is very expensive. All the brands, all the European brands, are there, and they've been there for many years. I was the new kid in town, and to pay a rent of \$25,000, \$30,000 for a small shop, it requires that you're going to sell a lot, you know? Having your next-door neighbors with the competition, it's scary.

M. Lieberman: Kyoto has been actually a city that I had been there before I opened my brand in Japan, and it has been an amazing ... I love Kyoto. It's one of my favorite cities in the world. I think it's because of the ... it has still the old architecture, the experience of the real Japan, from before. You know, all the geishas. It's like another world, and also there's a lot of respect for food there and natural ingredients, everything. The Japanese, for the Japanese, they come there.

M. Lieberman: They respect their food ingredients in Kyoto, so I said, "You know, my product is all-natural, it's handmade, and it's beautiful, so I want to go alone, you know, my brand to become known as the food of Kyoto, you know, riding in the same car." I had a lot of advice not to do it there because, you know, the market is in Tokyo, and I could go into Tokyo and then go to Kyoto, but the rents were like 75% less than Tokyo.

M. Lieberman: We did some local marketing along with local people, geishas, and that's how we started our marketing in Kyoto, and actually Kyoto was the best decision I did. Because not only it's affordable, but I became known with all the Japanese traveling to Kyoto during holidays, and the brand has become very known in Japan because of that.

Jen McFadden: You have multinational operations now?

M. Lieberman: Yes.

Jen McFadden: You also have an e-commerce site. Can you talk a little bit about the breakdown between e-commerce and retail, and maybe between retail in New York versus Tokyo and Dubai, I believe you have a store?

M. Lieberman: Do you mean like sales-wise?

Jen McFadden: Yeah, sales-wise.

M. Lieberman: Okay. Japan has become actually a bigger market for me, because I have ... it's going to be the fifth store we're opening in September, but right now we have four stores and my e-commerce, and they don't do much wholesale. They do

more corporate. The stores are, amazingly, doing so well, you know? I mean, I think the store in Japan, to make \$3 million is normal, you know?

M. Lieberman: I mean, not everybody's doing that, so as a result, the retail market has become a lot bigger than me, because I only have two stores. I do wholesale, they don't have that, so when we're counting from retail to New York and retail Japan, Japan is higher. The wholesale is bigger for me than Japan, so I would say probably we're doing 50/50.

Jen McFadden: That's so interesting. Then you opened a store in Dubai?

M. Lieberman: A store in Dubai. I met actually the buyers in Tokyo. They saw my stores, and that's how they became familiar with my brand. Dubai is ... okay. Dubai is a very good market, but I feel that the passion of the partner, that you ... it has to do everything, you know? Because one time, we did a pop-up shop in Tokyo at a very known department store that didn't have much experience in food. It didn't do well, because they only think about sales. They don't think about experience, and that has a lot to do with the success of the brand. In Dubai, if a big corporation is doing that, it's a British company, so it's okay. I'm not complaining, but it's not the same as Japan.

Jen McFadden: There's definitely that same sensibility and focus on the experience, not just the product but the whole purchase funnel in Japan?

M. Lieberman: Yes.

Jen McFadden: What is next?

M. Lieberman: Well, I feel that Japan is still virgin. We only have five stores, and I have to be very careful with, you know, to expand a lot because, you know, the Japanese market is all about destination, you know? This is one of the reasons why I opened Cacao Market. Cacao Market, we can open more, and then MarieBelle, very few, you know?

Jen McFadden: Talk about Cacao Market. The first one is in Brooklyn, New York?

M. Lieberman: No, the first one was in Kyoto too, in the Gion area. I don't know if you've been there.

Jen McFadden: No.

M. Lieberman: Okay. There is the touristic area, which is the tea houses and the geishas. That's where everybody goes when they come to Kyoto. We opened Cacao Market there, okay? Then MarieBelle is in an area more like fashion boutiques, like Madison, let's say, so different markets.

- Jen McFadden: A different audience?
- M. Lieberman: Yeah. Yes. For me, the idea to have two brands is that I could go into bigger areas with Cacao Market and less MarieBelle. MarieBelle was focused only on certain areas, like affluent, elegant neighborhoods. It's about 5%, where Cacao Market is probably like about 30%, 35%.
- Jen McFadden: Okay. Do you have a presence for that in Brooklyn?
- M. Lieberman: Yes. Yes. Yes. Actually, right now we just closed, because we're moving to the Navy Yard, and this is where we're going to open our new facility there.
- Jen McFadden: How do you balance having two different brands, and kind of allocate resources across both of those brands?
- M. Lieberman: Well, the Cacao, the chocolate is the same. The packaging is different. The sourcing is the same. Cacao Market is more about the experience of impulse buying, not gifty buying. You go there to buy a piece of bark, fruits dipped with chocolate, nuts covered with chocolate. It's more like a candy store. Of course, the same hot chocolate that is at MarieBelld is at the Cacao Market, so it can be handled, because we're not really different products.
- M. Lieberman: It can make it difficult when you start making so much packaging, but the packaging is more like a little bag, plastic bag, you know. Maybe we're doing a box, you know, with ganache, but not really as designed as MarieBelle, something like that.
- Jen McFadden: Well, I have one final question, which is the question I ask everyone. What is the one book that you would give as a gift this year, that you've given as a gift in the past?
- M. Lieberman: I've given the gift of the book of Steve Jobs. You know, I think his experience ... I mean, there are a lot of things that I don't like, but there are a lot of things that are good. There's so many good things to learn there in this book. As an entrepreneur, especially to somebody who wants do their own business, that's the book that I always give.
- Jen McFadden: Wonderful. Well, Maribel, many thanks for coming and joining us today, both earlier at the School of Management and for this podcast. We really appreciate it.
- M. Lieberman: Thank you so much for having me.