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. Today we are delighted to have Jeff Hong in the studio with us. Jeff is a 2015 graduate of the Yale School of Management and co-founder of Bite. Jeff went through a number of our courses when he was here as a student and has since gone on to work on the venture full time. So Jeff, can you tell us a little bit about you, a little bit about your work pre-SOM and what you're doing with Bite?

Jeff Hong: Sure. Thanks for having me, Jen. It's been a pleasure to come back here. So I'll start with a little bit of my background before SOM and then how I ended up in the venture business. So prior to SOM I was doing marketing, came from Canada, did my college degree there and used to work at Mattel and Disney, started off in Disney princess dolls, then moved over to Mattel for Hot Wheels. Shortly thereafter they said an opportunity opened up and put me on Barbie for the next couple of years, thought it was time to kind of go for a change and decided to pursue my degree at SOM. And while at SOM had the unbelievable opportunity to kind of take two years to figure out what I was hoping to do and where I wanted to go. I knew that I could comfortably fall back into marketing. That was my past and thought there's always going to be a place for me there.

Jeff Hong: But it was really a time for me to explore a new opportunities, new frontiers. And at the same time, one of my best friends was just going through working at a tech company and he was kind of looking for a new job and we halfheartedly said maybe we should work together on a venture at some point. And this was at the same time, the rise of Silicon Valley. So we're hearing about his friends doing cool things and reading about it in Tech Crunch and said, "Hey, why not? Why not us?" And at first we started off at Jen's entrepreneurship practicum program. It was more of a program just to get us started in terms of figuring out how to go about building something that people might want and what are the foundations that you need to think about. And it was our first time both as entrepreneurs and so we really didn't have much of a clue and what we're doing or how we're doing it.

Jeff Hong: But Jen's program kind of took us through the baby steps of this is how you identify your target, this is what you're looking for, for our customers. This is how you go about servicing them. And for us, because we're building a tech, Jen and Kyle's program also forced me in particular, I knew nothing about coding, deep into their realms of learning how to be technically savvy. Maybe savvy is pushing it, but at least somewhat competent. So the company that we ended up launching is called Bite and Bite does intelligence self service kiosk specifically for the hospitality industry. What that means, I don't know if anybody here has been to a McDonald's or a Panera recently where guests can go into the store order at a kiosk. We're doing the same thing. And we, at Bite, believe in using that kiosk experience, but elevating the whole experience.
Jeff Hong: So ideally we use that technology to enable managers to come out and greet you when it's your first visit or to delight and educate guests so that they know more about what's in their food, but also take their time and reduce the pressure. And some people have fear of ordering and getting up to the counter. So we want to make sure that it's just an enjoyable experience despite being in a more limited service environment. So that's our genesis of the company we have today and we're fortunate to work with some incredible, incredible customers and brands like By Chloe and Chick-fil-A, Noodles and Co and Togo's and Veggie Grill. So all around the US and it's been a fun, almost five years doing it.

Jen McFadden: Can you talk a little bit about that early, early prototype that you built using your small amount of technical skills at the time that since I think have even more elevated or become a little bit more elevated than they were initially. But just talk about how you thought of that first prototype, how you actually made your first sale, and how you balanced doing all of that as a student.

Jeff Hong: Yeah. So the first prototype was extremely simple. It was what is truly the minimum viable product, I wouldn't even call it a product. It's not a product, is the bare minimum of what can we replicate in a very cheap and easy way. So what we were trying to do at the time was put digital menus on iPads and the first iteration of our product was just text on a screen. Nothing, nothing fancy about that. So I learned how to draw boxes and Objective-C, like CG wrecked, and then fill in the coordinates and just tinker by trial and error. Oops, I was too high. Oops, I was too low. And then eventually I started adding and layering in images and borders. So it was really one element at a time that I learned what to get competent at.

Jeff Hong: And balancing, that was balancing my time versus being a student. That was probably the trickiest part because when you're excited about something, you just want to work on it all the time, and certainly for me, I'm like, Oh, I have free time on a Friday night, guess what I'm going to do? Most of my peers were probably out partying and I was sitting in a room with my co-founder sometimes or me other times with learning how to code book and just bang away, but it was extremely rewarding to see after that couple hours or weekend more likely that, Hey, I've got something new and I was doing something real and productive. I can go show that around, and that was our process. We didn't know exactly what we could do with it. We just know this might be something and eventually we had a whole morphing approach, but the first product we shopped it around to local restaurants in the New Haven area.

Jeff Hong: A few of them were extremely friendly to students and just want to give people an opportunity as well. So we put it in there. They told us what worked, what didn't. We'd go back the next week and have a week to kind of in between to fix up all the issues and try again on like a random Monday or Tuesday when they were quieter and eventually it got to a point where these businesses were comfortable and leaving it in there for more prolonged periods of time without
us necessarily being there to babysit the issue. And that was our first couple of customers were just almost building it in partnership with them to making sure it's something that they would be proud to see in their business. I think we often forget we're ultimately affecting our customer's businesses as well, so it's not just necessarily all about us. Even as self-centered as we are sometimes it, it needed to work for our customers to, and by building it in partnership, I think they felt ownership of the product as well.

Jen McFadden: So you came in, you're an MBA student, you've taken Kyle's managing software development and teams class, which gives you little JavaScript on the front end and the backend. Some HTML, some CSS you take that, you build up your skills so you can actually develop for iOS. Talk a little bit about your co-founder, how you found your co-founder. I think this is a pretty common thing that MBA students grapple with is perhaps a great idea, but not necessarily the technical chops to execute on it. What did you do to position yourself so that you could attract that talent and how did you convince them that this was something they should work on?

Jeff Hong: Yeah, I think I got extremely lucky having a great group of friends growing up who had that different training.

Jeff Hong: So Stoss my co-founder, he previously worked at Hulu, was one of the first engineers there, built it up left, and then ended up working with Sean Parker for awhile and when I approached him to do something interesting, I think his first response was, "Oh yeah, I could see that too. Now what? What do we do? Or, and also you don't know a thing about coding." So I think most MBA students, you have to, you can't just ask someone to take a leap of faith. It's very, extremely rare. Even though I knew him and he was going to do it anyways. It made him extremely more comfortable knowing that I was willing to try and attempt to do something. And in the early days you don't have that much more than your very rough product. And so some folks might take a back seat and say, I want to work on strategy or marketing.

Jeff Hong: You don't have any of that yet. You got to start with what do you actually have or what are you building towards? So with limited time and resources and we made the decision, "Hey, let's focus on what we're good at and I can compliment his skill set." So he worked on the tough way more technical backend stuff and I was doing all the front end. That was just something I learned in part of taking the classes and also with the practicum. But it just made it very much a team effort. And then when we brought in our third co-founder just about couple months down the road, I think he immediately saw, wow, this is incredible. You've got a [inaudible 00:10:18] school soon to be graduate. You've got one of our most common good friends and we also found a group that was willing to do any part at any time and jump into the difficult problems.
Jeff Hong: So I think that's something we all forget is just how do you take, get someone to walk with you. Well why don't you walk with them first and jump into the difficult parts.

Jen McFadden: So you have this idea, you have your first customer, you're iterating based upon feedback that they're giving you and essentially helping to build a custom product for them, which is something that you did then and I think less something that you're inclined to do now. Can you talk about the in between, so some of the diversions that you took on the path and some of the choices that you made and yes, I'm talking about that POS months of time and kind of how you've made some critical decisions over the past couple of years.

Jeff Hong: Yeah, diversions. We've had many, many, many. Part of the startup challenge is to figure out what is a divergent and very frequently we, you don't know until you're looking back at it.

Jeff Hong: Our first product was the digital menus and then from there our first couple of customers said, "Great, wouldn't it be nice if you could integrate with our point of sale system?" We took a look at their point of sale system, it was too old and they said, "Okay, well we're happy to put in your point of sale system." At that point we didn't have a point of sale system but we thought it was easier than integrating with what they had and when we shopped around that idea to a few other brands, a few other restaurants in the New Haven area, they all kind of didn't like their existing point of sale system and said, "Sure, we'll put yours in too." Okay, so off we went down that road a couple of moons later, we came to a realization that it added a lot of problems into things that we weren't, we didn't know how to solve or we weren't good at.

Jeff Hong: We didn't know a thing about building point of sale systems. Not that we knew much about building digital menus at that point either, but it was just a different level of expertise. And while none of us had restaurant experience and I shadowed the restaurant that we were in for a business to get some rudimentary understanding, that's fundamentally you're still lacking subject matter expertise and the best way to beef up your knowledge is either find someone who can do it and hire them. We didn't have money for that. Or just probably better yet, don't do it if you don't know what you're doing. So we, after I think three months, cut that off and took a look at what we had built and what we were competent at. And upon that reevaluation we said, okay, we, we've got this digital menu platform. It looks like it can be used as a kiosk.

Jeff Hong: Some people actually want to use it at that take out counter. And they, many times people have asked if they can order from it. Well that's an interesting part of that experience that we just overlooked. And as soon as we took a look at that ordering experience, we said, "Oh great. It's a lot simpler than worrying about all the other elements that POSs typically do. So let's just focus on that and figure out how to do that." And frankly, that one didn't require nearly as much restaurant expertise as building out an entire point of sale system.
Jen McFadden: So how many point of sales systems out there are you integrated with today?

Jeff Hong: That number changes. It grows almost every week or two weeks. We've got a good team to help do the integrations. I think right now we're at a dozen, maybe 15 of the top ones.

Jeff Hong: We took a look at who had the biggest market share and then went down, but more likely we took a look at the ones that our customers asked for. Part of our development thesis is to don't develop until you have a customer against it and then it's up to the sales and accounts job to ensure that they're willing to wait, let's say six weeks or eight weeks for that development to happen. And part of our onboarding process does take that amount of time anyway. So it's not an extensive wait. However, it allowed us to focus in terms of developing for something we had customers rather than just build for the sake of building.

Jen McFadden: So you raised a small amount of money and I think the majority of that has gone towards dev work.

Jeff Hong: Most of it's gone salaries, hiring, our sales cycles are long. So we've hired for those positions as well.

Jen McFadden: So when you were trying to get those first early customers and then expand out of that small group in New Haven, can you talk about the strategies that you employed to find those customers when you didn't necessarily have $25,000 to spend at a booth at a trade show?

Jeff Hong: Yeah. Frankly I don't think we knew what we're doing on the sales side. Our best effort back then was knock on doors wholly unscalable, but it allows you to build some reputation and that relationship element. So starting out in New Haven was kind of ideal because you’re, a lot of the businesses, at least we were targeting, weren't being approached by on the ground sales people every day, which allowed us to get in front of owners. And that also allowed us when we knocked on the third time, the fourth time, the fifth time to eventually say, "Wait, these guys keep coming back. Okay, I'm going to spend some time to take a look at what they want and either tell them no for good or maybe there's something interesting."

Jeff Hong: I think it would be very different starting out in New York when there are a million startups going on at the same time coupled with the established businesses knocking on doors. So just being in slightly off the beaten path allowed for just an easier start and got you the feedback that you needed from the market quicker and more direct.

Jen McFadden: So you started with the three of you and you now have a team of--

Jeff Hong: 15.
Jen McFadden: So can you talk about that process of going from three to 15 and how you've structured some of your HR processes and thought through the organizational structure? Jeff right now is giving me a pained look, which leads me to believe that he may not, may not be at that point yet.

Jeff Hong: Yeah, we're trying. We're trying here. I think one of our best hires as our three founders, was to bring in experienced people. We, or Stoss rather, had the mantra of A's hire A's and B's kind of hire everyone else. And we thought if we could surround ourselves with the best people, we have the best shot of succeeding. And being a startup, you're already against all the odds. So if you can just get some expertise in your corner, that makes a world of difference. So Brandon, who's now the CEO, he was the fourth team member, number four, including the three founders. So he came from a very distinguished background, knew how to run tech companies, but also specifically restaurant tech companies. So he ran Rezi for a couple of years. And before that I worked with Danny Meyer in hospitality. So we liked his background and complemented what we didn't have. And he also taught me and everybody else a whole lot about sales and accounts and complemented our skillset.

Jeff Hong: And then we added shortly thereafter our finance director, James and he also doubled as an HR lead for us. And part of that was just helping him find new roles that got him excited, but also splitting up the work so that it wasn't all squarely on usually my plate. And since then we've started with org charts, the standard issues staff, but also tried to split where people's strengths were and put them to that. And I think that's getting pretty crucial as you start scaling, to recognize what are people good at and try to move them there faster. And then ultimately as the utility players like myself, you kind of plug in the holes because you know your products so well. You know your company so well. That means it gives you the ability to jump into something that it's either a little harder to train other folks to do or you just can't find that right person just yet.

Jen McFadden: So let's talk a little bit about success and failure. I would say what is, we'll start with the weakness first. What has been the hardest, most difficult thing that you've had to do?

Jeff Hong: Fundraising. I think there's a lot of noise in terms of raising VC dollars. Everyone assumes it's extremely easy because you read of only the successes and you also read of major successes or major failures, but getting more money thrown at it like SoftBank, [inaudible 00:00:19:04], We Work or companies that just seem to have no business model getting tons and tons of money. I think a lot of people underestimate the amount of effort, but also just mental toughness and physical toughness that you need to be on the road to get in front of VCs. Do your pitch, get grilled and then come out of that like nothing's happened and do another one the next hour. And also do a number of them because odds are, I think you just need one out of 50 investors that you will take or get a meeting with will say yes but you only need that one so you're willing to put up with the other 49. And that one is ultimately, I think, the hardest challenge for any first
time founder because you're given a lot of, you're greeted with a lot of suspicion on whether you are the right team or person to lead that company. And that's something we're still facing every time.

Jen McFadden: Flip it back then to what has been your biggest win so far? What are you most proud of?

Jeff Hong: Yeah. For me, I think it was getting our customers, specifically our enterprise customers and some of them I thought, Hey, I don't know if we can get in front of these organizations and win their business. I'm competing against IBM and Panasonic and Toshiba and way better funded, way better equipped teams and to ultimately say, get the call and say, "Hey, you guys are the ones that we'd like to pursue and grow with". Every time, that's still compliment from our first one account that we landed that way to the most recent one. Every one of ... It's always just an incredible, incredible feeling. Hard to describe. It's one of those, I think you know it, when you know it.

Jen McFadden: So we're coming to the end. Since you've gone through this as an MBA student, what advice would you give to those students who are looking either to apply to programs or who currently are in programs, whether here or other MBA programs to help them get through the process of trying to launch something while they're a student?

Jeff Hong: Yeah. One thing I didn't take advantage of enough or it came to the realization, unfortunately after graduating was everyone's willing to talk to students. As soon as you say you're a student, everybody opens up, you can ask any question, nothing's out of reach or out of bounds. And yet the minute you graduate, that line changes that you say you're no longer student, everyone greets you with a lot more suspicion. I would use that opportunity while being a student to dissect the market, get as much knowledge as you can and don't be shy talking to leaders in the space.

Jeff Hong: Don't be shy. Going to the C suite and asking them for advice or just straight up asking folks about dissecting their business and understanding what are the leavers and triggers everyone's willing to share. And the second you miss that opportunity that's a major loss.

Jen McFadden: So final question that I ask everyone, also wincing occurring. What is the one book that you give out or have been giving out as a gift this year or would you recommend, it can also be a book that you would recommend to student founders.

Jeff Hong: Two books and a lot of people already recommend these two books. Predictable Revenue by Aaron Ross. That one changed the way we attacked sales and I think that really kickstarted our entire organization's growth. We didn't know a thing before that and then after reading it I'm like, "Oh my God, I need to do it this way."
Jeff Hong: The second book, Never Split the Difference. I honestly, I'm still stuck on chapter eight or nine because I keep, when I get there, I reread the first six, seven chapters again because they were so compelling. I just haven't been able to make it past eight or nine. I learned a ton from that one from Chris Voss, would recommend those two. And for fun reads, I just like having a little bit of good time and reading Strange Planet, the little comic books, so shout out there.

Jen McFadden: Excellent. Well, Jeff, it was great to have you in class. Really great to have you back on campus and we look forward to watching your continued success.

Jeff Hong: Thank you so much.