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## A HAND IN THE PICKLE JAR: FORMER TELECOM EXEC WORKING TO TURN GOURMET HOBBY INTO PROFIT-ABLE BUSINESS

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BY MICHAEL COIT

Selling gourmet pickles out of a SUV for about \$6 a tub is a decidedly low-tech venture for Dave Ehreth.

A decade ago, Ehreth ran the largest company in Telecom Valley, selling \$75,000 digital telephone hubs that allow millions of people to make phone calls and surf the Internet. Now, after years of making hand-crafted pickles in his kitchen for his friends, Ehreth is trying to make his culinary hobby into a business.

There's little technology involved in his latest startup, Alexander Valley Gourmet pickles. Yet the former DSC Communications executive says nothing satisfies quite like a tart, crisp kosher-style dill.

“I'd have to say that it's been a far more enjoyable experience,” Ehreth said.

Alexander Valley Gourmet, launched nine months ago, is growing rapidly. Ehreth has secured cooler space in two dozen mostly Sonoma and Napa county markets and aims to expand across Northern California after moving out of a catering kitchen and into a small Healdsburg plant.

“They do very well in our store,” said Jeff Angell, store manager for Big John's Market, an upscale grocer in Healdsburg. “It's not something that we're going to put up there and collect dust. It's got to move in its category.”

Going up against national brands, including Claussen, Nathan's and Bubbies, Ehreth recognized he would have to compete on quality.

“This business is as hard if not harder than any other enterprise that I've been involved in,” Ehreth said. “You don't go out and get \$65 million in venture capital to do this. This is really the Hewlett-Packard model of going into a garage. Right now we're in the garage working hard.”

Ehreth makes two types of pickles -- his Manhattan-Style Fresh Pickles and Outrageous Bread & Butter Fresh Pickles. Each quart-size plastic tub sells for between \$5.50 and \$7. So far, he has focused on independent and small-market chains because they are more likely to carry products from small, local businesses.

Oliver's Markets began carrying Ehreth's pickles a couple of months ago after a customer at its Santa Rosa store requested them.

“We try to bring in what we can. I try to please everybody, but sometimes I can't,” said Becky Graham, Oliver's customer service representative. “If it works out, we do a direct vendor. We try to use a lot of local people.”

Ehreth is lining up a distributor to expand sales beyond the North Bay and get into Whole Foods, Molly Stone's and other, larger market chains.

Despite lengthy experience in manufacturing and business, Ehreth is still learning much about the pickle trade.

A love of kosher-style dill pickles, he figured, was a good start.

Growing up in Novato, Ehreth, 56, got his first taste when his father, a New York City native, found a steady supply of the fresh, chilled variety at a San Francisco deli.

Ehreth started making his own some 20 years ago, first for family and then for friends.

He favored the style of fermenting tender cucumbers in a salt-and-water brine so they are preserved without using vinegar, which means a shorter shelf life. He never cooked his pickles, known as a quick process, and continually tinkered with different combinations of spices.

Friends urged Ehreth to sell his tart treats. But he was a telecom executive, not a pickle purveyor.

Then, Ehreth was searching for a business opportunity after his last telecom venture, Westwave Communications, was acquired by Alcatel in 2003. His decision came down to pickles or scuba.

Ehreth became a licensed scuba instructor. But he couldn't spot any obvious product niches and Sonoma County didn't need another diving center.

There might be a market, he suspected, for locally made, fresh, chilled kosher-style pickles.

He read books on food manufacturing and industry supply chains. Packaging and pricing required more thought than Ehreth realized.

Lining up suppliers remains a challenge because Ehreth needs high quality cucumbers, with thin skins, thick flesh inside, and an appealing look.

Imwalle Gardens in Santa Rosa provides much of the tonnage Ehreth needs. He also uses suppliers from the Central Valley and San Francisco Produce Wholesale Market, which get cucumbers from Southern California and Arizona.

Making pickles is one thing. Making a profit is more difficult.

Ehreth created a customer database to track sales to ensure supplies track demand. He has an accounting system to monitor manufacturing efficiency.

Like many small vendors, Ehreth makes his own deliveries.

“We are limited only by our ability to actually go and knock on the doors of a lot of the stores and by our ability to get in the car and deliver,” he said.

For the first nine months, Ehreth made pickles out of the Trends Catering kitchen in Santa Rosa. He now has his own small plant in Healdsburg, where he set up a production line with refrigeration, plumbing and a range of stainless steel gadgets, including washing equipment, counters, fermentation tanks and fluid pumps.

So far, Ehreth has kept the business growing with help from his wife, Lisa, and an occasional hand from the six children the couple has between them.

Once he has a distributor and can increase sales, Ehreth plans to hire a handful of workers to make pickles and help with bookkeeping.

The new plant can produce up to 16 tons a month, compared with the 1 ton Ehreth now puts out.

“We try to add one or two stores a month,” he said. “So I hope that we can scale upward very easily.”