



## Season 2, Episode 8, “In the Gray Area,” May 3, 2022

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**Kurt Greenbaum:** From Olin Business School at Washington University in St. Louis, I'm Kurt Greenbaum, and this is *On Principle*. I don't know what you're doing right now, but let me paint you a little picture of my situation as I write the words you're listening to. I've got an iced coffee on the table. To my right, a pebble-covered outdoor garden is drenched in warm April sunshine. Customers sit at tables scattered throughout the pebbles. Olive green canvas walls divide the garden from the covered asphalt patio, where I'm seated a few steps from the door to the service counter at Northwest Coffee Roasting Company. Today, we'll hear from this coffee shop's owner, a guy who didn't even drink coffee until a few years ago, and how close things got to the shop shutting down for good. We'll also talk about navigating what he calls the gray area—that spot where things look bad, but deep in your heart, you just can't figure out why.

**Jason Wilson:** My name is Jason Wilson, and I own Northwest Coffee Roasting Company. I'm a coffee roaster. I'm an entrepreneur.

**Kurt Greenbaum:** So why coffee?

**Jason Wilson:** You know, I went to school here, as you know, at Olin. During my time here in school, I had another business. It was a car wash business, and it was being affected at the time by the housing market, the boom and the bust that was happening at the time. Bear Stearns, the whole nine yards. AIG. And while in school, we traveled to China and went to a coffee shop, and I was like, this is crazy. Globalization is real. Coffee is loved everywhere. From there, I said when I get back to St. Louis, I want to start a coffee company. I actually wanted to start a coffee company in North St. Louis, where a lot of subsidized housing is, a lot of crime right now. But I wanted to start it there because coffee is indigenous to Africa, and there's this disconnect between Black Americans and coffee.

**Kurt Greenbaum:** You weren't a coffee drinker?

**Jason Wilson:** No, I was not, man. So my wife, Shanti Parikh, she was always a coffee drinker and used to always be like, Jason, you should drink coffee. And I'm

like, I'm not drinking coffee. From '05 to '08, I started spending more time in coffee shops and then just kind of fell in love with the process of drinking coffee. What it . . . what . . . the culture of drinking coffee.

**Kurt Greenbaum:** You described yourself earlier as a coffee roaster. Do you actually get in there? Roll up your sleeves?

**Jason Wilson:** I roasted beans from start to finish, package it, you know, box it. Make the deliveries. So coffee, you know, comes from either Africa or one of these diaspora countries, right? Or in Latin America. It comes in this raw green format and it's dried out when you receive it. It's actually a fruit. And there's like a . . . like . . . like a husk on it, kind of over the fruit and they peel it and they dry it out. And . . . and then when we receive it as the end user. And then when I receive it, you can't just start drinking it because it's raw.

And so we . . . we purchase roasters and then we roast it. In that process, we kind of figure out what our style is that's based on what kind of profile we're looking for when it comes to flavor. They all kind of look the same, right? There's density differences, size differences. There's like tons of things that make up each being literally that much more different. What we do is artisan roasting, and what that means is I'm in touch with the coffee. I mean, I'm watching the coffee roast from the beginning. I'm listening to it. I'm smelling, I'm watching how it reacts to heat and trying to figure out what is the best balance and what's going to give me the best outcomes when it comes to drinking it. It's a repetition, and it's trial and error in the whole time you're writing down, like, time, temperature, detailed information for you to remember what you did to get that . . . that profile that you liked.

**Kurt Greenbaum:** To understand a little more about what motivated Jason, you have to know a couple of things. First, he truly digs coffee culture and thinks everyone should have the opportunity. After that experience in China, really recognizing the social place coffee shops play in the community, he wants to bring that experience to some of the Black neighborhoods in north St. Louis County. He also knows how the deck is stacked. For example, the Federal Reserve in 2017 reported that Black-owned businesses saw fewer than 47% of their applications fully funded. White-owned businesses, on the other hand? They had 75% of their applications fully funded. And the fact is, Black restaurant owners are few and far between in the St. Louis metro area. A 2022 study in the journal *Tourism Management* identified 35. To put that into perspective, Google will show you way more than 35 restaurants within just one mile of my house.

**Jason Wilson:** Coffee is kind of an affluent beverage. When coffee was evolving around the world, people of color, Black folks in particular, didn't have access to it like that. And so there was no relationship with it, as it began to progress. And so consumers in America, most people that buy it are usually White ethnicity, right? But it's indigenous to Africa. Of course, this plays into a lot of things when it comes to colonialism, colonization. All these things going to play as to why Black folks didn't

have a real relationship with it. I want there to be a relationship with coffee because what's evolved over the years, which is what is great, is like this place for conversation dialogue? That's what we think about when we think about coffee, like people sit down and have a cup they're . . . they're reading, they're "transcendentalizing." That was what I wanted folks in different communities and Black folks in general to have a relationship with.

**Kurt Greenbaum:** In sort of pursuit of that goal. You acquired the Northwest Coffee Roasting Company from the previous owner. Tell us about that process. When did that happen? How did that come about?

**Jason Wilson:** Actually, a friend of mine was telling me that you got to go check out Northwest because they roast the best beans. And I think this guy is looking to sell. And Rick had been in business for a while and made a great name for himself. And I think he was tired. You know, I think he was just like, I'm ready to move on. And so I went in one day and met with Rick, and on the way out, I was like, hey, man, would you be willing to sell your business? And he says, no, I'm not really interested. Well, let me get your number, he says. And so I get in the car when driving off, and about 10 minutes later, I see this number pop up on my phone and it's like, this isn't a phone number. And it was the number of the price. It was very like a restaurant and someone writes down like the number on . . . on a napkin.

**Kurt Greenbaum:** How about that?

**Jason Wilson:** So yeah, yeah. Yeah . . .

**Kurt Greenbaum:** He texted you a number?

**Jason Wilson:** Yes. Oh, OK, OK, this is the start. I immediately started working on it. Nondisclosure agreements, getting my accountant together, my consultant together, everything, and you started working on the process. And took about maybe a year and some change to really close the deal because you fall in and out of love with the person you're buying it from because they are, you know, emotionally attached to the business. They made the business, their . . . their heart's in it, all the whole nine yards. And then we find out throughout the process when my NDA expires and someone else tries, it tries to get in there and the next person wasn't a good fit, and I was a good fit and we were able to hammer out a deal that worked for both of us. And the rest is history.

**Kurt Greenbaum:** And then what happened? What's your next move after that?

**Jason Wilson:** The next day, I was literally in business, like I went to the coffee shop. And slightly intimidated. I didn't really know how to steam drinks, and I definitely didn't know how to roast, you know, I'm like a fish out of water. And so, you know, I started to force myself into these spaces and you know, you can . . . you feel

like a prisoner in your own business. Like, I can't even ask these people questions because they're kind of like, you know, treating me like, you shouldn't own it.

**Kurt Greenbaum:** So now Jason has the platform he needs. He's acquired Northwest Coffee; he's got an established brand that he's set to build on. But he also has a bit of a reality check. At the same time he took over the company, Northwest Coffee had two stores, both in relatively affluent and mostly White communities. One was in St. Louis' bustling Central West End neighborhood, the other a few miles west in Clayton, the county seat of St. Louis County. The reality of that dynamic hasn't quite set in. Meanwhile, Jason's not inclined to waste any time about opening a North County shop. You acquire Northwest in December of 2012. When do you open Chronicle?

**Jason Wilson:** I opened up a Chronicle like January 5, back to back home. I want this to be something that comes from this community. Of course, I wasn't roasting in, you know, on the north side, I was roasting in a Central West End. But it comes from my, you know, this business that owns all of this, right? And I want it to come from this community and get big enough to the point where we're busting at the seams. We need a second roaster. We need to put one on the north side.

**Kurt Greenbaum:** You opened it up. How did it go?

**Jason Wilson:** It was rough, and the whole time, you know, people were telling me, don't you do it over there, Jason, because it's going to fail. There's no history of this being a thing over there, right? There's no business like this over there. Household incomes can't support this. And so I'm like, I think we can. I'mma make it happen. Then when Mike Brown got shot, it was precipitous decline. And to the point where I had to pull the plug on Chronicle. Everyone's investing in Jason. This is out of our friends', family money that I really, really didn't have, but I didn't want to continue to suffer and it affect the rest of the business, so I had to cut it off. That was one of those things that really hurt.

**Kurt Greenbaum:** Can you talk about like when are you feeling like you're in this gray area as the owner of Northwest Coffee.

**Jason Wilson:** The gray area is when you don't have enough resources and you know you have a good product or you have a good service or you're just good and people just haven't realized. You know, when you go to work at a business, you kind of know what you're supposed to do next. Standard operating procedure. There's like a plan, you have a role, you do your job, and then you go home.

**Kurt Greenbaum:** So what's the gray area for Jason Wilson and Northwest Coffee?

**Jason Wilson:** Not having the right amount of capital to really grow your business, knowing that at any day somebody can come and say, we need to see some kind of like accreditation or we're going to shut you down. Knowing that a big disaster could

happen and it could put you out of business. These are the types of risks that you got to be able to take and deal with knowing that you don't have enough money and you've got to go home and talk to your family. You can't cry. You can't whine. There's nobody you can really ask for money from. You know, and no one wants to invest in something that's not winning. They wanna invest in winners.

And so you've got to eek it out. You've got to stay in the mix. You know, it feels like in that gray area, the bills come four times a month, like your energy bill seems like it's coming like five times a month. Like, I just paid it like last week, but that's how it works. Paychecks are due, you know, the rent's due. The insurance is due, and you better figure out a way to make it happen. I got old employee that weren't there, and they're sabotaging me. If you don't have the skill sets that they have, that they put value on, right, which is making a drink, not the accounting side of the business, then they kind of diss you. And they were working for a Black person that they had never, never in their lives had they worked for, somebody that was an owner of a company that was African American.

**Kurt Greenbaum:** So how did you know they were sabotaging you?

**Jason Wilson:** Northwest Coffee Clayton was a very social space and very loud. So if you come in, you're talking, someone next door is going to hear you. So people that were like my allies in the shop overhearing conversations that the barista was having with a customer that had been coming there for years. They felt like that was their place. And I was I was an intruder. So I would hear these things and a lot of what was race-based. I would get with somebody and we're talking about art.

And then someone might say, I'm glad you bought the place, man, but I didn't know what you were going to do with it. I stopped coming because the coffee started to taste different. Like we didn't change anything. Those are the things you got to deal with. Everyone says that they're going, oh, I'm going to come by, man, and support you, and then they don't come back because they also have bought into this idea that, that your coffee isn't really good enough. Prior to this, we won awards. Now you're in your own head, you're trying to figure out, is this a real thing or not? Am I really feeling this or not? Am I sabotaging myself?

**Kurt Greenbaum:** Did you have mentors or role models? Who were you reaching out to during that time?

**Jason Wilson:** My wife, Shanti, who I think is super smart. She was like a mentor at the time. David Price of B.F. Goodrich, one of the presidents of Monsanto for a long time and very well known in St. Louis. He's the man, like, and he was my best friend's dad growing up, so I was always around this guy, always trying to steal some kind of, like, you know, information, some nugget on how to get into the game and be successful. And then he introduced me to his best friend. He was well respected because he was a numbers guy. He understood the numbers. He really helped shape my business school experience after school. And so they were giving

me advice, trying to go from a mom-and-pop shop to a real company with different divisions. And this is his expertise. You know, he knows how this stuff works. So he always gave me that advice, but also always reminded me that in this real world, this is how it really works.

If you're not winning, you can't continue to do this. Like, we got to at some point in time, you got to cut it loose. However, he stuck with me. And so it was good to have that. I mean, I know we had a good brand. We know we had a good product. So you're trying to balance the two out. You're trying to figure out whether or not one outweighs the other. Is it better to lose this a little bit amount of money if we sell, then continue down this rabbit hole and lose a ton more money?

I'm staring into the abyss at nighttime. It's frightening. Bills are due, things are happening. I'm by myself. From '16 to '20, I had, you know, a litany of issues that took place, right? It was construction on my block. So it was probably six months and ended up lasting like a year and a half. Killed me. Then it was another construction issue. It was always something. Really '17 to '20, I had nothing but bad luck. Plus, I was dealing with everything else that was happening to me.

**Dan Elfenbein:** Whenever you're developing a new idea, putting a new business into play, even if it's a dry cleaner, there is so much uncertainty. If you haven't done it before, how good you are at running this business? This may be your . . . your . . . your true calling or it may not be. Sometimes you can only learn that by trying it, by doing it.

**Kurt Greenbaum:** That's Dan Elfenbein, my colleague at Olin Business School and a professor of organization and strategy. Among his areas of academic expertise, and there are many, are corporate strategy, entrepreneurship and technology management. He's got a long list of published research, and he's often quoted in publications including *Forbes*, *The Wall Street Journal*, *The Christian Science Monitor* and the Freakonomics Radio Podcast.

**Dan Elfenbein:** You don't know if somebody else is going to put a dry cleaner in next door. There's also uncertainty about what the market wants. You know, is this dry cleaner in this location going to succeed? You know, some innovation will come and make dry-cleaning unimportant. Or if you just happen to pick a location that . . . that is one where, you know, it's impossible to park on the way to work. So some of these things, you can get information about some of these things you can pre-plan, but always there's going to be some irreducible uncertainty in finding out if this business is going to be able to get a foothold and going to succeed.

**Kurt Greenbaum:** In my conversation with Dan, we kept drifting back to that idea of navigating the gray area Jason talks about. There's a tension in that. On the one hand, there's that line from football coach Vince Lombardi, the one about how winners never quit and quitters never win. On the other, there's that old aphorism about finding yourself in a hole, and the first step is to stop digging. Dan brought up

a famous story about the Slinky, that springy child's toy that was basically a failure for years until its creators demonstrated its stair-stepping ability in a department store. But Dan had some thoughts about how researchers think about that story.

**Dan Elfenbein:** We want, you know, Jason, for example, to be realistic about the feedback he's getting from the market and that that feedback might be that this business isn't going to work. But it also might be that this particular part of the business is not working. And so in some sense would want him to have confidence to do both things. One is to . . . to make the change based on the feedback to the small part of the business.

But we also then kind of like to say probably you want to have a stopping point that occurs before you've burned out all of your investors or lost all your capital and maybe destroyed other outside options that you have because you've spent too long on somebody who's never going to work. On the one hand, persistence is necessary and important because given that you're in this uncertain process where you're going to get lots of bad news along with the good news, you don't want to quit as soon as you hit a roadblock. At the same time, like never learning about demand because you are unwilling to admit that you're never hitting breakeven is clearly not adaptive in the long term.

**Kurt Greenbaum:** And I wanted to talk about that idea that you mentioned earlier, pivoting toward success, which seems to be in opposition to the idea of committing and persevering.

**Dan Elfenbein:** Pivoting doesn't necessarily mean you're not also persisting. But it doesn't mean that you're creating opportunities to change in a way, we hope, is a systematic way. And the systematic way is like instead of making a huge commitment to, you know, one business model and then getting feedback for it, you want to start small, do some experiments, get some feedback from the marketplace about these experiments, and then double down on whether they work or make some alterations if they don't.

I think that where I feel like I'm a little bit weak is an understanding what that means in the context of a business like Jason's. Like, if you're going to be a retail food services business, you kind of have to have like nine-tenths of your business model in place when you plop it down. You can change the menu, you can change pricing, you can change promotions, but you can't move location. And if you're switching from coffee to beer, you know, you need new licenses. It's a whole kind of different set of businesses, commitments and customers. From that standpoint, I think our notion of pivoting needs a little bit of work to match the reality.

**Kurt Greenbaum:** In his business, the room for pivoting is narrow and there's substantial cost involved in doing that.

**Dan Elfenbein:** One of the real good sides, obviously, is you have to have the commitment to overcome hard problems in order to overcome the hard problems. The problems that Jason faced, most of them were not problems that he could have foreseen. But they come at him. In business, you've got to solve them. Another reason that that confidence, that kind of confidence matters, you know, almost all organizations we're working in teams. Sometimes we ignore this incredibly important fact that in any service business, your employees are your connection to your customers.

When they're feeling comfortable, when they're treated well, when they have belief in what's going on, they create a customer experience that brings people back and is hugely determinant of the success of your business. So if you're not confident that there's a future in this business, if you're not believing in the value proposition of what you have, I'd argue that it's really hard to find employees and team members who are. You need that belief to bring the best out of your teammates, the people who are your employees. And so I couldn't respect that sentiment more.

**Kurt Greenbaum:** He speaks about the idea of because I'm Black, that is not going to be the reason why I lost. So I wonder if you're . . . to react to that layer that's laid on top of this situation.

**Dan Elfenbein:** It's a degree of difficulty is higher. There's discrimination in product markets. It's going to make success harder. No question about it. The other piece is how that affects your beliefs and confidence and persistence. The rash response is, all right, if it's going to be harder, I'm going to be quicker to pull the plug. And so I think what Jason is saying is that logic then leads to sort of a self-fulfilling prophecy. And more generally prevents the growth of a strong African American business sector, which also limits wealth creation and because we know that source of entrepreneurial funds often is successful entrepreneurs themselves, that that has intergenerational impacts as well. So we're going to get a whole lot less African American entrepreneurship than we should. And it's not just because it's harder, but it's also because the rational response to it being harder is to do less of it and to persist less.

**Kurt Greenbaum:** You also said you needed more capital. And are you finding it?

**Jason Wilson:** So I had been with Midwest BankCentre for a long time, and that was because there was a guy named John Shivers who was a banker there. This is my friend. I think he'll understand me. Midwest BankCentre at the time had gone through some issues with the DOJ with lending practices. These guys got a problem. They're looking for some success. Some wins. They want to find someone they can support. And then I started to make a relationship with the CEO at the time, named Jim Watson. And so I made sure that I was just like asking him a bunch of questions about business. And then I think he started to value me as a customer but also as a friend. And I just said, hey, man, I need to get \$10,000. He looked at my assets and saw a few things that were available and made it happen.



**Kurt Greenbaum:** Was Chronicle's failure one of the things that sort of put you in that hole in the first place?

**Jason Wilson:** I would say it did, because that was money that could have been used as working capital. You've got to have like cushion. My experience in business and for me as an African American, it didn't matter whether I was on the upside or not, whether it was more respectable business or not. On my own, just going to the bank because I have assets and, you know, looking at the ratios, and here's my forecast, I wasn't getting loans. I was . . . I just wasn't getting loans.

The time I got the loan was someone saw me hustling and knew that 10 grand wasn't going to hurt them. It allowed me to get a little cushion for like payroll. And so I just really started to reduce my expenses even more. I started to really get down to like, you know, how much things cost. Got the Excel sheet out. Figure out my cost. Is it cheaper somewhere else? Start going there to get it. Start cutting out suppliers who are bringing it . . . bring it to you and charge you, like, you know, 80% more. That was how I survived. That's what that 10 grand allowed me to do at that time.

And then that started my rebound. I was able to manipulate it, make it work, get some wins here and there. Next thing you know, we're in 2020 and COVID hits and everyone starts to shut down. And I was like, you know what? We're not shutting down. There's no days off. And I took advantage of that. And so we stayed open and people started coming to our shop because we were like one of the only shops open. And we started seeing this increase in revenue. And when I started to hear was people saying, wow, we didn't even know you were here or, wow, you, you are good. This is really good coffee.

**Kurt Greenbaum:** At this point, Jason's story appears to be picking up; some of that only started to happen after May 2020, after the killing of George Floyd by a police officer in Minneapolis. A year later, Jason got introduced to retired NBA star Dikembe Mutombo, a coffee entrepreneur himself. And over that same year, more customers started to stop into his shop. And they were speaking up.

**Jason Wilson:** They were saying we want to support you, and they would say things like, I apologize for not coming. So I was getting new customers. Spring came of '21 and we were killing it again. A friend of mine who went to Georgetown reached out to me and said, I'm doing work with Mutombo, right? And then next thing you know, Mutombo is at my shop and we're trying to do some business together because he's starting a coffee company. That's kind of what happens when you don't give up.

**Kurt Greenbaum:** You said in one of our earlier conversations, you got to get through the gray area . . .

**Jason Wilson:** Yeah.

**Kurt Greenbaum:** . . . and if you hadn't gotten through it, you wouldn't be where you are now. Tell me where you are now.

**Jason Wilson:** We are in the middle of going onto the Schnucks shelves in all the Schnucks in St. Louis and the surrounding area. And we're about to open up another shop with Schnucks in Webster Groves, Missouri, and our current shop is profitable.

**Kurt Greenbaum:** At the time we recorded our interview, all that stuff Jason was talking about, all of it was in the future. As I'm recording this, it's all happened. Jason's coffee is on the shelves in Schnucks grocery stores in the St. Louis area. He's opened that new shop inside a Schnucks in the St. Louis suburb of Webster Groves. And before that happened, Jason told me that his one shop in the Central West End was making more money than two shops were before the pandemic began.

**Jason Wilson:** We're making money, and it feels good to be . . . to be making money, man.

**Kurt Greenbaum:** You had two goals for yourself: you wanted to be rich, and you wanted to have an impact on your community. How are you doing?

**Jason Wilson:** Well, I'm not rich, but I'm cool. I'm getting there, man. Like, I'm OK. Like, I'm . . . I'm definitely not rich. Everyone has to define their . . . their idea of rich, but I feel like I'm heading in that direction. I think I'm on my way. I wanted the people that hold the purse strings in this city to believe that they need to invest in the city. That's a rich thing. Being able to say I can pull a string and make some stuff happen because I'm trying to turn some things around. I think my wealth will be if I leave this earth, man, did I actually have a true impact, helped turn the course, control the narrative of how we see our community.

**Kurt Greenbaum:** And that's our episode of *On Principle*. I'm lifting my coffee mug to toast Jason Wilson and to thank him for sharing his story with us. I also appreciate getting a jolt of research caffeine from Dan Elfenbein. If you visit our website, you'll find some related links, including a short video about how they roast the beans for Jason's coffee and some background on the old Chronicle coffee shop, to find those links with the show notes. For this episode, visit *On Principle* podcast dot com, where you can also hear past episodes of *On Principle*. You can also find *On Principle* in your favorite podcasting app, so I hope you'll subscribe and get updated when new episodes drop. If you have any comments, questions or episode ideas, send an email to Olin podcast at W-U-S-T-L dot E-D-U. That's [olinpodcast@wustl.edu](mailto:olinpodcast@wustl.edu).

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