

**Lori Karmel**  
**We Take the Cake**

Lorin: Lori, tell us the story of *We Take the Cake*. I love that name!

Lori: In 2000, I moved to Florida from Canada where I used to be in real estate. When I moved here, due to our visa situation, I was not legal to work. So, in 2002, I ended up buying an existing business that was called, *We Take the Cake*, and I essentially just bought the name and the recipes. It was a very sleepy sale order cake company. Sales were not doing well at all and they had limited offerings. They didn't do any decorating of the cake and so forth. But, after I moved to Florida, I was looking for a birthday cake for my son's third birthday and I couldn't find anything I liked. I mean, nothing tasted good to me here. I was looking for a theme for my son's party. So, I went through the yellow pages and I found *We Take the Cake* and I asked them, "What kind of frosting do you have?" And they said, "Cream cheese frosting." So I got in my car and I drove over there just to taste the frosting!

Lorin: Oh, how funny!

Lori: Yeah... and everything was made to order, so they didn't have anything to see or to taste, and they didn't decorate! They charged two dollars just to write "Happy Birthday" on the cake. However, I *loved* the taste of it, so I bought my son's birthday cake. Then I had a business broker who told me that *We Take the Cake* was for sale. I knew it was a really good product and I knew that there was a lot of potential for it, so I bought it for \$72,500 and went to work changing the whole thing.

Lorin: Wow!

Lori: That's how we started.

Lorin: Okay, so let me just back up a little with logistical questions. You said you are from Canada?

Lori: Yes, from Toronto.

Lorin: Got it. So, you can't work but you can buy a business?

Lori: Yes, I just can't be paid. I can't be on the payroll.

Lorin: But you can make money...? That's the craziest thing ever. I had no idea! And when you did you buy the company?

Lori: In September 2002. It was a year after 9-11 and their sales had been suffering.

Lorin: You were bold!

Lori: Yeah!

Lorin: What did you know going into it? Was there apprehension or was there just a knowing you could make it a wild success?

Lori: You know, I was looking at a lot of businesses, and I was looking for something that didn't require a lot of skill on my part, because I wasn't necessarily trained in a skill. I was a real estate agent. I knew how to do sales. I've never decorated or frosted or baked a cake. I knew how to do sales and marketing and I knew I could hire the people. There was already a baker in place, so I thought, "I am going to look for something that I could do sales and marketing for and something where the hours weren't crazy and I could still be a mom." The hours for this business were Monday to Friday, nine to three, and that was it! So, I thought, that fits into my lifestyle and the amount of money I had to invest. Being Canadian, you cannot get the financing that you can when you are American. They wanted at least 40% down or something like that, so it really limited us as to the amount of money that I could spend on a business. So, that's why, with a \$72,000 purchase price, I was able to use my equity line on my house and buy the business.

Lorin: Tell me about that knowing you had. I am assuming that there was something that made you know you could build this into a successful business. What was that? What did you see?

Lori: Well, coming from Toronto, which is kind of like a northern New York, it's all about the presentation and about the taste. I thought, "This is a great tasting product!" It just needed an image makeover, because the way the storefront looked, it looked like a garage sale initially and the presentation was just so poor. It did not look like the premium product that it was. You know what? I had myself as a customer in mind when I was redoing the business. I thought, "What do I look for as a consumer? I want it to be beautifully packaged. When I walk into the room with it, I want everyone to say, "Oh my God, where did that come from?" I wanted it to be high end. So, with every choice I made I thought about me as a customer and what I would want. I didn't have any experience in the cake business, but I had lots of experience as being a cake customer!

Lorin: Was there a vision that you had for the business?

Lori: Yes. I wanted it to be the Tiffany's of cakes.

Lorin: Oh, great! And you could see that from the beginning?

Lori: Yeah!

Lorin: Beautiful! So, on a scale of one to 10, how excited were you about getting started in 2002?

Lori: I was not excited because I did not know where to start. I knew what I wanted to be. I knew how I wanted to end up. I just didn't know how to get there. It's fine that you can do sales, but I didn't know the industry.

Lorin: So there was a major learning curve along the way.

Lori: There was one whole year where I just didn't know what to do with myself.

Lorin: What did you do?

Lori: Well, we were sinking more and more money into the business and my husband said, “Do something!!” At that point I started to get involved with charity events and I started doing their food and wine tasting events. I would take samples of our product to the event and people would try it and then they would ask for a business card. The very first event I did was for Cystic Fibrosis and I had Godiva next to me. We had like really high-end companies and it was an “all about chocolate” event. I looked around and thought, “Oh, my God! Our presentation is horrible! We look like I am baking this out of my house!”

So, the next thing we had to do was bring in decorators who could dress things up, and to start thinking about what image I wanted to portray for the business – redesign packaging, redesign the storefront. We started to look better and continued to get the word out through the charity events. Then our business evolved by our customers asking us like, “Can you do a Thomas the Train cake? Can you do this...?” We turned into this custom design cake company because people were asking for it. So, that’s how we evolved to where we are right now.

Lorin: Out of trial-and-error.

Lori: Yes, out of trial-and-error. In the beginning, our style changed so many times since we began trying to find ourselves. It’s like a child. They don’t know who they are yet, and, at first, we didn’t either!

Lorin: What was the hardest thing along the way?

Lori: Finances. We are still undercapitalized. I mean, trying to grow without any money. My house financed the whole thing!

Lorin: Wow!

Lori: There are no loans. Again, it was difficult being Canadian, because you don’t qualify for an SBA (Small Business Administration) loan, so it all had to be self-funded. It was very challenging when it was sucking up all of your money to make these changes and you are not seeing any money come in for them. We probably could have grown a lot faster had we been well capitalized.

Lorin: So, that was the hardest thing.

Lori: Yeah.

Lorin: But now your reputation precedes you. I understand your business is pretty successful six plus years later. Tell us where you are now.

Lori: For the past two years, we did \$1.1 million in sales, which is which is pretty good considering where we started. We had less than \$200,000 in sales or \$100,000 the first whole year (2004). So, yes, that's been very good for us and it didn't hurt to have Oprah help us out.

Lorin: Did Oprah have you on her "favorite things" show or something?

Lori: Yes! Our key lime cake was one of her favorite things in 2004. You know, it's funny, because you think, "Oh, I'll get on Oprah and I'll make a ton of money, but it was actually very challenging, because at the time we were a company of five employees in an 1,100 square foot space, which included our showroom, baking, shipping, and office – and we only had three phone lines, so it was *very* challenging.

At the time, we were sharing a server and within four hours after the show aired our server was knocked down and we couldn't go back up again! We couldn't go back up and didn't go back up until the next year in 2005. So, our phones rang around the clock for at least a couple of weeks before I had to get an answering service to start helping. And by the way, who would know that it would cost about ten thousand dollars to have an answering service take messages for you?

Lorin: Oh, my God!

Lori: So, anyway....

Lorin: So maybe being on Oprah was not what you thought it would be?

Lori: It was really a mixed blessing and you would think that after that stuff just comes rolling in and it really doesn't. It's what you make of it. So, I just marketed the

business like crazy and the result is that we've been on three different food network shows, CNN Money.com, and in *The Washington Post*. I am actually going to be on CNBC's *The Entrepreneurs*. They are doing a whole show about Oprah and how the impact that she's had on small businesses.

Lorin: I would look forward to seeing that! So, how have you set and achieved goals? What has been your goal-setting method?

Lori: Well, honestly, it's called, "slide by the seat of my pants." It is listening to your gut, which I learned is the most important thing. Sometimes an idea will pop in your head and if it haunts you and it just keeps coming back, you have to do it!

Lorin: So, that's your intuition really. You are being guided by your intuition and you are really listening.

Lori: Yes, when I don't pay attention, when I don't listen, I am sorry! One of the things that my gut was telling me was to get in touch with Whole Foods! I kept saying to my husband, "I have to call Whole Foods." He'd say, "And say what?" And I'd say, "I actually don't know! I just know that I have to get in touch with them." He's like, "Well, I don't understand what you are going to propose to them." I said, "Neither do I!" Then, I was able to get a meeting and they said, "Well, what exactly are you proposing? Are you proposing that we sell your cakes?" and they came up with the whole thing. And I said, "Yes!" The bottom line is we've been in Whole Foods for the Florida region, doing their sixteen stores for the past year and a half. It's been a very successful program.

Lorin: That's so good for you! So listening to your gut is critical?

Lori: Absolutely! I just had a meeting with an ice cream chocolate shop that has about seventy locations nationally. I have this idea of cake and ice cream that I can't let go of. Well, out of the blue, one of the franchisees called me and she put it forward to the owner of this company and, right now, samples of cupcakes with a scoop of their ice creams in the middle are being driven to FedEx.

Lorin: Oh, I love it! Is there something that you do really well that is hard to define — that you tend to attract things that you think about?

Lori: Yeah!

Lorin: That’s something we talk about a lot in our Big Fish program. There is a skill to it and you probably don’t even realize that there is a skill to it.

Lori: Yeah! I’d have to say one of the things that I became a believer in is what you put out into the universe comes back.

Lorin: Yep, because it’s true! It does!

Lori: I’m a 100% believer in that. One of the first networking meetings I went to was about Wayne Dyer. He says, “Close your eyes and visualize where you want your product to be and visualize it like you can see it and touch it.” And I thought, “This is a load of crap! I am getting out of here!” Well, six years later, I am a 100% believer. If you can visualize it, if you can touch it, it’s good. I think that it happens.

Lorin: You said something really important because I think there are two parts to it. I’m a huge Wayne Dyer fan. He is probably on the top of the list of books that I have read over the years. I believe in his books and his work, but you said something that I think is really important. You don’t just visualize it. You also pick up the phone. Like if you say, “I have to call Whole Foods.” Then you picked up the phone and you called them. And if you hadn’t heard from the other company, you would have picked up the phone and called them.

Lori: Yes! Absolutely!

Lorin: So, you visualize and then you *take action* and it’s *bold action*. You are not afraid to pick up the phone.

Lori: No! You’ve got to pick up the phone, and if I don’t get a response the first time, I am coming back. I do not go away easily.

Right now, I want very badly to work with Williams-Sonoma. One of the stores contacted me and they wanted us to do a birthday cake for the founder, Chuck Williams, and they wanted us to do it in the store. So, I did the birthday cake event in the store and then I said to them, “Hey, do you mind if we send a birthday cake to Chuck Williams from us?” They said, “No, not at all.” In fact, they wrote the letter and I included it in with the cake, but I also put in there, “You should consider this for your catalogue.”

Chuck Williams himself personally walked it over to the buyer and said, “Here, look at this.” Well, the buyer wasn’t crazy about it; however, we’ve been in conversation ever since and he sent me an email today saying, “I am very interested in your product, but now we just have to work out the price.” We have to figure out how to get it to the point that they can turn a profit on it.

So, you know, “If you can think it, then you can do it!”

Lorin: Exactly! I love that motto! I love that you are identifying the companies that you want to work with before you ever work with them. I think that is very smart. It goes back to, “What’s your intuition and what’s your intention?” I think that’s really important.

Lori: I think that’s because I approach things as the consumer and think about where I would want to shop and where I would expect to find a product of my caliber. So, I would shop at Williams-Sonoma and I would prefer gourmet products. I would shop at Whole Foods. So, that’s how I identify where I’d like our products to be.

Lorin: So, do you think you have found the whole work-life balance thing? You have one son?

Lori: Yes, I have a 10-year-old son, and establishing work-life balance has been very challenging. We’ve had the business for more than six years, so he was four years old when we started it. I am very fortunate that my husband can help me out with this, but I hired really good staff and I have learned not just to delegate, but also

to give them the power. They run the place. I give them that power and they know that I treat them as an equal and that I rely on them. I think the most important thing is knowing what your strengths and your weaknesses are. If you can hire people who have your weaknesses as their strengths, then you rely on them, and the result is they feel empowered. So, once you have that kind of staff in place, you can actually leave the business.

As for me, I'm all about doing the sales, the marketing, and the public relations, because that's what drives the business. If I am in the car, answering the phones, and baking cakes, nobody is bringing in sales. So, I have to trust them to run everything else and let me go do what I do.

By empowering my staff, I can go home and pick my son up from school and it allows me to have my weekends off. In the beginning, I didn't, and they never saw me, and that's not how I want to live my life. But, I still work a lot.

Lorin: Yeah, and do you love it?

Lori: As long as I am doing the parts that I love, as long as everyone's letting me do the sales and the marketing and the P.R., it's not work to me. It's my passion and I love it! And, it's very interesting. I get my son involved and he sells cupcakes and donates to Make a Wish. So, he's an awesome little salesman!

Lorin: It sounds like it! So, I am curious what your husband's role has been in the process of your success, of your journey.

Lori: My husband has actually been a huge part, because it goes back to your strengths and weaknesses. I am not a numbers person and he has an accounting background. So, he does all the payroll, the bookkeeping, and all that type of thing. He's also my financial advisor, because it is still our money jointly. He's the person I consult before any big purchases. He's far more conservative than I am but we balance each other out in the sense that I am the idea person. And, by the way, he was such a non-believer in the Wayne Dyer thing, but now that he's

witnessed it for himself, I know now if I say to him, “I have to do this because I have a feeling.” He’ll say, “Go do it!”

Lorin: Wow!! Good for him!

Lori: Yeah! He can’t deny it! One example is the Oprah’s “Favorite Things” show. It was on one time and I was sitting on the edge of the couch with my hand under my chin going, “I want to be on that show!” And what happened? There it was!

Lorin: I love that story. I love that you convinced him just through your actions and the results of your vision. So, I’m curious. Lots of different things motivate different people. What’s been your biggest motivator?

Lori: It’s funny, because sometimes I think it’s money, but in the sense that there are no options – everything is at risk. And now even more so... I just bought a building for our production and the house, the business, the building, it’s all connected, and so, there is no option for failure!

Lorin: There’s not an option. I love that.

Lori: None! In the very beginning, we had nothing. We had no money, and our house was at risk, and there was no income. I used to say that to myself on the way to work, “Failure is not an option.” So, that gets me going every day.

Lorin: It also motivates you to pick up the phone.

Lori: Oh, yeah! Like some days, when it’s been a bad day, I think, “I’m not going home until I get one good thing today!” But being in sales is like that. You are on a super high one day from good results and then the next day could just be dismal. So, it’s that one good thing. I need *one*, I don’t care what it is...even if it is just a maybe...I want one good thing.

Lorin: What I am hearing you say is that you are taking full responsibility for success. I think that’s an important thing to say. I feel like responsibility is a really important word when it comes to women’s success, because women take full responsibility. It’s like failure is not an option and to me that’s one side of the

coin and the other side of the coin is I am taking full responsibility for wild success – that’s what I am responsible for.

Lori: You know, it’s really funny, because I don’t think that I put the success on me. I feel as though it’s all about the cake. It’s all about my product and I don’t take the success for myself because I feel like my job is just to introduce as many people to the cake as possible...and it will be successful.

Lorin: So, your vision is bigger than you.

Lori: Yes, I’m just a part in all of that.

Lorin: I just got it. You are the vehicle in that.

Lori: Right. I couldn’t sell just anything. I can’t sell something if I don’t believe in it, and I believe in the product so much that I just feel like all I have to do is get it into your mouth and you are my customer!

Lorin: Speak to us about that whole way of being in order to manifest. It’s not necessarily about what you are *doing*, but more about who you are *being* in order to create your successes one at a time. What would you say to another women entrepreneur about how they need to *be* in order to be successful?

Lori: Relentless. I am persistent and I don’t take “no,” for an answer because “no” means “just not right now.” I always come back. Maybe I don’t come back right away, but I’ll come back with another angle...later. If I am pitching for my P.R. and I get a “no,” I come back with a different angle. If I am pitching my product for you to buy it at a retail location and I hear your objections, I’ll come back with another angle.

Lorin: And take care of the objections.

Lori: Right! Exactly! I just don’t give up. I don’t go away that easily. There is also believing. If I believe it, I just know that this is possible. I think you have to be passionate about it, because people know when they are talking to you that you actually believe in what you are saying, and you are not just trying to sell a

product. Some people say, “I just can’t sell.” I am thinking, “I am not really selling; I am introducing you to my product!” The product sells itself because that’s how great I think it is!

I help out some friends who have products and they’re like, “Well, what do I do? I don’t know where to get started or whatever.” And, I tell them, “You have to get over being nervous about selling!” They say, “What do I do when I walk in the store? I wouldn’t even know who to talk to and what to say?” I just walk in and say, “Who does the bakery buying, because I have a sample that I want to leave.” I don’t force anyone into my product. I truly believe that I just introduce people to it.

Lorin: Yeah, and you are being authentic in the process.

Lori: Right! People know that. They sense that you are a real person. When I talk to anyone, whether it’s an editor or a catalogue buyer or whoever it is, I am always myself. I don’t try to be anyone other than “me,” and I talk to him or her like I talk to my best friend. When a *Real Simple* magazine executive said, “I am going to try to find a place for you in the magazine, I said, ‘Yippee, yippee, yippee!’ in my email, because I want them to know that this is my life! I am real! It’s not like I am just trying to sell you some cake; this is the whole package. This is my family’s food on the table. This is my passion. This is my hobby. This is everything rolled up into one thing.

Lorin: Beautiful! You touched on this already, but I am going to ask it in a little different way. I am curious how spirituality has become a part of your life because of this business. Like, does it have a new role?

Lori: It does!

Lorin: Can you explain that?

Lori: I am now one of those people who believe everything happens for a reason. When it’s a bad day, I try to understand or figure out what the reason is, and if I can’t figure out what the reason is today, I know it will show its face to me later. So, if I

get a “no” and I am devastated, I just think, “It is okay, because the timing was not right! It’s just this was not meant to happen right now!” But, when my intuition tells me...I think I sound like a flake here or so my intuition tells me.  
(Chuckle)

Lorin: You do not! You are so speaking our language! So you need to know that you are so speaking to the nature of this book! You are not a flake! In fact, we want *more* women feeling like a flake, because you know what? That leads to more success!

Lori: Okay, because I think you have to follow your gut and not worry about what other people think you should do. You should go where your gut is telling you to go. And if my gut says, “Well, you know what, Lori? Now is the time to call Neiman Marcus,” or do this or that, then I will!

Lorin: Do you find that being a parent has helped you in business, and that being in business has helped you as parent?

Lori: Oh, absolutely! Because I think I am a much better role model for my son, and it has also helped us in our family life, because if I am running late then my husband is cooking dinner, or he picks my son up from school. My son sees how I work and what I do and he is so proud of the success of the business that he tells everybody. He’s my little marketing guy! He tells everyone at school.

I think it gives him something to strive for. He said to me, “I want to work at *We Take the Cake* when I am older or when I graduate.” I said, “You can work at *We Take the Cake*, after you’ve gone to business school and you have something to contribute to the business.” I want him to bring something that he’s going to contribute to the growth of the business. .

Lorin: We want the women reading this book to accomplish great things, as you have. Is there anything that we’ve left out that you want to say?

Lori: I think I’d like to go back to how the importance of having a vision for your company. You have to have a vision on who your ideal customer is and I was the customer. Not everyone’s business has themselves as their ideal customer but,

other than visualizing where you want the business to be, you have to visualize who your ideal customer is: what they look like, where they shop, how they dress. You have to know everything about them and go where they are. You can't just open the door of your business and think people are going to come flocking over there.

Lorin: So...visualize all of the pieces?

Lori: Yes!

Lorin: And when you can't visualize it, make it up, because that's what visualizing is.

Lori: Right, because maybe you don't know that person. But, I would think, "Okay, my customer is a woman. She's probably in her forties," and I would think of what kind of a car she would drive. It's in an ideal world."

Lorin: Exactly, yeah, I get it. Like you want to know everything about her.

Lori: Yeah! And go there! I think that a lot of businesses fail because the business owner gets caught up in the little things of the business. One of my employees is leaving me and she's going back to Indonesia to start up an apron business. She said to me, "I am taking an accounting course. I am going to learn this. I am going to learn that." I said, "Well, who's going to be doing the sales? If you are going to be sitting there doing the books, how are you going to get any business?" So, you can outsource that without hiring someone full-time. You've got to figure out what your priorities are.

Lorin: I always think that the salesperson, too, is the one with the vision.

Lori: The one with the passion!

Lorin: Now that you've grown your business to over the million dollar mark, where do you go from here? Are there fresh visions? Where are you now with your business?

Lori: Always fresh visions, and that is a really important thing! I just said that to someone today, “You know what? As an entrepreneur, you should not have one day that you don’t think how to re-invent yourself.” Every day, you have to stay fresh and stay on top of things and be relevant. Every day, I think, “Where’s a new market for me to take my product? Where’s a new person to introduce to my product?” So, every day you come up with new ideas.

Lorin: And follow through on them.

Lori: And also realize that some of them aren’t going to be so great.

Lorin: Yeah, that’s true!

Lori: You are going to come across some obstacles where this or that didn’t work.

Lorin: I’m glad that you said that. Even at the million dollar mark, we still screw up. We still make mistakes and that’s okay.

Lori: Right! And that comes back to, “It happens for a reason.” So, I say to myself, “Okay, I had this idea and I pursued it and it didn’t work and it’s still nagging at me.” As an example, I had this brilliant idea. I was going to sell my cake batter to a high end distributor who sells to the gourmet stores and I thought it was a great idea. They loved the idea, but what happened was once we figured out batter weighs so much more frozen, now shipping became really expensive. They said, “It’s not going to work. We don’t think we can sell it for the amount it’s going to cost to ship it.” So, again, I can’t let it go. It’s nagging at me, because I know it is still a good product. It’s kind of how I worked with Whole Foods. So, I know that the application works. So, that’s what I am proposing to this ice cream company. We might be able to do it here! It’s like, okay, what did I learn from that experience? I learned that I had to overcome the obstacle of the shipping.

Lorin: What I love about your story is it’s so real. This could be any woman’s entrepreneur story and there’s nothing “rocket science” about what you are up to. There is a formula, and it’s *your* formula, and you’ve said it so succinctly.

Lori: I agree one hundred percent. I don't think that I am extraordinary. I think that I am any woman. I just think that some people are scared. I have friends who are starting up their businesses and they are saying things like, "Well, I need to think of a name." And I'm saying to them, "You are getting so caught up in these details; just get out there! People will help you. Go test it. Go see what people think of it. Go see price points they think it should be. Just get it out there! One thing that I found is that everybody helped me. Strangers would say, "You know, I know somebody...let me make a call for you," or, "Here, call this person." You learn from everybody else. Everyone wants to help you! Don't get caught up in...I've got redo this and do that. Forget about it! Do that later.

You know what? I got the cake on Oprah before we did our packaging. Luckily, Oprah was all about the cake and not about the packaging.

Lorin: Exactly! She loved the taste of it, which is so Oprah.

Lori: Another thing I'd like to comment on is that I think a lot of women fall into a trap of feeling like they are waiting for someone to come save them. They'll say, "I'll just dabble in this, and if it doesn't work out, I'll get married," or try something else, whatever the case may be. And, I would say to myself, "I am responsible for myself." My husband and I were going through some rough times after we moved here, because his business, due to circumstances, was almost nonexistent and we really didn't have an income, and the business was taking a lot of money. So, I really didn't have him to rely on. I had no money coming from anywhere else. And I was just kept saying, "I am responsible for myself!" Stop thinking you can fall back on someone, because you can't!

Lorin: That's so true, and if we all would think like that, our businesses would be so much more successful!

Lori: The follow-up to that is, "There is no option for failure!" Make it work! A lot of my friends who are doing their businesses will say, "Well, who should I call?" And I say, "Call this person." And then I bait them and say, "Okay, go call them right now and then call me back and tell me what they say."

Lorin: Exactly! You're being such a good coach!

Lori: Yeah! (Laughing) I put a saddle on them and ride them.

Lorin: I agree with you. Take action and do it now!