

Burtenshaw Distinguished Lecture Series 2016: Serving Those Who Rock

NANCY Good morning.

SWANGER:

AUDIENCE: Good Morning.

NANCY My name is Nancy Swanger. I'm the director of the school of Hospitality Business

SWANGER: Management. And it is my pleasure this morning to welcome you to the distinguished Burtenshaw Lecture. And for those of you who know me-- know that I kind of fly by the seat of my pants most of the time. I don't ever use a script.

But this is one of those days every year that I read very carefully prepared remarks. And the reason for doing so is there's a very special story about this lecture series. And I have such love and respect for the Burtenshaws that there is absolutely not a detail that I want to miss. Those of you who've had me in class think, what is she doing. I want to make sure that I get this right.

As noted in today's program, the Burtenshaw Lecture series is made possible through a donation by Jerry and Angelina Burtenshaw which commemorates their late son, Calvin Brett, who planned to enter WSU's hospitality program before being involved in a tragic accident many years ago.

For the first time in the lecture's history, we have included a picture of Brett working as a concessionaire in the family business, which, to me, is priceless. Each year, since 1981, WSU's School of Hospitality Business Management, through the efforts of the Burtenshaws, has invited leaders in the field of hospitality to visit our campus and to deliver a lecture to our students, faculty, and the WSU community.

Today's lecture is being video streamed live for Angelina who was unfortunately unable to make this trip and those Cougs who may be joining us from Cesar Ritz Colleges in Switzerland, Vancouver, Everett, Tri-Cities, and the global campus, and beyond. Welcome. We're really glad you're here.

In addition to supporting the Burtenshaw Lecture Series, the Burtenshaws have been instrumental in helping to shape the hospitality program throughout the years with their vision, their leadership efforts, and through their very generous contributions to the school. Jerry

Burtenshaw is a prominent and very successful graduate of our program. He has received numerous noteworthy honors and awards, including WSU's Alumni Achievement Award, induction into the College of Diplomates of the Educational Foundation of the National Restaurant Association, being named Hospitality Man of the Year by the Washington Restaurant Association, and most recently was given the Dean's Distinguished Leadership Award by WSU's Carson College of Business. The Burtenshaws are remarkable individuals, who turned tremendous personal loss into the establishment of this wonderful lecture series, which has significantly impacted students for 35 years. Jerry, please stand and be recognized.

[APPLAUSE]

In our audience today are a number of others that I would like to stand and be recognized, please. Members of the School of Hospitality Business Management Ambassadors, officers of our professional student organizations, Eta Sigma Delta, PCMA, and the National Society of Minorities and Hospitality, faculty and staff from the School of Hospitality Business Management and from the Carson College of Business, the very dedicated members of the SHBM Advisory Board, and our new dean, Dr. Chip Hunter and his wife, Julie. Thank you.

[APPLAUSE]

It is now time for me to introduce today's keynote speakers. During the Summer of Love in 1967, Dave Furano, a well-known rock and roll concert tour promoter with greats such as the Stones, Bob Dylan, The Grateful Dead, The Doors, George Harrison, Crosby, Stills, Nash and Young, others, accepted a position to manage the emerging rock emporium, called Winterland, in San Francisco.

Four years into his gig there, Dave invited his brother, Dell, who had just graduated from Stanford, to join him to learn the business. Shortly after his arrival, the Rolling Stones were set to appear at Winterland and Dell saw an opportunity to merchandise around the concert. He took a collection of psychedelic t-shirts with a marquee on the front of them and stencilled, The Rolling Stones, into the marquee.

After selling hundreds of t-shirts, Dave and Dell formed Winterland Productions and merchandising in the rock and roll business was born. A few years later, on tour with John Denver in London, Dave met Peter Morton of Hard Rock Cafe. Peter told Dave that if he could get some guitars and other rock stuff to put up in his restaurants, he would buy t-shirts from

Dave and Dell.

To their delight, Peter ultimately bought millions and millions of t-shirts from the brothers. And fascinated by the success, Dave quipped that, when he grew up, he wanted to own a rock and roll restaurant and sell t-shirts. In the summer of 2010, Dave's quiet passion started to become a reality when he, Dell, who at the time was serving as the CEO of Live Nation Merchandising, and restaurateur/hotelier extraordinaire Michaels Zislis got together for a KISS concert.

Backstage after the concert, enjoying a cold beer and visiting with longtime friends, KISS front men Gene Simmons and Paul Stanley, Dave said, what's better than rock and brews. A spontaneous brainstorming ensued engaging the diverse talents and creative energy of the five friends bound together by their love of concert rock. And Rock & Brews was born.

The collaboration, combining extensive concert branding and restaurant experience with the immense international fan base of KISS has produced a new brand that is widely engaging and poised for thoughtful and worldwide expansion. And in case any of you are wondering, yes I do have my KISS tickets. They are going to be in Spokane in July. So there. Please, help me give a Washington State University welcome to the guys from Rock & Brews.

[APPLAUSE]

Ladies and gentleman, Mr. Dave Furano.

[APPLAUSE]

DAVE FURANO: Thank you, Dr. Swanger. This was at the National Restaurant Convention in Houston-- or in Dallas. And that's where I first met Dr. Swanger. And what a delight or treat that you all have her as your dean here.

First, I'd like to thank Jerry Burtenshaw for inviting us and having us come here today. I'd also like to thank Dr. Swanger. I'd like to thank Jamie Callison, your chef, pictured here with Brian Wise in his kitchen preparing dinner for the Brion Society. And I'd like to thank his beautiful wife, Tanya.

This is at a Apicius in Florence, Italy, which is your campus in Italy. And we went there and experienced it. And I can just tell you, put it on your bucket list and be sure to go. These are the students that treated us this spring for the annual Brion Society gathering. And it's where

Brian Wise flies up here and picks these students up. And they give up their spring break, come down to his winery in Sonoma, and cook a fabulous meal for his Brions Society guests.

We fall in love with his students every year. We fall in love with their dreams and their stories and what they want to do next. And it's just another bucket list thing that you all have to do.

You can join the Brion Society by going to bwisevineyards.com.

[LAUGHTER]

These were last year students. This is Rhonda in the cave with his students. This is Brian and Rhonda wise. Why am I and why are Michael and I here today? We're here today because of Brian and Rhonda.

Brian graduated from WSU in 1968, which happened to be the Summer of Love. He started Western Gas in 1972. He was a chemical engineer. He's on your engineering board and has been for the last 11 years.

And he loves his college. He loves what he learned here. He credits his significant success. He's extremely humble. You would never know. I knew him for five years before I even knew what he did. He just didn't talk about it. But he is one of those guys that achieved significant success in his career.

A farmer from Western Washington that went to WSU, that became a chemical engineer, had a knack for finding oil. He found oil for Western gas, built a \$5 million public company, and was able to go chase his dream of going back to being a farmer, growing great wine grapes, and making the greatest wine in the world.

I've been able to share many experiences with him. What does he like to do? He likes to travel to the greatest wineries in the world, bring his beautiful wife, Rhonda, and my wife, Sandy, and we drink wine.

[LAUGHTER]

Dream big. And then live your dream. And that's what I'm doing. And I'm so grateful to be here. This is Rhonda. I call him the big dog. I could also call him the big salmon because he's a real man's man. And he's a hunter, a fisherman, a chef, and he smells the roses along the way.

Here he is at his lake house in Idaho with his beautiful wife, Rhonda. We call him Don Brioni. Even though he doesn't make Italian wine, he makes several varieties of wine, which I'll mention in a minute.

This is his cave and it's where the students cook when we go there. And this is his 95 rated Robert Parker. I want to mention, it is so hard to make a 95 rated wine. It takes years. It takes money. It takes passion and hard work.

Congratulations, Brian, on that great achievement of having a 95 rated wine, which is not satisfactory to him by the way. His new vineyard, upper range on the eastern slope of the Napa Valley, is surrounded by 100 rated vineyards, which is where wine starts in Brian's world, on the farm, in the ground, great grapes. Grapes from great vines from around the world.

Oh, here we go. I was going to have an audio start here. And this is 1968. And none of you are old-- most of you were not alive then. But there was a song that happened that spring called that if you go to San Francisco, be sure to wear flowers in your hair.

A million kids came to San Francisco as soon as they graduated that spring, in the spring of 1968. We had a ballroom there called Winterland. They used to line up like this every night. Every night with \$5. We could only hold 5,000 people. And there would always be 2,000 or 3,000 kids standing in line wanting to come in.

This is the Rolling Stones 1972. It was the event that Dr. Swanger mentioned earlier. My brother, who was bootlegging t-shirts in the lobby, went backstage with \$1,000, gave it to the manager of the Rolling Stones, and said I've been bootlegging your t-shirts in our lobby. And we want to pay you a Royalty. And if we can do this every day, we'll pay you a Royalty every day. And he put his arms around my brother and said, let's go. And we went on the road with the Rolling Stones.

And so you know again, living the dream, the next day, we were in a truck, and we were following the Rolling Stones. And we were selling t-shirts. And life was just more fun than I can remember.

Here they were backstage. That guy on the right, Bill Graham. He was my boss, a real empresario, an immigrant to New York. During the time that I worked for Bill-- and I'll segue here-- I didn't know what I wanted to do when I graduated from college. So I wanted to work for somebody exciting, somebody that I could learn from. And now, all these years later, I can

tell you, if you don't quite know what you want to do, go to work for somebody that you think is great.

You're going to learn some stuff. And you're going to learn how to be great. You could settle for getting by and getting a job. But you could also go for being great. Bill was a force to be reckoned with. And here we are with Francis Coppola and Marlon Brando.

And we're doing a benefit for the San Francisco schools called SNACK. And that's Students Need Athletic Culture and Kicks. And they were eliminating the athletic program at the San Francisco high schools for budgeting reasons. And it was intolerable to Bill and a lot of us in San Francisco.

So we held a big benefit at Kezar stadium. And, oh, I don't know. We raised a million dollars. And all these people came out to support that event. Here I am with-- I'm the guy with the mustache. I had hair then.

The guy in the middle with his arms crossed is Ben Fong-Torres. And Ben was the editor of Rolling Stone magazine. And the guy on his right is Cameron Crowe. And Cameron made a movie about his experience of going on the road for the Rolling Stone Magazine. And this particular tour was Bob Dylan and the Band.

Now, I knew that this was not going to be pretty because the Rolling Stones didn't want fluffy little pieces on how fun everybody was having. They wanted the dirt. They wanted to know who was doing what. And they would frequently be totally embarrassing to us when we would read the magazine and be characterized as the money guys behind the music business. It wasn't all just the Summer of Love.

Some of us were in the music business. And we loved the music business. But it was business. And we had to make a profit. And we did.

These are kids standing out in front of the Rolling Stones concert. These were four shows that we did and sold out. Then we get summoned one day, Bill and I, to come down and meet David Geffen. He's the guy up on the top.

And he had a record company then that had just-- he had just stolen Bob Dylan from Columbia Records. And so he says, I want you to produce a tour for us, a national tour for Bob Dylan and the Band. No one had seen Bob Dylan in 10 years. Bob had a motorcycle accident and

stayed home and wrote.

So this was a big deal. So we fly down and go see David. He asked us if we would do this tour. We all shook hands. I went back. I want to say, and bought-- there was this new newspaper called USA Today. And it was a phenomenon in that it was published in 26 cities on the same day.

So you could buy an ad and your newspaper would be in these 26 cities. And we did. There was no computerized ticketing then or those kinds of things. You mailed your money-- a check, into the box office.

And so when all the mail came in, we had sold out seven Madison Square gardens, four Boston gardens, four Chicago stadiums. It was phenomenal. I mean, just people from all over sent their money in. And we had all this money.

And we had no contract with Bob Dylan and David Geffen. We only had a handshake. It was just the way we did business then. This was fresh, spontaneous, combustion going on.

We went on to do that entire tour. Crosby, Stills, Nash and Young, later that year, was the first stadium tour. So here I was, renting helicopters, flying over cities, looking for a place that I could put 100,000 kids. And that's what we did.

Everything was cash and I had suitcases. And people with me that had suitcases. And when we paid for things, we took out the cash and we paid for it on the spot because people-- they didn't like hippies down in Texas. They don't like hippies in a lot of places. But they liked them when the cash came out.

[LAUGHTER]

So Crosby, Stills, Nash and Young. And those two guys on the top. That's Peter Morton and Isaac Tigrett. Peter's on the right. Well this is the heart-- they're the founders and creators of Hard Rock Cafe. So I'm in London with the Voice of America, John Denver. And we're touring all of Europe.

And John says, let's go to this new-- let's go to the Hard Rock Cafe. They have American hamburgers there. And we went there. And there's-- line down the street. And somebody recognizes John. And we go in. And we meet Peter Morton and have our cheeseburgers. And

the place is just packed.

And they're selling t-shirts. Like you just can't believe the t-shirts they're selling. And my brother and I make t-shirts back in the states. And so Peter says, well, if you give me memorabilia, I will buy t-shirts from you and your brother.

So I remember going to Bob Dylan and saying Bob, I had a box of harmonicas. Bob, I'll fly your girlfriend in this weekend if you blow on these harmonicas. You only have to blow once on each one of them because I have to tell Peter Morton that you have played these harmonicas.

And he did. I got my little box of 25 harmonicas. I gave them to Peter. Peter framed them in huge 8 foot frames with gold records around it and photographs and that little harmonica.

It cost \$2 and 1/2 million to-- I have to hurry up here-- \$2 and 1/2 million to decorate a Hard Rock Cafe with memorabilia. Here's our partners in Rock & Brews. Those two guys in the middle, Gene Simmons and Paul Stanley-- they are from KISS. My brother and I are on the right. And our rock star restaurateur, Michael Zislis who you'll talk to in a minute.

These were some-- after we sold our company to Live Nation-- that was that slide earlier-- these were drawings that I was making of potential-- a concert bar, a themed rock and roll restaurant that would sell t-shirts. And this is the lyric lounge, and it changed every time the song changed.

And I was courting this guy, Michael Zislis to run our restaurants. I don't know how to run a restaurant. And he was the hottest thing in the South Bay, Southern California at the time with his restaurants. Kept saying, no, every time I ask him if he would run our-- why do I need you?

And we got accepted at LAX. And then he thought well, maybe he would run that one. So we opened this in El Segundo as a prototype, as an example of what would happen when we finally got into the airport, which didn't happen for another couple of years.

So Rock & Brews Garden on Main was born in El Segundo. Here we are in our first restaurant having dinner. Here's Michael, who's a builder. He's out building our restaurant. We did this in 90 days. We've, now, opened 15.

We're grossing a million and a half dollars a week-- almost a million and a half. Maybe somewhere between a \$1,250,000 and \$1,500,000 building a significant national brand. And before I introduce my partner, I want to say thank you, all again, for having us here. I want to

say, particularly, thank you to you Brian Wise and to, you, beautiful Rhonda Wise, for being our best friends. Oh, and he's next to Craig. Wow, another celebrity is in our midst, and his beautiful wife.

I could talk forever about great stories. But the next guy coming up is really special. I'm proud to call him my friend, my partner, Michael Zislis, wherever you are, please come on up.

[APPLAUSE]

MICHAEL ZISLIS: I'm going to take the Steve Jobs approach. I'm going to walk the stage, today. But, thanks for having us here. Again, I want to thank Mr. Burtenshaw, wherever he was or is-- there he is-- for having us here, Brian and Rhonda, for flying me up in the scariest plane ride of my lifetime.

I only say that because, at the end, the whole way up, Brian's-- I'm sitting copilot on this jet. And he's telling me about this one thing. He goes, this is what makes it safe now. This thing tells you when you're on a collision course and you're going to crash into another plane. I'm all, great. So as we're coming in to land, the thing goes off. Warning. Collision. So I'm scared to death.

Thank Larry and Dr. Swanger for the taking me to the restaurant last night, Gambinos. I am still full everybody. It was the most food I ever had in my life. He's like so proud to show it off. He brought out one of everything. Could you imagine.

And then it was like, please, no more. No more food. And then he gives you a to-go bag that looks like a frat party pizza order, it's so big.

But today, I'm going to talk a little bit more about-- and I love Dave's stories. I mean, if you guys are-- any guys are classic rock people, these stories are priceless-- that Dave was able to experience all this stuff. He is truly like the biggest dreamer, the positive-- my wife wouldn't let me be partners with anybody. She really wouldn't because partnerships are hard.

Marriages are hard. Partnerships are hard.

So she would never let it. Then she met Dave. And if you ever meet Dave, outside today, he's got this green aura of energy around him. He is so positive. And Andrea, my wife says, I would love to have Dave-- I'd love you to partner up with Dave on this Rock & Brews because, when he came to me the first few times, all I could think of is hard rock. And I'm like, agh, I can't do hard rock.

You know, here I am, a gourmet guy. I've got all these three star Michelin restaurants. And you want me to do a hard rock and sell French fries and burgers? But, it really came together and I think we really came up with a great brand with Rock & Brews because the food is great.

And to me, it's always about customer service, hospitality, greatness. Let me go back a little bit of just about my career-- just how I started. 13 years old. I'm at the orthodontist's office. I'm reading Popular Science.

Remember, Dave was telling how he walked around with cash? Well, back in the day, there was no ATM cards. There was no credit cards. It just didn't exist.

So back when I was 13 years-- I'm 50 years old now, so this is a long time ago. I'm at the orthodontist. Popular Science and it says, brew beer at home. Well, the only thing Jimmy Carter ever did that was good was made home brewing legal.

So I send away \$19.95. And I get this kit in the mail like six weeks later, by the way. You gotta wait for the mail. The mail takes two weeks to get there. Then, they got to process the order.

You send a money order from the post office. You don't write a check. No kid has a checkbook. Then, I get this kit in the mail. And I start brewing beer at home. And then my mom comes in. What's all that stuff out in the refrigerator-- on the outside of the refrigerator? Oh, it's an experiment for my science class.

I'm doing some type-- I told her some type of-- don't remember what I told her, but she believed it. So I became a brewer at the age of 13. I don't recommend that for anybody. But by the time I was in college, I was a full grain brewer, which is a big difference. Home brewing is like taking orange juice concentrate, but being a brewer with malt is like taking oranges, slicing them, making beautiful juice. So I was making beautiful juice.

Probably the most popular guy on my floor in college, making beer every day. And I went to a different university. I went to USC in Southern California.

So I tell the story about how I got into USC. I got a 1580 on my SATs everybody. 1580. Sounds impressive doesn't it? But the truth of the matter is, UCLA had just started an extension course on-- because SATs were new. So you had a class all summer training for the SATs. Well, when they gave me my SAT test, it was the one I studied all summer. How great is that?

So got in to USC. And then I just got bored. Within six months, I was really bored. I wanted to be in business. I had a great mentor growing up, a guy named Arthur Laffer. If anybody's ever studied economics. The Laffer curve. Real famous guy.

So he was my mentor from about 16 to 21. So if you guys have a chance to work for somebody great, doesn't matter if it's in your field, you'll learn so much from great people. I still think of Brian Wise as a mentor to me because he's accomplished so much. I always look to him for advice. So you never know more than everybody else. Surround yourself with really good people is what I always say.

So I dropped out of college. Opened a brewery restaurant. And it was one of the first ones. Number six in California. I think when I was 21 years old, I won my first gold Great American Beer Festival trophy for Pilsner. So I was a pretty good brewer.

Then I went around the world and opened 140 breweries. So I built them all over-- gosh-- from Croatia to China to Japan. I think I was in Japan-- that's maybe why I love sushi so much. So I got to do that. And then I went into the restaurant-- the beer thing, believe it or not, we all know how-- it's not as popular up here as I had hoped.

I went to a couple local places. And there's some really good beers up here. But right now, there's a brewery opening a week in America, in case you guys didn't know. There's a brewery opening a week, sometimes two a week.

So it's really become-- like as a restaurateur-- I went to the French Laundry the other day. It's a really good restaurant in Napa Valley. I say one of the best restaurants in the world. And I was able to get a Pliny the Elder in a bottle. So it's come that full circle that even at the finest restaurant in the world, you can get a local beer. So I like that.

So I open a brewery. It was very successful. I got to go out and raise money. Wait til guys have to raise the money. That's a whole nother job. So raising money-- my first big project I had to raise \$130,000.

So I sat at Easter dinner or Christmas dinner and I have a big family. And I'm the youngest-- almost the youngest. Number eight of nine. Not even Catholic.

[LAUGHTER]

So I raised about \$80,000 within the family. And then I went outside and there was a local

pizza guy that I looked to as a mentor. And they put in \$10,000. And a contractor friend of mine put in 10. So I raised \$130,000.

And then one day, I had this epiphany while I was building the restaurant. Oh my god, what if I lose everybody's money? They're going to hate me. I mean, really. The family's going to disown me. I've lost their money. It's \$130,000. You might as well say \$25 million to me. It seemed like so much money.

So I build the restaurant. It's July 4th in Manhattan Beach. We have a big volleyball tournament called the AVP. And I'm trying to get the beer from the tanks to the tap towers-- which no one's ever built a brewpub before, so there was never a fitting that went from a tank to a tap tower. It went from a keg.

So I'm running to Pep Boys that morning. I get these little radiator clamps. It's 12 o'clock. People are pounding on the windows. Open Open. And I'm sitting there underneath this tank trying to get this radiator clamp on.

And by the way, I've always been hands on. And a lot of you will find out that the most successful people are hands on. I mean, I do everything from cleaning up the puke, plunging the drains, whatever it takes to keep my restaurants and hotels running. I'm the guy that will do it.

So we open that day. Now, beer-- brewing beer, you have this formula. Well, this formula I have for my great beer was based on five gallons of beer at a time, or maybe 15 gallons. Now, I've got to ramp it up to 400 gallons. So it's pretty easy. Do the math. Divide it. Times it. Nope. Doesn't work that way.

It's not linear at all. It's the efficiency of the brewhouse. So I make this beer. I don't have a filter because I can't afford one. It's like \$7,000. So there's no filter. So I use these things called fining. It's a wine term, but some kind of yolk or something from an egg. And you hope it settles down through and takes most of the yeast out.

And then, the beers I make are about 11% alcohol. Most beers, 4.2. So open up that weekend. Everybody's wasted.

Within an hour or two, the place-- everybody's drunk all weekend. Now, the third day comes and those same people are there every day. The unfiltered beer smell starts coming through

the people. So it's just like this big sulfur bomb went off inside of Manhattan Beach Brewing Company.

But the good news is, I was able to pay my investors back in 90 days, \$130,000. And I was able to buy a filter. And then we expanded that restaurant-- expanded that restaurant. And then I went off and built more of my own brewery restaurants.

And then, the whole beer industry kind of collapsed. And I think that was about 16 years ago. And we thought it was over. We thought it had come and gone and it was done.

And I opened a restaurant called Rock'n Fish. Well, with all my travel, I got to go to all around the United States and see really great food. And I grew up in a beach community where the food was relatively crappy. You know what I mean. It was really bad. How's that? Nice?

So I open a restaurant that's just better than everybody else's. And that's where I kind of met Dave Furano. It was just a great restaurant. I remember when I opened up, I bought this-- I knew nothing about wine. And now, all I think about is wine. I love wine.

And congratulations for the Wises for their 95, which-- I serve their wines at all my restaurants. And we actually had four of them the day before yesterday before we came up for a business meeting. There was eight of us if that makes you feel any better.

[LAUGHTER]

So we open Rock'n Fish. Super successful. I said, if we do \$25,000 this week, we're going to open a bottle of Opus One. So two weeks go by. Three weeks go by. We hit 25 grand.

We open this bottle of opus One. Never had it. Nor do I even know how good it was because I didn't know wine that well. But we drank it. And we were so excited. And then, two weeks later, \$35000 that week. Two weeks later \$45,000. All the way up to like \$120,000 a week.

So it just changed my life completely. All of a sudden, I had money, cars, houses. It was just really a beautiful thing. I did it by serving people in hospitality. And I just love people. I love serving them. I love taking care of them. Special needs. Whatever you want, I will do for you. I have this saying, if they want sleeves with their vests, I'll give it to them.

And so I open this restaurant. I'm very, very proud of it. Now, I want to open another one in Manhattan Beach. So the city of Manhattan Beach-- and I'm going to show some pictures in a

minute of the restaurants. But the City of Manhattan Beach has this pottery factory called Metlox.

You guys can look it up. It was a famous pottery place. Well, it was like a Superfund level cleanup junkie site because they had used lead paint. And they filled up all the ground with lead-- and right in the middle of our beautiful city of Manhattan Beach.

So the city in their wisdom-- very rarely do I put those two words together, city officials and wisdom. But they dig this big hole, get rid of all the contaminated soil, and they build a parking structure. And then, they go to lease out the top.

So I go to get the restaurant. So I give the city a pitch. Get ready for this one. So I tell the city, I'm going to open a high end Mexican restaurant. Gourmet carne assades made with the real coca-cola from Mexico, a tortilla machine, fresh salsas.

My mouth's watering telling you this story because I love that kind of food. It was like my dream. And the city says, that's the dumbest idea we ever heard. We got a taco bell two miles away.

So they don't give me the space. And they said to me, but we have this pad for a hotel. And nobody wants to build the hotel. And I was a little arrogant and cocky, which I tend to be once in a while. And I said, well, that's it. I'll build a hotel.

So the city said, well, you can't build a hotel because you don't know anything about hotels. And I said, well, I'll hire a consultant. They go, who. And I go who's your consultant? They go, Shelly Claudel with Four Sisters Inn. I go, that's my consultant.

So I hired Shelley Claudel. And I built this hotel knowing nothing about the hotel business. But I do know about hospitality. So I know what I wanted in the rooms.

I don't know what I wanted them to look like, but I know I wanted you to call your friend when you checked in to go, you got to check this place out. It's bad ass. This is the hotel.

And that's what I built. So I put martini shakers in the rooms, and Martini glasses, and blenders, and Margarita mix, and all these other things that would make it a great hotel. And so I opened that hotel.

Boom. I win. Conde Nest top 100 hotels in the world, number six reason to visit LA. All these

awards. I think it's because I just knew what I didn't know what I knew. But it was very successful. And now, since then, we're building a second hotel.

You're going to take me through these Dave? So that's Rock'n Fish, everybody. That's where it all started. So I wanted a bar. Look at that bar. Doesn't that make you want to have a drink, to the ones that are over 21?

And then, a friend of mine was a real famous scotch writer. His name was Michael Jackson-- not the Michael Jackson. But he's from England, Michael Jackson. And he wrote a book on scotch.

There's some food artichokes, you guys. That Shade Hotel in Manhattan Beach. There's the pool deck. There's a room. You guys see how they turn colors? You can change the color of the room next to the bed, any color you want.

There's a set up for a wedding or a bar mitzvah. Conference room where-- Maria Sharapova rents it about every two weeks. I don't know about now though. She's in a little trouble.

This is the Strand House. This is my latest and greatest restaurant. It's right on the pier in Manhattan Beach. This is one that I blew the budget by 100%.

Brian will tell you, I'm notorious for breaking budgets. But, it's my most profitable restaurant. And I'm so glad I broke the budget. I

Here's some donuts. I have a great pastry chef. Her name is Stephanie Franz, everybody. She won the original series of Cupcake Wars. And I stole her.

Pasta. Our own pasta machine. Our own pizza oven. This is the new Shade in Redondo Beach everybody, right on the water's edge. Pool deck.

That's the event deck. So now, I have an events building here. Events, I found in hotels, are more profitable. So events is a big business.

I know I talked to two ladies back there. One of them's thinking of doing events. There's a lot of money in events. I gotta tell you, my head of events makes about \$200,000 a year. So look into events.

There's the dining room. Ballroom. There's a standard room, everybody. See the bathtub out on the balcony? I like to do everything a little different.

So when you get there, and you see your bathtubs out on the balcony, you'll remember that. And you'll talk about it. There's the bar, Zinc. And there's my father-in-law, everybody, Milo.

So this is the guy who-- I dated his daughter, a bit my junior. Let's just say a bit, 15 years. And I was building Rock'n Fish. And he says to me, oh, what a stupid idea restaurant.

You'll lose your ass is what he said to me. And he didn't invest. And he put his money in the stock market. I think the next year, the market collapsed. He lost.

But when I built Shade Hotel, he believed in me so much-- my father-in-law to be at the time. He wasn't my father-in-law yet. He sold three of his apartment buildings, gave me a check for \$3 million of the \$8 million.

And now, he's here. This is on the roof of the new hotel after it was roofed. So he helps me all the way through.

Good relationships with the in-laws. Let me just tell you guys, you don't pick your in-laws. Remember that. Dave, you want me to open it up to questions?

DAVE FURANO: Yeah, that would be great.

OK, put on your mic. So we're here to answer any questions. I know, I could talk for days, guys-- days. But real questions about what you're thinking. I don't know how you guys even know what you want to be at this age.

I didn't know what I wanted to be. Find what you love to do. If I could tell you that find a job you love-- you never have to work. I get up every morning at 5:30 loving to go to work. Once in a while, I don't. But it's like, every couple months, I don't like to go to work. It's probably because I went to a Pink Floyd concert the day before.

[LAUGHTER]

DAVE FURANO: Oh, lord.

MICHAEL ZISLIS: Dave, are you on?

DAVE FURANO: Can you all hear me?

MICHAEL ZISLIS: OK, let's hear some hospitality questions. Someone get the nerve and ask a question.

Anybody. Go ahead.

SPEAKER 1: If you could pick one, hotels or restaurants?

MICHAEL ZISLIS: Neither. No, I say that because you guys have to understand that the hospitality business is a bitch. I'm not going to sugar coat it for you.

So the difference from a restaurant and a hotel is this. The restaurant closes at 2:00 in the morning and you have peace of mind from 2:00 AM to 11 AM.

But a hotel never closes. It's 24/7, 365. You know, I hate to work on Christmas. I hate to work on Christmas Eve. There's certain days I don't want to-- but I have to have my restaurants-- I shut down all my restaurants on days I won't work.

So there's about seven, eight days a year, I close the restaurants. But the hotel, you can't close. They have to be there. And then, you feel bad for the staff having to work on Christmas Eve.

So my wife knows Valentine's Day is not a holiday for us. We don't get to go out on that day because that's a restaurant day and I have to be at the restaurant. So there's a lot of pluses and minuses. Financially, I think I like the hotel business better just because it's more of an annuity.

You build a hotel it's there for 50, 75 years. You build a restaurant, you're either hot for 10 years or you become a classic, kind of like the restaurant I ate at last night. That's a classic. That'll be there forever.

There's restaurants that are classic, but then there's hip, trendy stuff. And they only last 5, 10 years. So I'd go hotel, and not sleep.

DAVE FURANO: I agree. I think it's a-- you train in a restaurant. Hotels have multiple restaurants in them. And so, then you get into events and to weddings and needing more students.

I want to throw out to you all, after this is over today, we are going down-- Michael and I-- we're going with chef Jamie to look at a piece of property. We went to Apicius last summer and got to see this student run a restaurant.

And I said to Jamie, why don't we have a student run restaurant in Pullman where all you hospitality students can learn how to be owners of the restaurants. And so that when you

leave here-- we open 10 restaurants a year. Pick a place you want to go. Join our family and go open a Rock'n Brews or a Rock'n Brews Hotel.

And dream big. If you don't have any dreams, they're not going to come true. So be sure to have some dreams. And dream big and work hard, and they will come true.

So for me and for Michael, when we wake up in the morning, we say to ourselves frequently, well, we're living the dream. We get to work in this great industry. And we're serving important people, and we have happy customers and friends that come from all over to stay in our hotels and eat at our restaurants.

And you're getting ready to jump into that world. You're going to go to work for great restaurants, great hotels. You're going to learn how to do it and maybe end up owning one yourself, like Michael and I. You ask family to chip in and open a restaurant. Then the next time, you ask investors to chip in. Open a bigger one.

MICHAEL ZISLIS: Back to that raising money thing. So I raised \$130,000 for the first restaurant. You heard that number, which was cheap, you guys. It was kind of like, built it ourselves, demoed it ourselves. Went to Home Depot.

As a matter of fact, the wood floor came out of a yoga studio that went out of business. And I cut it out to match where it went in. I mean-- save every dollar I could to open this place. I built the tanks in Tijuana. Nobody built breweries back then.

So I bought a roll of stainless steel. I put in the back of a pickup truck, put a raft over it and pretended-- some sunglasses and a straw hat like I was going down surfing. And I brought the steel in illegally and I brought the tanks out illegally.

So I was able to do it on a budget. It was illegal, but I surely didn't pay any customs duties. I think I paid a couple more [INAUDIBLE]. That's a friendly word for tax.

[LAUGHTER]

DAVE FURANO: It was a toll. It was a toll to go in and out of the country.

MICHAEL ZISLIS: So \$130,000. Then, the next deal was \$250,000. Then, the next deal was \$600,000. And from \$600,000, it went to Shade Hotel at \$7 and a 1/2 million.

And then from Shade to the Strand House, that was \$14 and 1/2 million deal because we had

to buy the land. And then from there, to this newest Shade Hotel is \$25 million. It's amazing I sleep at night.

DAVE FURANO: Hey, it's hard work. But the rewards of hard work are sleepless nights and great accomplishment. I was thinking about what I was going to say today in a room of the smartest people that have ever lived. You are the smartest people that have ever lived.

And ahead of you students are 100 years of new food, of new locations, of new hospitality. And you will take the next generation to that place as we summarize and want to pass on to you as you get ready to graduate and take your next steps. Hard work and passion for what you love will result in accomplishment.

And it never comes easy, whatever it is. But it's fulfilling, if you work hard because you will succeed. So go out and build great restaurants. Go out and work in great hotels.

Come and visit us. We have 1,000 employees. Every new restaurant has 150 new employees. Gene Simmons and Paul Stanley-- they're both wealthy, successful businessmen. Why are they doing this? Because something is even bigger than just making money.

Its accomplishment-- the visceral feeling that you get when you succeed, when you do the right thing. We get to, at every grand opening that we do for Rock'n Brews-- our first meal is to the local veterans in that community and the first responders.

Many people don't know that Gene Simmons' mother was saved by the American military in Auschwitz. He believes that he owes his life to the American military. Paul Stanley shares that feeling. And it is impugned in the foundation of our company-- that we respect and appreciate the military. And we always give them a check \$25000, \$50000, sometimes \$10,000, to let the local community know that this is their place.

We care. We feed them. Michael's great idea was to, every year-- that we would feed veterans in our restaurant on Veteran's Day just as our give-back day-- the thing that we do that we get to look forward to feeding these guys that sacrificed-- and ladies that sacrificed so much.

MICHAEL ZISLIS: Any last questions? Feel free to ask one.

SPEAKER 2: You guys-- obviously-- the success is incredible. And it's great to hear. But there's got to be some crash and burns in there somewhere. A failure that really, you know.

MICHAEL ZISLIS: Yeah, failure's a bitch you guys. Oh, god, I hate failing. So I've failed before. So I failed on a restaurant in Laguna Beach. I opened a Rock'n Fish there. And I didn't know the market well.

And it was outside of my territory, my zone where I could drive in an hour. And I crashed and burned. I lost \$1 million other people's money.

And those are the things you never want to do. Luckily, I've only had one failure. But it's the worst thing. Sleepless nights. Phone calls. Listen, I'll tell you a call I didn't want to make the other day. And I should read the e-mail for you from the lady who I had to call. But I had a flood at the Shade Redondo Beach during construction.

So somebody made a mistake-- a plumbing contractor or something. And they flooded out 32 of my rooms before I opened. So 32 rooms were complete of the 54. And then they were completely gutted. And I had to cancel a woman's bar mitzvah for her son. And let me tell you, that call-- those are the calls. This is hospitality you guys.

So I make those calls. I don't have staff. I don't hide behind my staff. I don't hide behind my HR director when I want to fire somebody. I make those tough calls.

And I had to call her-- and let me tell you guys, this woman was crying. She was so upset. And it was like the worst call I ever had to make.

She already send out her invitations. And she didn't want to have it in a hotel in the beginning, but the rabbi referred me. Who knows.

So I move it to the other hotel. And it was last weekend. And on Monday, she sends me the nicest e-mail about how it couldn't have been any better. She got more compliments on it. And thank you, very much. And then I wrote back.

Then she said-- she goes, I'll think of doing my daughter's baht mitzvah in two years at the new hotel. And I said, I wrote back to her and I said, I'm glad to hear. I'll hold your rate. I'll do the same rate two years from now. And she goes, I'm saving this email.

[LAUGHTER]

So hospitality. I remember-- and this is actually a Brian Wise story. He doesn't know this story, but I was staying up at their house. And if anybody-- I know a lot of you have been there.

This wine comes out of a barrel. They don't let you put it in a bottle. And you drink it out of a

hose. And one thing happens. And it was a big night.

I was drinking a lot. And going back to my room. And I get a call at like midnight at 11:30 from my hotel. And it says, the hot water's at Shade Hotel.

Well, there's no way the hot water's out because I'm smart enough to design the system to be redundant. So I have two boilers, not one. And it can never fail. Well, the tank-- I only had one tank-- not two tanks that the water went into. And the tank failed.

So here I am, couple of glasses of wine in me. And I said, I'll call you back. And I collect my thoughts for a minute.

So next to us is a spa, called Trilogy Spa. I call the owner at midnight. And I said our hot water heater's out. Can I have you send somebody in to open up your spa at 6:00 AM.

So then, she says, yes. And then I send in my crew, my staff. They go over to the spa. They bring champagne. By the way, alcohol covers a lot of things.

When you're late on a reservation, bring them a drink. Everybody's happy. It's when you don't bring them a drink, they get upset.

So there's champagne. The robes are at the front desk, everybody. And I turn this awful-- I mean this is an awful-- when you get a hotel room, you expect running water, maybe an air conditioner, and some hot water. So I've solved that problem.

Then I write a letter to every guest. And I tell them how I designed the system wrong. And it's going to take a day to fix. By the way, I buy the tanks-- ready for this? I buy the tanks that night on e-bay. Somebody's selling tanks six hours away. And I send somebody in the morning to get the tanks. And I have it fixed in 24 hours.

The odds of finding this tank-- and they sent me pressure tank somewhere. But I bought two. I got it fixed. I wrote everybody a personal letter.

And all those people that got that letter. And I said, whenever you come again next year, we're going to upgrade you to the penthouse on me. All of them went to Yelp and to TripAdvisor and wrote these glowing letters about me. And that's hospitality. That's hospitality.

DAVE FURANO: Hey, I think with that, our time is up. It's 12 o'clock. We've enjoyed-- thank you, Jerry. Thank you for letting us come to your great event and being a part of it. We genuinely appreciate it.

Thank you Dr. Swanger. Thank you Brian and Rhonda Wise. Thank you to the faculty and to the students. If you're ever in southern California, just say that you go to WSU, and we'll buy you a taco.

[LAUGHTER]

Thank you.

[APPLAUSE]

NANCY

A token of our appreciation, Mr. Dave Furano. Now, you have a screaming Cougar logo to hang on your wall.

SWANGER:

I just want Cougar cheese. That's what I want.

[APPLAUSE]

NANCY

Thanks, everyone There are other activities today, as you know, students and faculty. So,

SWANGER:

we've got a schedule. Jerry, if you would like to come on up, we'll get some pictures with you.