

Release Date: July 21, 2009

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“Hard Work and Dedication”: Ingredients for a Sweet Success



Vice President Joseph Biden with John Fernandez, Co-Owner of Daystar Desserts, maker of “World’s Best Cheesecake”

If you are going to take time to serve dessert, put some love into it. That’s the special ingredient that makes the products of Daystar Desserts, the bakers of the “World’s Best Cheesecake,” so great. However, it takes a lot more than just love to make a successful business. It also takes “a lot of hard work and dedication,” says John Fernandez, Daystar’s CBO (Chief Baking Officer) and co-owner. Add to this mixture a lot of devotion, great customer service and a dose of entrepreneurial spirit. This is the recipe that co-owners Russell Cobb and John Fernandez (pictured here with Vice President Joseph Biden on July 17, 2009) poured into their business to make it successful.

Russell and John met while they were students at the Culinary Institute of America in New York. After graduating, while starting their careers at some of the best restaurants in New York, they noticed a demand for fine desserts in area restaurants and hotels that could not afford to hire their own pastry chefs. In 1998, with a dream and some product ideas, they decided to grab on to the opportunity to combine their cooking skills with their entrepreneurial spirit and go into business for themselves. They began selling fine desserts to the upscale restaurants and hotels in New York City and on Long Island. They started by baking these desserts in John’s mother’s kitchen on Long Island using freezers in her garage to store their product. At times working 36 hours straight, they did everything from baking to selling and even hand-delivering their creations.

Struggling to make ends meet and realizing that the exchange rate in Canada was more favorable; they formed a partnership with a factory in Quebec and moved operations to Canada. It was a bold move and was profitable for a while, until the exchange rate became less favorable and freight costs began to escalate. They were “on the verge of a major disaster and could no longer afford to do business in Canada,” said John.

Since they had no intention of throwing in the towel, this entrepreneurial duo decided to move operations back to America and started to look for a new home. It was now May of 2004 and the “World’s Best Cheesecake,” a 50 year old business from Ashland, VA was on the market. Although Daystar was struggling itself, they saw a gem of an opportunity and purchased the business.

Losing nearly \$700,000 during the first year of operation, they almost lost everything just trying to keep the business afloat. The purchase of the “World’s Best Cheesecake” business came with a number of conditions which severely impacted their bottom line. However, with hard work, they were able to turn the company around and they made a profit within two years. Still struggling, they sought out the help of the Greater Richmond Chamber, The Greater Richmond Partnership and the Greater Richmond Small Business Development Center (SBDC).

As a result of an annual business valuation performed by The Greater Richmond Chamber along with the Greater Richmond Partnership, the SBDC provided research and counseling to assist the business with a growth strategy while assisting them with other development and human resource challenges. After several visits and a financial analysis, the SBDC was able to identify a number of cost improvements as well as a strategy for the next stage of growth for Daystar Desserts.

The Greater Richmond SBDC is part of the Virginia SBDC network, a resource partner of the U.S. Small Business Administration, which is comprised of 30 centers throughout the Commonwealth. The SBDC provides guidance and assistance to small businesses from start-ups to existing businesses, like Daystar Desserts, to help them grow and prosper. SBDCs nationwide meet the counseling and training needs of 650,000 start-ups or existing business clients annually. Based on the needs of their clients, SBDCs tailor their services to meet the evolving needs of the small business community.

As a condition of the acquisition of the “World’s Best Cheesecake” operation, Daystar Desserts was also obligated to buy their building within 5 years under a lease purchase option. Although for years Russell and John had been working with a large bank in the area and were told all along that there would be no problem funding a mortgage, when the economy turned sour and the credit crisis hit, the bank could no longer help them. Frustrated, John made a call to the SBA for help. The SBA provided general guidance and referred them to several area banks to discuss financing options including the SBA 504 Loan Program. Intrigued by the 504 Program’s low down payment requirements and long term, below-market interest rates, John called Jim McClure of the Crater Development Company.

John remembers, “At the time it seemed hopeless, [but] Jim made me feel quite confident. With his leadership we got the loan and it turned out to be much better than any other loan we could have received.” John praised the elimination of SBA loan fees through the American Recovery and Reinvestment Act, saying “[the] 504 loan saved us close to \$200,000 over the term of the loan and we are taking those savings and applying them to our marketing efforts.” He credits Village Bank for its key role in making Daystar's 504 loan and said, "We couldn't be happier."

The SBA 504 Certified Development Company Loan Program is a long-term financing tool for economic development within a community. The program provides growing businesses with long-term, low fixed rate financing for major fixed assets, such as land and buildings and heavy equipment.

Incidentally, on the day of the 504 loan closing, a national retailer awarded a large contract to Daystar that will nearly double the size of their business. Once again John called Village Bank for additional working capital to support this growth. Village Bank is an active SBA lender in both the 504 and 7(a) loan programs.

Daystar’s story proves that small businesses can succeed and prosper even in challenging economic times.

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