Matt Wagner:

Welcome to the Main Street Business Insight Podcast. I'm your host, Matt Wagner, chief program officer at Main Street America, a nonprofit leading a collaborative movement dedicated to strengthening communities through place-based economic development, and community preservation. Each week, join me as I travel the country, and take a deep dive into the personal journeys of downtown and neighborhood entrepreneurs. The stories that far too often go unnoticed and unheard. Whether you're a small business owner who wants to learn from your peers, or community leader looking to better support your local business base, Main Street Business Insights is here to provide you with the tools, strategies, and personal stories to help you, and all of your Main Street businesses thrive. So subscribe now, and tune in every Wednesday to get inspired by the individuals driving our communities forward.

Welcome everyone to another episode of the Main Street Business Insight Podcast. Now, this week's story finds me talking to two Gen Z entrepreneurs, Patrick Jackowski, and Matt Horne, owners of Firehouse Coffee 1881 in Hampton, Virginia. Now, the two of them were recently featured as panelists at the Virginia Retail Alliance's, Retail Matters Summit. So shout out to Jenny and her staff for having them out, because this is how I discovered them. And after hearing their story, I thought, "Wow, this really represents the new young generation of entrepreneurs," and would be a great storyline I thought for the podcast. And as we finish out this what we call Peak 65 year in 2024, there in some ways is this invisible evolution I think happening around business transaction or business exits. And as such, I think it's only fitting that we explore the topic around Gen Z business ownership.

Now, about 8% of small businesses are owned by Gen Z, and that's according to a 2023 Samsung and Morning Consult survey. And of US students aged 16 to 25, that survey revealed that 50% of respondents wished to start a business. So it's a highly entrepreneurial generation, still getting started, obviously, and that's why we're at 8%. But based on anecdotal and visual evidence around our Main Streets, it's certainly something that we're seeing more and more of. And so it's really just great to have Patrick and Matt here from Firehouse Coffee. So I'm going to bring them into the show right now and welcome them. Hey Patrick, hey Matt, how you guys doing?

Pat Jackowski:

Hey, good, how are you?

Matt Wagner:

Good. It's so good to see you both. And I'm really looking forward to our chat, I guess we could call it this evening, while we're recording. I didn't really have a chance to do a lot of dialogue at the Retail Matters Summit with the two of you, but I was just wowed by your story and all the cool things. I did have a chance to stop into the coffee house. By the way awesome coffee. Everyone head to Hampton, go to Firehouse Coffee 1881. It's a great location. Super cool. You'll love the interior. It's got a great vibe. And so that's my commercial before we get started, gang. All right.

Pat Jackowski:

Thanks Matt.

Matt Wagner:

So we like to always get started with the story, the journey, it's a really important aspect of the reason why we launched the podcast to hear really from those that are doing it day in and day out. And so Patrick and Matt, I want to turn it over to the two of you, and maybe you can just chat a little bit about how this came together, how the two of you came together, and how the vision behind Firehouse Coffee 1881 began.

Matt Horne:

I'll let you start it off, Pat.

Pat Jackowski:

Our story, I've told this, I don't know, I feel like a million times. We'll start. Matt and I, we grew up two doors down from each other. He says we can't remember the first time we actually met met, but it was playing outside or something around age five I think. We grew up, we went to the same middle school together, high school. We started the same high school, then we took different paths. Matt hit four different schools, ended up moving out to California. We stayed in touch this whole time back and forth, throughout high school, even in early years of college. But we were [inaudible 00:05:11] totally different paths.

And then were best friends since we were five. I went out to visit him probably seven or eight times out there while you were out in LA. I had some family out there, so just staying in touch, staying in touch. And what were you up there? Three and a half years.

Matt Horne:

Mm-hmm.

Pat Jackowski:

And we FaceTimed all the time, or whether it was a visit here or there. Ended up when he came back, moved in with my brother at the time. So we stayed with him for about four years I want to say, but just stayed in touch and we were always kind of like... I don't know, to start our entrepreneurship journey I want to say, well, we both quit our jobs.

Matt Wagner:

That will be a start.

Pat Jackowski:

So we're living with my brother, kind of just doing nothing, just odd stuff to make it by. But we were just sitting around every day trying to draw up ideas. And we always thought, like you said, 50% of age 15 to 25 they want to start a business. So we're like, "All right, what are we going to do?" I used to ask this guy so many ideas-

Matt Horne:

Everyday.

Pat Jackowski:

Every day,

Matt Wagner:

A new idea every day. Was this during the pandemic in which you guys... there was a lot of discussion around the pandemic of the great resignation where people were like, "I need to rethink my life." Was this about the same time period?"

Matt Horne:

Yeah, a little bit after. I came home from California because of COVID. And then I started living with Pat, and I was just like an oyster shucker, and I was like, "I can't do this anymore."

Matt Wagner:

I think you're our first oyster shucker we've had on the show Matt [inaudible 00:07:09].

Matt Horne:

That then we both quit around the same time and we're just like, "What are we going to do?" He's throwing out ideas every day. And for some reason coffee shop just stuck with me because I had experience working there, and I thought that would be the easiest transition for us to go after.

Matt Wagner:

So you hone in on the coffee shop idea. Where did you go from there? How did you land? Because I believe the coffee shop was an existing business before, am I correct in that? Did I get my research right?

Matt Horne:

Yes.

Matt Wagner:

Okay. So then somehow the two of you acquired. Talk to me about that. What was that process like? How did you find them? That sort of thing.

Matt Horne:

Luck.

Pat Jackowski:

Yeah, luck. We spoke it right into existence. When we're bouncing these ideas, the only thing he said yes to is coffee shop. And literally booked out a ticket to go potentially work for my cousin. She's in the pet industry out there, and I was just going to go look for jobs, and do the opposite. He was leaving. I was going to try to go right before the airport, I just wanted a cup of coffee. So my buddy that took me to Firehouse a couple years ago, and so I go in and they used to be closed on Mondays.

So I walk in the door and the Dominion power worker was there that Monday to change over the power, so I just assumed they were open. So I walk in behind this guy and she's like, "We're closed." And I'm like, "On a Monday." And she's like, "Come back tomorrow." I said, "I can't, I got a one way, I'm going to Cali and I don't know if I'll be back."

And she was like, "Well, sit down. Where are you going? I'll make you a cup of coffee and just talk to me about it." So I sat down, talked to her for a couple hours before I headed to the airport. And she was like, "Actually, I'm thinking about selling." And I was like, "If you're serious I'll book the return flight as soon as I get there for two weeks later and I'll come back, sit down and we'll talk about this." It just kind of-

Matt Wagner:

Oh, that's wild.

Pat Jackowski:

That's what I did. Come back two weeks later, Matt, I, our business partners, we all met with her, and her husband. And agreed upon the loosely terms and contract was drawn up. Eventually went, sat down with the lawyers on my 25th birthday in November, late November, and boom, we just bought it. Just [inaudible 00:09:57].

Matt Wagner:

Wow. Wow. That is amazing. And so with the two of you, did you have some capital resources? Is that one of the things that you looked at when structuring the... Because I think one of the common discussion points, I think, with Gen Z and millennial markets and buying is often the capital resources are tied up in the Boomer and the Gen X generations. And so trying to acquire a business and thinking about, "Where do I find the financing?" I think there's a lot of younger folks that would be interested in your story about how did you make this happen? What did you do in order to make this happen with perhaps limited financial resources or what have you, how did that work?

Matt Horne:

We went to that generation and we asked them for help.

Matt Wagner:

The older generation. Brilliant.

Pat Jackowski:

That's correct. So initially when we met, we got the business evaluated by a professional.

Matt Wagner:

Good, okay.

Pat Jackowski:

Because she threw out a number and we didn't think it was worth that much. And so we got the business evaluated, they came back, they were like, "You're right, it's not." So we asked that generation. This is how it worked with our minds, and I feel like I could speak to this because it's not a secret. But so we got my parents to put their house back in. But the loan, I strategically, when we base it off the percentage of who gets it through the company, it goes like 40, 40, 10 or 20, now technically.

So if you're basing it off that amount of money that you're buying the business from, in our minds, 40% of what it was was like we could make that money back if we did fail within a year, and pay it back and be out. It's not really a risk in our minds because we've been working. And we were like, "We know how much money we've been making the past five, six, seven years or whatever." And to us it's like it wasn't that big of a risk and my parents rolled the dice on it in believing us that it wasn't.

Matt Wagner:

Those are the best kind of investors.

Pat Jackowski:

That's right.

Matt Wagner:

We call those the family and friends, which is a common practice for how a lot of businesses get started. You're trying to attract different equity sources to the deal, and that's obviously what the two of you ended up doing. But could you talk a little bit about the valuation? Did you know where to go to? Did someone say, "Hey, contact [inaudible 00:13:13]." Was it an accounting firm, or how did you go through that process to value the business?

Pat Jackowski:

The bank that we use is Old Point National Bank. Obviously, I talked about it at the Retail Matters and how we got them to donate. So their CEO, Rob Schuford, he was businessman of Peninsula back to back years, lucky enough to be very close friends of his, and we've talked, and met a couple different times. And he actually told me, he said, "I have a person that evaluates businesses for our banks, if you want us to evaluate, we will." So that's what we did. We went straight to them, and that's where we still bank with today. So as we opened up that account, got the loan through Old Point, they're more than happy enough... because they want to see where their money's going.

Matt Wagner:

Yeah, exactly. Exactly. But that was really smart and part of the process for any new entrepreneurs, who's my reach out in terms of resources, and guidance, and that kind of thing. And so that can be a bank, that can be an SBDC, that can be a whole host, but it's a good part that you had a network that you could turn to. When you were choosing to invest in a coffee business, was there something about the culture of coffee shops that drew you in? Did you have a vision when you saw the existing Firehouse, was that the vision or you just saw that as a foundation at which to craft your own vision for what the coffee shop could be?

Matt Horne:

I think we just wanted to maintain what they had going on and try to make it work. We could see from just being on the outside, which parts of the business wouldn't hold up, and we could come in and change these things and this would probably be... We could make this work, pretty much.

Matt Wagner:

Was there some specific things that you saw that were like, "Oh man, we can make this so much better."

Matt Horne:

Yeah, the wait times were forever.

Matt Wagner:

Oh, okay.

Matt Horne:

And my background in fast food, I was ready to make that change so fast.

Matt Wagner:

I'm sort of curious, just if you could speak to that, Matt. Okay, so you can recognize that, but what processes do you put in place, is that just staffing? Is that training? What is that?

Matt Horne:

Well, it's just the order of operations, number one, and then what products we have. Taking things off the menu, just simplifying it, making it easy-

Matt Wagner:

Streamlining it.

Matt Horne:

... and trainable first, so we can hire people and teach them how to do it. But back to your thing about the culture of the coffee shop. I actually went to the coffee shop one time, and even though it was long, I didn't mind because the atmosphere was awesome, I saw, "Oh, these are people in my area." And me coming back from California, I didn't know Hampton to have that community. Even though when I was out there, I would go to a coffee shop pretty much every day. I'm a skateboarder, so when we were going to get clips for the videos, we stop at a coffee shop early in the morning, get a bagel, maybe a cold brew or ice latte, and then we hit the road. So I was excited to bring that kind of culture to Hampton.

Pat Jackowski:

And I think we took a big risk too is I'm going to say the location. We love Fort Monroe, we grew up going there when it was still active. And I could honestly say I don't think that we would've jumped on the opportunity if it was not on Fort Monroe.

Matt Wagner:

Really? I do find it interesting the location, because it's not for the listeners out there, their location is not in a traditional commercial area by any means. It's in Fort Monroe, which is this, well, you both know it better than I, but really this historic military compound kind of thing and monument. And there's a lot of residential around there, but it's not what you would think of in terms of a traditional commercial area by any means.

Pat Jackowski:

No, it was decommissioned in 2011. I tell everybody, it's kind of like an island, but when it was given back to the Commonwealth of Virginia, so it's all surrounded by water. It's beautiful. It's 536 acres, I want to say. You can't own anything out there because it's federal. It's a national monument. It's also involved in the National Park Services as well. There's acres around the grounds that are scattered that are technically national parkland. There is residents there. I think there's over 200 now active people renting apartments and houses that are still obviously working and running out there, and it's beautiful.

Matt Wagner:

Yeah, it really is. The infrastructure there and everything else, it's terrific. When you were young entrepreneurs and thinking about... there's lots of competition in the coffee market for sure. And I'm wondering if you can talk a little bit about how you think of your brand, and differentiating it from other competitors out there.

Pat Jackowski:

Yeah, Matt.

Matt Horne:

I think that, I don't know, we don't really think about the others that much, we just doing our thing-

Matt Wagner:

Do your thing.

Matt Horne:

... try to do what we like to do, and what we think is fun. And support the causes that we personally are invested in, whether it be youth baseball, youth sports, or just financial literacy in the community, things like that, youth leadership, those things.

Matt Wagner:

Oh, go ahead Pat.

Pat Jackowski:

I would say that we do connect with all different owners in the industry and stuff, whether it's just restaurant or coffee. But we don't think too much because Matt spoke about it at the event. We're a destination, and there's only three businesses that are in the food. Technically, one's a brewery, one's a seafood restaurant, and then there's us out there. You're coming to Foreman Road to spend the day or view the history. It's not like you're just going down Mercury Boulevard, or get a Starbucks or something.

Matt Wagner:

And the way it's kind of laid out, once you're there you're not going to have a lot of intentionality to leave and go get coffee, or something, or a bite to eat, which you guys have a really, really nice menu as well. So from that standpoint, you're right, you have a captured market in many ways there. You all talked about some of these community connections, and some of the things that are really important to you. Is there something in your history, or just how you think about what business should be that makes those connections with the community so important?

Matt Horne:

That's a good question.

Pat Jackowski:

I think giving back, the more you give, the more you get. Anytime we have a new employee, one of the things is you can give away one out of three free items a day, like a brewed coffee, like a free cookie, or a coffee cake to just give back or say put a smile on somebody's face, or thank you. And it's getting them to speak to somebody outside their comfort zone or do something nice. If you're just looking for success, money, money, success, there's not a lot of people that are going to be helping you all the time, and you need help all the time. You really do. It's hard. It's extremely hard, I feel like, that's just the best way possible.

Matt Horne:

I think we want everyone to feel like they are a part of Firehouse Coffee, it's their coffee shop. We always say it's not for us, it's for the community. So just providing the space and whatever people need from us, just trying to give that to them so they have a place to go.

Matt Wagner:

I know that you mentioned that you don't look at other coffee houses or that kind of thing in terms of from a competitive. Are there other people or whether in business or in others that you all look at from a modeling perspective, as you're thinking about your own entrepreneurial journey?

Pat Jackowski:

You got anything off the top?

Matt Horne:

You go ahead.

Pat Jackowski:

Off the top I would say one of the best piece of advice I've ever got when I was growing up playing is everybody has at least one thing to offer you that you could learn from. You don't have to take it all in. Every coach is different on how they coach ways, but you could take one thing from a coach. So I listened to the Guy Raz podcast, How I Built This, and he does the entrepreneurial journeys, and the founder journeys. And you can just listen to those people and you're like, "Yeah, I understand."

Matt Wagner:

I've been there. I can relate.

Pat Jackowski:

Just constantly being a student of success and student of the game, it's always changing too.

Matt Horne:

I think locally I would say what's his name Tommy Rieman from Sitting on my Chest.

Pat Jackowski:

Yeah, shout out.

Matt Horne:

He's a big inspiration for us because he's local guy, and to see his brand explode within the last couple of years has been very inspiring. And then bigger than that, I've always been a big fan of Pixar, and however their-

Matt Wagner:

Ah, interesting.

Matt Horne:

... creative team has... I don't know, I think they're awesome. So I try to-

Matt Wagner:

That's very cool.

Matt Horne:

... take whatever I can from the big, big companies like that.

Matt Wagner:

Yeah, yeah. Okay. Let's talk a little bit about future goals for the business. Have you thought about maybe expanding into other areas, maybe coffee roasting, or having your own brands, or any thoughts there? Where would you like to take the business?

Matt Horne:

We always like to take whatever opportunity is best in front of us.

Pat Jackowski:

Spot on. Spot on. That's what we say to everybody because we just take the best opportunity and just work with it. But we have ideas if you want to hear a couple of them.

Matt Wagner:

Yeah, of course, of course. We're always interested in where's the future going for the business.

Pat Jackowski:

So initially, I would say the end of the first year Langley Air Force Base reached out to us, and to put a second location inside the base in the... I can talk about it now, I'm sure I can, I didn't sign anything. But it's like ISR building, it's like a super top secret building, apparently.

Matt Wagner:

Super cool.

Pat Jackowski:

Well, we filled out the paperwork, we went through the process, and it takes forever, and then we get to the end and they're like, "Nah." And we went through that twice, and it ended up the same way both times, and we're like, "Y'all approached us."

Matt Wagner:

Yeah, right.

Pat Jackowski:

But that's the whole thing then when you fill it out. So that was the best opportunity in front that first year. It didn't work out, so we were just like, "Okay." We kicked around the idea of a truck or a pull behind trailer that we could maybe do off the beach, or add [inaudible 00:26:04] farmer's markets. But the overall, we also talked to Jay Menzel, he's big branding guy, he's Allen Iverson's guy as well, he went to Harvard business, went to undergrad at Kentucky. But he talked about different ways we can wheel outside of the coffee shop. Whether it's honey butter, or getting into Wegmans, or Food Lion. We toured Blanchard's up in Richmond and they're in every-

Matt Horne:

Supermarket.

Matt Wagner:

So you would have your own roasted coffee brand with Firehouse on it kind of thing?

Matt Horne:

Yes.

Pat Jackowski:

Yeah, we could do that. I think what we've really been kind of thinking out recently is trying to win some type of money. Or we would love to revamp the upstairs of the building, and have it in usable working condition. So whether we're doing having a really nice historic meeting space. My dream was a historic Airbnb, like bed and breakfast. I don't know, there's a lot of people you got to talk to, and there's a lot that would have to happen. But imagine staying above in the oldest firehouse for the US Army.

Matt Wagner:

That's amazing.

Pat Jackowski:

And your food and everything comes with it like the downstairs.

Matt Wagner:

Yeah, it's amazing.

Pat Jackowski:

Or cater something out of the top, or rent out the rooms to big companies that come in and I want to come to the Fort, have a nice-

Matt Wagner:

It's an event space or something like that. But basically trying to leverage the full use of the facility in many ways. So you're leveraging your return on all the square footage.

Pat Jackowski:

Yeah, we can't own it though, but we do [inaudible 00:28:06] happen.

Matt Wagner:

As we talked about the coffee industry's quite competitive, but how do you stay creative and keep meeting the needs of your customers in the local market? Do you follow trends, or are you looking at what comes next on the coffee front? Where do you get that information?

Matt Horne:

We did attend the Coffee Fest in Los Angeles a few years ago. It's a big trade show, all the coffee shops, equipment manufacturers, literally anybody is there. We could see all the trends, and decide which ones we want to hop on. But mostly feedback from our staff, our regulars, whoever's coming, we just try to listen. Keep an ear out.

Matt Wagner:

Nice. Okay. I always like to close out the show with a... And you gave a little bit of advice, but we're going to pull a little bit more. Especially with other Gen Z entrepreneurs, if you were looking at some other mid-20s folks coming into the store and say, "How'd you guys get here? What would you advise me to do?" What would you tell them?

Pat Jackowski:

Get ready to pay taxes.

Matt Horne:

That's huge.

Pat Jackowski:

Taxes are crazy.

Matt Wagner:

You guys sound like a much older generation already.

Pat Jackowski:

When you start learning... I had a couple of-

Matt Wagner:

What comes in the pocket goes right back out, doesn't it?

Matt Horne:

Right out. Put it away, because they're coming to get it.

Pat Jackowski:

Here, you got anything off the top? I feel like there's one or two more things I want to say, but I don't want to if you-

Matt Horne:

Try not to sweat the little stuff. It can get real nitpicky, but at the end of the day the show has to go on. So keep moving towards the big picture, and don't let the little minor day-to-day things really wreck your attitude or effort levels I would say, because it takes a lot of work. It takes a lot of effort.

Pat Jackowski:

We got this piece of advice early on, and it's all depending on what company you're going with if you're starting. But a lot of people want to sell merchandise before they have a product out there that people know or hear about. That's the quickest way to lose money. The quickest way-

Matt Horne:

Before there's a demand, right?

Pat Jackowski:

Yeah. Don't buy a bunch of stuff to try... Thank God we didn't, but you really want to like Matt said, the problems. There's stuff that you're going to worry about at the start that you won't even worry about a month or two down the road, and then a year from two. But taxes, make sure you have a good CPA accountant, somebody like that. You're keeping up to date with all of your records. You have to keep all your records because when you got to go to the bank, or somebody's presenting you with opportunity, you're asking for money from somebody, they want to see everything.

Matt Wagner:

Truly wise beyond your years.

Pat Jackowski:

[inaudible 00:32:03].

Matt Wagner:

[inaudible 00:32:04] is the paperwork, the volumes of paperwork, and record keeping. And I'm so glad that you brought that up because I think it is one of the biggest downfalls of a lot is both not fully studying and understanding the market in advance, which you alluded to and jumping into too fast, and then the whole record side. Because if you want any financing or partners or anything like that, you've got to have the numbers. So it's really, really good advice.

Pat Jackowski:

And the numbers do the target market of who's your best customer.

Matt Horne:

Who's spending the money? Who you're going to cater to, pretty much?

Matt Wagner:

Know the market, know your customer. Well. hey, I want to thank you both for joining me on the show. And a special shout out to Matt who is not feeling well, but made it through, a total trooper. So appreciative of both of you and wish you both all the luck. You guys got a great business and wonderful coffee, great product, and lots of head smarts. You're going to do well. So thanks for joining the show, really appreciate it.

Matt Horne:

Thanks for having us, Matt.

Pat Jackowski:

Thank you, Matt. Appreciate it.

Matt Wagner:

There you have it. I hope you enjoyed the conversation with Matt Horne and Patrick Jackowski owners of Firehouse Coffee 1881 in Hampton, Virginia. It was great hearing from the next generation of entrepreneurs, as we really see a growing percentage of Gen Z small business owners, both in the data, but just frankly, anecdotally, as you travel around the country. And already at a young age, you could see with Matt and Patrick just this immense wisdom relative to their approach to feature growth, and revenue diversification, whether in branded coffee or just leveraging the facility for additional community building activities.

As well as the fundamental understanding of the intersection between business and community and prioritizing giving back and supporting causes core to their vision for the business. So just wanted to thank Matt and Patrick for joining me. It was great having them on the show, and best of luck to them as they continue to grow out Firehouse Coffee.

As always, if you're a business owner and likewise to my place, professional colleagues, I hope this episode has provided plenty of new insights, solutions, and inspiration. And as consumers, please continue to support your local small businesses, and of course, tell their stories is what this is all about. And they're so important, as you all know to their local and national economies. And most importantly, they promote and provide quality living to the places we all call home. So don't forget, show your Main Street pride by checking out our Main Street swag at shopmainstreet.org. That's going to do it for this week's episode. But remember to check out our growing library of podcast recordings, and other related films of the podcast on our Main Street America YouTube channel.

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