

The Chief Banana's Fight Against Junk Food

On the attack against junk food snacks, Chris Mittelstaedt made fresh fruit his business.

By Margaret Heffernan

Chris Mittelstaedt remembers the exact moment he got serious about working for himself. "I was 27 years old," he says, "running faxes at a hotel in San Francisco for \$9.50 an hour, for a guy who complained frequently about being hung-over—and my wife was pregnant. I knew then I needed to change my life."

That was 13 years ago. Today Mittelstaedt is CEO of the FruitGuys, a \$6 million company that ships over 100,000 pieces of fruit every week to more than 1,000 businesses, from small firms to Fortune 500 corporations. For many of the company's corporate clients, the fruit, which is shared in kitchenettes and break areas, is an important part of an overall healthy-living program. Mittelstaedt calls it "team-building wellness in a box."

"When you put fruit in front of people—even with candy bars right there—they will eat the fruit," he says. "It's all about access. And those healthy choices, studies show, benefit everyone: lower rates of heart disease and diabetes but also increased productivity, less absenteeism, and better attitudes."

The company (fruitguys.com) delivers to homes and schools too. And each of its 36 employees can take a free box of fruit every week, plus an extra one for a favorite cause—schoolkids, the homeless, or ailing parents. The company says it also donates over 40 tons of fresh fruit a year to nonprofit groups, food pantries, and families in need.



Photographed by Vern Evans

He called himself the chief banana, dressed up in a banana suit, and handed out fruit.

Mittelstaedt, whose business experience consisted of running his own house-painting company in college, was living in San Francisco at the height of the dot-com boom when he got his entrepreneurial brainstorm. His friends were working insane hours and gaining weight from eating chocolate-covered espresso beans. Why not deliver fresh fruit to offices so the employees could eat good food instead of junk food? he thought.

"I called 500 companies," says Mittelstaedt. "Two were willing to pay up front. With \$200 in seed money, I built wooden crates and stenciled my home phone number on them. I bought fruit and loaded it into a friend's car. There was no room for me, so I tagged along on a motor scooter."

Mittelstaedt borrowed \$20,000 from his father, a business school professor, to help launch his new venture. He called himself the chief banana, dressed up in a banana suit, and handed out fruit on the street. Clever marketing and hard work paid off: Within two years, the company's revenues hit a million dollars.

When Mittelstaedt got a tip that Webvan, the online grocer, was going out of business and selling its refrigerated trucks at a huge discount, he bought five. Two months later, the dot-com bubble burst.

"I thought I was such a cool, brilliant businessman," he says. "But I ended up with \$100,000 in credit card debt. The worst part was having to lay off half the staff."

Determined not to go under, Mittelstaedt went back into start-up mode. He'd buy fruit at 2 a.m., pack it into crates and onto trucks alongside his crew, then spend his days delivering the fruit, handling customer service, doing the bookkeeping, and following up new leads.

His life at home was no less stressful. "I was exhausted," recalls Mittelstaedt. "My wife, Pia, had just given birth to twins and was nursing both babies while stuffing envelopes. It was crazy!"

To avoid being too dependent on the Bay Area economy, Mittelstaedt knew he had to expand. He designed and patented crumple-proof boxes made from recycled cardboard and rented warehouses in Philadelphia and Chicago to reduce transportation costs in the East and Midwest. Each boxed delivery includes as many U.S.-grown varieties—like Asian pears, pineapple guavas, and persimmons—as possible. And Mittelstaedt always tries to include locally grown produce.

He also invested in family farms that were trying to keep their orchards intact. He installed bat houses at suppliers' farms because bats eat the insects that damage fruit trees. By 2012, some of the Asian pears the company delivers will come from trees Mittelstaedt and his family planted as part of the company's Farm Steward program.

Looking back, Mittelstaedt acknowledges that he got complacent during the dot-com bubble, forgetting a lesson his father had taught him. "My dad is also a pilot," he says. "When he was teaching me to fly, he always said, 'Think about the small mistakes that end up big because you weren't paying attention to the dashboard.' That's my mantra: What is the dashboard telling me? What do I need to pay attention to now? I'm managing the business today to make it work tomorrow."

Getting Ahead with Chris Mittelstaedt

Do your kids like fruit?

My 12-year-old son and one of my nine-year-old twins are big fruit eaters. They've grown up with the business, making forts out of banana boxes.

What makes you an entrepreneur?

I was the kid who organized flashlight tag games. When I played baseball, I never won awards for hitting the longest ball. I got the Charlie Hustle award for working harder than anyone else. Whatever the problem, I always feel there has to be a solution. And I will keep at it until I find it.

Who is your mentor?

My dad. He's given me a lot of the technical knowledge I need to run the business. But to make a great business, you also have to know the purpose of the business. The mission-driven part is what motivates me.

Is your fruit organic?

In the beginning, we were 100 percent organic, but some companies didn't buy because it was too expensive. Now our first preference is organic, but we sometimes ship nonorganic too.

What is the best business decision you've made?

I brought in a partner in 2001 as COO and minority partner. He's my opposite—I'm enthusiastic, a shoot-from-the-hip type, while he's more measured and analytical. I'm now free to focus on where I want to take the company, while he works on the day-to-day details.

How will you know when you're successful?

You're never safe. I grew up hearing stories about how even very successful companies can fail after 100 years. You have to be vigilant, and not just because of the competition. Your own actions can erode the business over time.

What keeps you up at night?

I am constantly questioning my judgment and decisions. Is the business stable? Are we capable of change? Are we responding to our customers?

What's the most important characteristic for an entrepreneur?

Perseverance. I played rugby in college, and I'm only five-foot-seven. You learn how to take a beating, then get up and do what you need to do.