The conference-room at the Chewse headquarters had been transformed into an inviting dining room table. The sound of friendly chatter mixed with the clatter of dishes. At another company, this may have sounded out of place. However, at Chewse this was a regular Tuesday. Tracy Lawrence excused herself from the table and walked back to her corner office. As CEO of a fast-growing food delivery startup, a leisurely lunch was not on her agenda. Lawrence had co-founded Chewse to help bring employees together around a shared meal. Lunch at the Chewse office was more than a meal, it was the testing ground for their product and a re-affirmation of the company’s “Love Culture.”

Lawrence sat down at her desk and began reviewing resumes. The executive team and investors had decided it was time to expand outside their sole market in San Francisco. The team had selected Seattle and Los Angeles as the two possible expansion markets. Lawrence was reviewing resumes for the new office’s general manager. Unlike many Silicon Valley technology startups, Lawrence had intentionally crafted a company culture that prioritized relationships, salary transparency, and open communication. This Love Culture, as Chewse called it, had served the company well and helped to differentiate it from the many food delivery options. Lawrence sat back and reflected on the challenge of rebuilding this culture in a new city with a new team.

From Catering to Community

Tracy Lawrence, a native of Los Angeles, California, grew up in an entrepreneurial household. Her parents owned a fashion design company and actively shared their business experience with their daughter. Lawrence laugh, “All my parents would talk about at dinner was cost of goods sold and HR, so when I was young, I told them I would never be an entrepreneur!” She continued, “In hindsight, I have always started organizations. My first one was a Pokémon business in elementary school. I almost got kicked out of school because students were not allowed to sell on campus.”

She attended the University of Southern California as an undergraduate and majored in Business Administration. In addition to her studies, she explored launching her own entrepreneurial venture in the hospitality industry. She described one of her early ideas called Dish Dash, “I was trying to get students to go eat in Downtown Los Angeles. I would offer them different deals with a very early check-in platform, kind of like Foursquare [a personalized recommendation mobile app]. I ended up pivoting – I realized restaurants didn’t want additional advertising, but they really wanted catering.”
Shortly after this discovery, Lawrence stumbled on an opportunity to test a catering business while volunteering at a TEDxUSC event. Local TEDx events have been modeled on the TED Conference where a diverse array of speakers delivers short speeches, highlighting unique insights, to a 100-person audience. One of the lead organizers of TEDxUSC asked Lawrence to arrange the catering for the participants and audience. Lawrence described:

_The TEDx organizer was like ‘Hey we need to do a meal...can you feed us?’ and I thought, ‘this is going to be easy!’ It ended up being a nightmare. There was a limited budget and tons of dietary restrictions. I had to do all this research online, call the restaurants, get different proposals, and give them my credit card information. And on the day of delivery, I had to call them back and ask if they were still delivering. Worst was when they arrived they didn’t know how to set up the food and I didn’t know how to set up! I thought, ‘this is a huge problem.’_

With this insight, Lawrence launched Chewse, a catering service for student groups. “I drafted up a word document template, signed up for an e-fax line for ten dollars a month, and just started to take orders from USC student organizations. I would fax the orders to the restaurants, they would fulfill them, and I would get a cut of the payment.”

As she prepared to graduate in her final year at USC, she began working on the business more intensely. She was awarded entrepreneur of the year and won the New Venture Seed business competition at USC. Lawrence noted, “All my friends were off interviewing and I was going to work on my company. They were wearing their suits and I was wearing my hoodie. It was two very distinct worlds.” She was further encouraged by the film the Social Network, a fictionalized recounting of the growth of Facebook. “I remember watching the Social Network and thinking ‘you really can be young and build a great long lasting and enduring company,’” she shared.

**Chewse: First Bites**

After graduating in May of 2011, Lawrence worked on the new company full-time. She hired software developers to build a web application that could take catering orders and send the orders to restaurants. She worked out of her parent’s house and her mother was the company’s bookkeeper. Lawrence reflected, “that transition home was hard. I love my mom, and we had fun working together, but it was quite lonely. But then I met Jeff.”

A mutual friend introduced Lawrence to Jeff Schenck. Schenck had graduated from University of California Los Angeles in 2007 and had worked as a software engineer for a number of startups. Lawrence recalled, “When I met Jeff, he looked at the code base and said: ‘they are not delivering, I can do better.’ And in four hours he coded up the first version of the website.” During the next four months Lawrence contracted Schenk to build the software. “That was the best decision I ever made. He was just great to work with and could explain the technical elements to me. He handled all the code base and I focused on the business, marketing, and sales. He is more logical and more of a naysayer. I tend to think more about vision,” Lawrence described.
In December 2011, Schenck formally joined Chewse as a co-founder. Lawrence considered, “I would split my time and sleep on Jeff’s couch during the week and at my parent’s house on the weekends. I was very energized and wanted to build this big thing. But it’s hard because you compare yourself to your friends who were starting to make real money and I wasn’t paying myself.”

**Accelerating from Mixing to Blending**

Despite the progress building the product, Lawrence and Schenck felt constrained by a lack of funds and frustrated with the pace of their fundraising. Schenck recounted, “In the early days we were just trying to get customers to buy it.” Over the next 11 months, the co-founders tested a number of product iterations and attempted to pitch early stage investors. Lawrence described further, “During our first fundraising round, the biggest challenge was that I was a nobody, the investors were in San Francisco, and I was down in Los Angeles. I probably had 30-50 unsuccessful conversations with investors. Then we even got rejected by incubators. We were rejected by absolutely everyone!”

Chewse’s fortunes changed after Lawrence spoke with Christine Tsai, a partner at 500 Startups. A highly competitive business accelerator, 500 Startups offered pre-seed funding and three-month programs to rapidly advance the growth of early stage ventures. Lawrence revealed, “I had six people from my network reach out to Christine saying you need to meet Tracy and she was like, ‘Fine, I’ll meet you guys!’” Lawrence built a relationship with Tsai over three months. Chewse was then invited to join a 500 Startups cohort and Lawrence and Schenck moved to San Francisco.

At the start of 500 Startup’s three-month program, Lawrence and Schenk were marketing Chewse as an event planning service. They quickly realized that this was an unviable market. Schenck explained, “We discovered that the business model wasn’t getting us a great customer base. Instead of regular recurring business, these were customers that were planning events once a month or a few times a year. We added some value, but because they were doing it so infrequently, the aggregate value was not high enough to bring them back regularly. We weren’t seeing the numbers we wanted.”

The Chewse co-founders rapidly tested other markets by launching landing pages and conducting qualitative interviews. Through this research they refocused their marketing to target offices that regularly offer a catered lunch. “That was a really powerful switch for us,” Schenk declared.

Lunch was not only an inviting business opportunity, it addressed a need that Lawrence felt personally. She confided, “At the beginning, I didn’t know what my deep motivation was. I just really wanted to solve this problem. But when I dug in later, I realized omg [oh my god] I was bullied when I was ten years old and it was so bad – the girls would chase me around and they would chant ‘you have no life, you have no friends’ and it was so awful. So, I used to eat lunch alone in the bathroom. I realized that our mission at Chewse is to make sure nobody eats alone.”

As Lawrence and Schenck discovered, eating alone was part of a larger challenge facing corporations in America. Lawrence elaborated, “70% of employees in America consider themselves disengaged, it costs companies $550 billion dollars in turnover, recruitment fees, and lost productivity. But at the core, the problem is loneliness and disenchantment.” Chewse was positioned as an alternative to the traditional company sanctioned happy hour. Lawrence declared, “These events where you primarily drink with employees and co-workers are increasingly risky. We offer an alternative, I want to feed organizations so that people can have meaningful connections with each other and work can become a place of community.”
Out of the Frying Pan and Into the Fire

Upon completing the three months at 500 Startups, Chewse hired two employees, identified its ideal customers, refined its differentiation, and was positioned to more effectively fundraise. The business had settled into a niche serving the San Francisco Bay area companies that already offered their employees lunch daily. A notable early adopter of Chewse was Twitter. Compared to the other Silicon Valley delivery food companies, such as Grubhub, Door Dash, and Postmates, Chewse distinguished itself in three key areas. (See Exhibit 1: Chewse Value Propositions and Market Size). Lawrence explained:

First, our website makes it simple to manage the whole offices’ food preferences. Without Chewse, you have to call up a bunch of different restaurants, you have to keep paper menus, and you have to pick and decide what you want – we take care of all of that for you. Second, there is the quality of food factor. We work with great local restaurants that you normally wouldn’t discover. We consider ourselves the Spotify [a personalized music streaming platform] for meals: we curate and you just press play. Finally, there is a culture factor. If you have over 100 employees, we have meal hosting services. Our host is trained to help cultivate friendliness and culture in your office by inspiring conversations around ‘you as a human.”

Over the next seven months, Lawrence actively fundraised to complete a $1M seed round. Schenck took over the day to day operations so that Lawrence could focus primarily on fundraising. For Lawrence fundraising was a challenging experience. She offered, “Fundraising is one of the most physiologically damaging things you’ll ever do. You really have to want to win and a lot of people give up. I never give up.” She admitted, “When I pitch, I am not saying that my company is the hottest shit in town, it isn’t. I am saying: our mission, our team, and our principles are incredible and because of that we will be the hottest shit in town.”

By 2015, Chewse had reached a level of growth that warranted raising a Series A. The team had grown to 15 full time employees. In addition, 120 contract drivers, regularly served tens of thousands of meals each month in San Francisco and Los Angeles. Again, Lawrence took it upon herself to lead the fundraising effort. One encounter with an investor left a profound impact on her and the company. A well-regarded Silicon Valley venture capital firm was reviewing Chewse as a prospective investment and was conducting a due diligence process. A partner at the firm had spoken to Chewse’s customers and had scheduled a visit to the Chewse office. Lawrence shared:

I was so excited that he was coming to visit us. And that morning, he called me up and said, Tracy your customers love you, they think you are one of the best services to have happened to their offices. Unfortunately, we can’t invest because we don’t have conviction in the team, we don’t think that you are out for blood.” I thanked him, hang up, and cried for pretty much a day.

You try to not take things personally, but it triggered a lot of really tough questions, like: Is it because I am a woman? Is it because I’m too young? Too nice? Never had a job before? Will people ever think that I can do it? What am I doing in Silicon Valley?

Honestly, I’m so grateful that he told me. Because I’m sure plenty of other investors thought the same but said things like ‘the market isn’t big enough.’ I sent him an email the next day and said: ‘You’re right. I am not out for blood, I am out
for love. It is no less aggressive and it’s why our customers love us.” He ended up not investing, but it changed me.”

“I remember that day distinctively,” Chewse’s Head of Expansion Shaina Anderson recalled. A successful food-industry entrepreneur, Anderson had joined Chewse a few months before as Head of Restaurant and later was promoted to Head of Expansion. Anderson continued, “We had 5 months of runway left and I had taken a big risk joining Chewse. The very first fundraising update I got was when Tracy gathered everyone together and just started crying. She said she had received an investor’s email that derided her for not being out for blood. She then declared: ‘I’m not out for blood. We are not out for blood. We are building love. I’m finally able to say it out loud’ — I get chills remembering her say this.” The message was invigorating for Anderson. She shared, “We were out of money and seeing the CEO cry was halting. I don’t know about others, but I didn’t lose confidence. The message was: I’m emotional about this because it is wildly important. And I need to share it because it’s a big moment in my life and in the life of the company.”

The concept of a ‘love company’ became a central pillar in the Chewse company culture. Anderson noted, “We had hired based on values and trained on values: But the love company values was a whole other spectrum. It was the first sense of a higher calling.” Schenck explained further, “So much of the culture in an early stage business comes from the founding team and a lot of the others try to mimic that behavior. We always felt between each other that care, honesty, vulnerability, openness, and love are really important to our relationship with each other and others in our lives.” He continued, “In the early days, we were scared to forge our own path in terms of culture and do something as radical as call ourselves a love culture. We didn’t really worry about finding a group of people that were excited to work in a love culture but feared being laughed out of the room at pitches. We questioned whether we needed to hide it from investors?”

Lawrence and Schenck committed to making the love culture a central component in their investor presentations. They refocused their investor search to build relationships with aligned investors who would value their approach to management. Fortunately, The Foundry Group embraced Chewse and its love culture and led a $5.6M Series A. Based in Boulder, Colorado, the Foundry Group is an early stage venture fund and a certified B Corp. Many of Chewse’s seed investors also participated in the Series A, including Telegraph Hill Capital.

Luis Gutiérrez Roy, the managing director of Telegraph Hill, had followed Chewse since they joined 500 startups. “I can’t think of any company that is so centered around the concept of a love culture,” he opined. “It’s very difficult to achieve unless it comes from the leadership of the company in a very genuine way. I think a lot of companies want to do it but they feel like they don’t have the patience, abilities, or tools to do it, and then decide to focus on more tangible things. But if you can do it properly, it becomes an invaluable asset to the company.”

**Cutting Half the Pie: Closing LA**

Shortly after raising their Series A, Chewse faced a test of its love culture. During a board meeting with the new investors, a discussion emerged around the rate of growth in San Francisco versus Los Angeles. Lawrence recalled, “We had showed the revenue lines and LA was growing slowly and SF was taking off. Jeff and I looked at each other and it was apparent, the distraction of the LA market could cost us the focus of the entire company. We didn’t even have any full-time employees in LA. So, we came back and told our team that we were cutting 40% of our revenue.”

The reaction of the Chewse staff was strong. Lawrence acknowledged, “The sales leader told me that the sales team wanted to flip tables — they were angry. Not just the sales team, everyone was mad, or scared. So, we had talks as a company and by the second week people were like ‘let’s just do it. I’m tired of talking about it.” Kate Campbell, the general manager of the San Francisco office, was
impressed with Lawrence’s management process. “She let everyone be a stakeholder in the decision,” she praised. “We discussed pros and cons and fears. There was a natural hesitation because that meant we lose a lot of revenue. There was a lot more competition in SF than in LA. I thought, what happens if we can’t sell in SF? Are we losing an opportunity to learn in LA?”

Once the decision to close LA was finalized, the whole company rallied around succeeding in one market. Campbell shared, “SF became a very new market for us. We weren’t just trying to do what we were doing in LA and apply it to SF, we started to understand product-market-fit and the concept of validating market-fit.” Anderson further elaborated, “We had an ‘Aha’ moment – we have economies of scale!” The team tested whether they could aggregate enough orders at the beginning of the month to negotiate a monthly bulk discount. The restaurants and the customers benefited from the consistency. Anderson explained the proposition, “we offered the customers ‘predictable pricing’ – if you wanted to pay exactly 15 dollars a person, we will charge you 15 dollars per person every single time. Inclusive of tax, delivery, tip, food, and our service. The CFO would be happy because it was the exact same every single month. It was predictable.” Based on this new model, Chewse’s gross margins grew by 7-10% and the company reached profitability.

Feeding A Love Company

While the business model was falling into place, Lawrence and Schenck continued to develop the love company culture. A central tenant of the culture was to treat each employee as a whole person. Lawrence took inspiration from Peter Drucker, a renowned business professor. She offered, “Peter Drucker put it this way: in today’s environment, you are a paid volunteer. You can go work for whoever you want. In fact, it’s an opportunity cost because you could be on another rocket ship gaining other experiences. That to me is a critical part of Chewse’s philosophy.”

Schenck described one of the early analogies they settled on, “A lot of people described corporate culture as a family. On the one hand we want this love culture, but on the other hand you don’t fire your family or have quarterly goals for a family. So, we decided to go with a sports team metaphor – there are tryouts, you can kick off players, you can coach players to improve, but there is still this comradery and care.” Lawrence initiated a weekly company meeting every Friday at 4pm. “We have a gratitude circle where we all give one gratitude to somebody else in the room. We believe that knowing the whole person allows them to access the parts of themselves that are going to do great work. Instead of saying ‘how are you?’ we ask each other ‘what’s your color?’ We answer red, green or yellow based on our energies, personal and professional.”

At Chewse, financial transparency was equally valued as emotional transparency. “We are very transparent,” Lawrence declared. “We make sure that everyone knows our cash position every month and we have open salaries. When it rolled out nobody checked it. Nothing!” Despite its quiet launch, salary transparency has become a defining characteristic of the culture and influences many of the hiring decisions. Campbell further described the program, “It’s an equation based on skill level, expertise, and history. In many cases, every month there is an opportunity to discuss an output increase. It allows you to center back and we can say: don’t worry about your neighbor, how can we help you with resources and mentorship so that you feel the compensation is equitable.”

Kash Mathur, the Chewse COO, was surprised by the breadth of impact the open salaries had on the company culture. “There is a difference between what I thought transparency was and what it turned out to be. I knew it meant management sharing the financial performance. But when I joined, I learned that it went much deeper. There is an interesting commitment to vulnerability as a value and people encourage each other to be introspective and share their feelings. It’s a culture of strong emotional intelligence that leads to a ton of trust. Nothing spirals out of control because we address things head on, whether its conflict or something positive.”
Not all prospective Chewse employees appreciated the open salaries and compensation equation. Anderson acknowledged, “Open salaries doesn’t work for everyone. It’s very scary for the support and operations team to compare themselves to what members of the leadership team make or head of engineering. To coupling this with the values of humble confidence, low ego, and self-awareness, it takes a very specific person to feel ok with the Chewse approach.” Campbell further acknowledged, “If you have a group of people that are working very hard together on a project, they aren’t concerned what their neighbor is making. But as soon as that equity in effort drops, people will start to pay attention. When Chewse is going through challenges on the revenue side or hiring side, the behavior of team members shifts and they start looking at how much others are making and how much vacation they are taking.”

As part of embracing its love culture, Chewse converted all of its contract delivery staff to part-time employees. The company expanded from 35 full-time and 12 part-time employees to 200 total employees. 80% of the company was now part-time and working off-site. Campbell explained the business logic, “Logistically it is very complicated to move 1,500 meals in 1.5 hours in a city. Being able to have people who know the business and can problem-solve was crucial. Contractors didn’t know any of that and didn’t have a motivation to learn.”

With this growth, Chewse began standardizing the introduction of the love culture practices to the new employees. Campbell admitted, “We are reevaluating how this expansion in employees will stand up against our love company mission. We have a communication policy that goes through the best practices of emails but we don’t have culture training right now. But we are thinking of doing this in the near future.”

**Conclusion: Igniting a Second Oven**

In the 16 months after raising their Series A, Chewse had tripled its sales and increased margins by 50%, all while operating solely in San Francisco. Christine Tsai, one of the original investors in Chewse, observed, “One thing I’ve noticed about the company, that is different from other food related companies, is that they have been very concentrated on SF – they aren’t focused on growing unsustainably fast. However, one of the potential downsides is the optics. It looks like they are growing slower than their competitors.” Aware of this perception, the Chewse leadership set the goal of expanding to a second market before the next fundraising round, and 20 markets in three years. Lawrence explained, “The desire is to have a playbook for how to launch in a new market. We want to be able to give a general manager a plan for winning the first 500 customers. When you can do that, you can go anywhere.” She also acknowledged, “Of course there are a few unique markets, like New York, that are like launching into a new country.”

After extensive research, Chewse had narrowed the choice to Seattle and Los Angeles. Seattle offered a comparable market to San Francisco, in terms of geographic size, population, and customer profiles. In contrast, LA presented a vastly larger geography and population and smaller technology sector than San Francisco. However, the nuances of Los Angeles were well known to the Chewse team, whereas Seattle held greater unknowns. For Lawrence, the success of this new market would not only be measured in dollars but in the adoption of the Chewse love culture. Selecting a general manager for the second market would be critical to setting this corporate tone. Promoting staff internally could help ensure consistent messaging from day one. On the other hand, hiring a local expert outside of the company could accelerate their growth by leveraging local knowledge and networks.

As lunch wrapped up at the Chewse office, Lawrence could hear her staff chatting in the hallway and heading back to work. She sat back to weigh the options before her. Based on her experience, she knew the final decision would require strategic calculations, an empathetic heart, and many conversations with her staff over meals.
Exhibit 1: Chewse Value Propositions and Market Size

Offices spend tens of thousands of dollars on meals, with no online solution.

Chewse is the B2B marketplace for corporate meals.

Admin assistants want simplicity in ordering.
Restaurants want high-margin, recurring business.

An untouched market

$33B industry

OUR OPPORTUNITY 99.8%

Current online market share 0.2%

Top 6 Markets: Annual Spend

- $2.3B — New York
- $1.4B — Los Angeles
- $1.1B — Chicago
- $890M — Washington, DC
- $800M — Dallas
- $500M — San Francisco

Source: Chewse