

When opportunity knocks

The Pesh family turns a serious misfortune into a thriving tobacco chain that serves Virginia's tobacco enthusiasts

by Stephen A. Ross

Sometimes the best opportunities in life are presented by accident. A gift shop owner in Georgetown, in Washington, D.C., Noubar Pesh learned one day that his landlord would not renew his lease. Unable to find another location, Pesh closed his doors and struggled to find something else to do.

One night, Pesh had a dream about friend David Berkebile, owner of Georgetown Tobacco. Waking the next day, Pesh decided to call Berkebile to see how he was doing. During their conversation, Pesh learned that Berkebile was hoping to pare down his business, which had grown to 12 locations. Berkebile invited Pesh to look at a store at the Iverson Mall in Hillcrest Heights, Md.

Though the location was extremely small—no bigger than 120 square feet—Pesh looked at the books and grew confident that he could make the business work, though he knew little about tobacco at the time. Pesh trusted in Berkebile's advice—your customers would teach you everything you need to know. In 1971, Pesh bought the store, renamed it Tobacco Barn and began a career in the cigar industry.

As a kid growing up in suburban Washington, D.C., Noubar's son, Gary, dreamed of becoming a teacher. Yet with his father's business growing quickly throughout the 1970s, Pesh felt himself inexorably drawn toward the retail tobacco industry. He started working in his father's stores in 1973, when he was 16—about the same time he

smoked his first premium cigar, a Royal Jamaican Buccaneer.

Although he shared the last name of the business owner, the younger Pesh didn't get any special treatment from his father or the rest of the staff. As a salesman, Pesh worked the floor, cleaned the bathrooms, dusted, stocked and polished pipes. Yet, when he told his manager that he wanted Friday nights off, he was fired.

"When I learned that I had been taken off the schedule, I went to the Tysons Corner's Georgetown Tobacco and applied for a job," Pesh says, a broad grin developing around the cigar in his mouth. "David [Berkebile] called my dad and asked if he knew that I had applied for a job. My father asked David how much he would pay me and when David told him, my father said that it was more than he was willing to pay me and that David should hire me. So I worked for David and John Hayes there during high school and college summers. I think I had Fridays off for high school football and I earned more money."

While away at college at Radford and, later, Old Dominion, Pesh learned how poorly teachers were paid. He worked part time as a bartender and became bar manager, and he started thinking about a career in that industry. Although the money was very good, it didn't feel right for him. When he graduated with a degree in business management in 1980, Pesh's father invited him back into the business. He would now help with



Gary Pesh

bookwork, payroll, buying and working the sales counter when needed. Although he never became a teacher, Pesh says that he gets the same satisfaction working in the cigar business and teaching others about premium tobacco products.

"This is a kind of education business," he says. "I guess my career goals haven't strayed too far."

When he first came into the business, pipes were still king of the tobacco shop and cigars were largely dominated by the bundle business, though Pesh began to note a transformation in the middle '80s.

"Macanudo was the premium cigar back then," Pesh recalls. "Then in the mid 1980s, I attended a dinner hosted by the Baroness de Rothschild that launched the Zino Mouton Cadet brand. That cigar sold for \$3.60 for the No. 1 and the Veritas was \$5. In comparison, a Macanudo Baron de Rothschild was \$2.25. The price of those cigars was insane but we bought into that idea."

Not long after that, Swisher International introduced Pleiades ultra-premium cigars, complete with a humidified cigar box.

"That cigar really shook the world up," Pesh

says. "Those cigars started changing the business. By the late '80s the pipe business was beginning to struggle. We had gone very heavily into the premium pipe business, and we saw our pipe sales begin to slow down a bit. We were better off than most pipe shops because we established relationships directly with the European pipemakers and got better deals, found brands that weren't offered in the United States and discovered shapes and finishes we had never seen before."

Yet the growth of the cigar industry was not enough to offset the slowing of the pipe industry. In the early 1990s, Noubar approached Gary and told him that the business could not support two families.

"I think Dad really wanted me to go, but I didn't think I could give it up," he says. "I had devoted 10 years of my life to the business at that time. Right around then the first issue of *Cigar Aficionado* hit the stands. There had been a pulse in the cigar industry up to that point but the magazine quickened that pulse. It became a lot easier to sell a \$4 cigar over a \$40 pipe. Buying a pipe wasn't an impulse buy; it was a process of education over time. You would plant a seed. A cigar was more impulse buy. *Cigar Aficionado* should get credit for turbo-charging the boom. During that time we had sales totals in one day of business that matched one pre-boom week of business."

The boom allowed the younger Pesh to stay in the family business, one that he purchased from his father in 1998, renamed Old Virginia Tobacco Co. (OVTC) and watched grow to seven locations, eight counting the cigar concession OVTC has with General Cigar and Club Macanudo at FedEx Field, home to the Washington Redskins.

The Woodbridge store serves as the central office and warehouse. The seven stores that make up OVTC range from 500 square feet at the Pentagon City location to 2,000 square feet at Kingstowne.

The stores are designed to provide a comfortable place for people to relax. But that's only half of the equation. Pesh hires people who are passionate about tobacco and can easily discuss it with customers.

"The people who work here have been the secret behind our success," Pesh says. "Most of our employees are people who were our customers. We have 60 employees, 15 who are full-time. We're always letting them sample new products so that they can discuss them with



smokes. I didn't want it to be a celebrity-endorsed product. Sonny chose it and it's the shape that he likes."

Pesh has two other private-label brands made for OVTC—Old Virginia Executives, made by General Cigar and named for the eight Virginians who served the nation as president, and Old Virginia Cabinet Series, with four sizes made by Camacho.

The best-selling cigars in OVTC's humidors are ones made by the companies with which Pesh has developed the closest relationships.

"You can look around and see the people who are the most passionate and the most serious," he says. "I usually don't pick up the latest craze in the industry.

customers. We try to expand everyone's flavor horizons. They've got to try something different. The worst that happens is that you end up liking what you already smoked more."

Pesh changed the name to Old Virginia Tobacco Co. in the late 1990s. Proud of the work he put in to establishing the Tobacco Barn name, Noubar was reluctant to change it, yet the younger Pesh wanted a more romantic name for the business he had purchased from his father.

"I wanted a name that evoked something in people's minds that was more of what we were about. I remembered The Virginia Trading Co. at Colonial Jamestown and thought about the state's rich history with tobacco. I wanted to stress the importance of tobacco in the history of this country—it made the United States! I wanted to acknowledge the nostalgia and romance of Virginia's role in the tobacco industry's history."

Through his association with the Redskins, Pesh has developed a friendship with former Redskins quarterback and NFL Hall of Fame member Sonny Jurgensen, a cigar smoker for whom OVTC has a cigar made.

"It's called S.J. 9 and it's made by La Flor Dominicana," Pesh relates. "It's Sonny's cigar; it's what he

I'm very much a traditionalist. I work very well with the people who have worked with us for so long, such as Ashton, Camacho, Davidoff, La Flor Dominicana, La Gloria Cubana, Montecristo, Padron and even the people with F.D. Grave."

It's the relationships he's developed in more than 30 years in the industry that keep Pesh excited about being in the business.

"It's really hard to call it a business," Pesh notes. "There is something that makes this industry contagious. You make good friends here. I really love the cigar industry, and I love





it because of the people who are in it. We have business relationships, but it's much deeper than that. It's friendship. There is a social and cultural bond that develops over cigars. It's a club. When you're out and see someone smoking a cigar, you approach him and ask what he's smoking. It starts a conversation with that person and then you talk about other topics. Cigars have allowed me to meet people who I never would have met otherwise."

And it's this love of cigars that led Pesh to join with other Virginia tobacconists to establish the Cigar Association of Virginia, with David and Renee Meyer of Milan Brothers, George "Shorty" Koebel of Havana Connections, and Chad Chadbourne and Scott Regina of Emerson's to fight against a statewide ban on public smoking and higher taxes.

"We decided that it was much more important for us as retailers to get past any competition between us and look toward the greater good of our industry's survival," Pesh notes. "If you think that getting together with a competitor is a bad thing, you're completely wrong.

Look for tomorrow. Look past your front door at the world outside. You must make the effort to work together. We kid ourselves if we convince ourselves that our consumers don't shop at other shops. Consumers view us as a category rather than an individual. We must speak with one voice. Our story is very different from "big tobacco." We wanted to be heard. It's unbelievable to us that here in Virginia, the birthplace of the nation and





the birthplace of tobacco, that smoking would become an issue.”

The fight has been successful so far, but it's likely to be ongoing for many years. The association has grown from its four founding member shops to more than 20 members.

“We’ve been able to tell our story, which is what we wanted,” Pesh says. “We’re small business men in a small industry of hobbyists, not habitualists. We’re not consumption driven. We’re about relaxation and enjoyment. We’ve been able to tell that story to a lot of legislators, who appreciate what America is—a place for small business people to make a living. We had to give the legislators exposure to who we are and what we’re about. I think you’ll find that there are a lot of business associates who are willing to help you. A lot of fundraisers that welcome donations go on. That’s how you get your foot in the door. We’re known in the legislative halls as the ‘cigar guys.’ We welcome that. You have to try and you’ll be surprised at the success you’ll have. Your business depends on it.”

As the current vice president of the IPCPR, Pesh also has some fresh ideas for the direction he would like to take the association, though he

encourages members to voice their ideas as well.

“I would really like the IPCPR to be *your* association and do more for our membership other than the trade show. There should be a health package, accounting software and industry standards. The association did a lot on the federal legislative issues this past year, but we need to get more involved in the states. To do that, we need the input and participation from the members. I’m going to concentrate on getting involvement from others. We need to have fresh faces, new voices and new ideas. There are a ton of bright people out there who would be great but aren’t involved yet.”

Who would have known that the decision of one landlord to refuse to renew a lease nearly 40 years ago would lead to the establishment of a seven-store chain stretching from suburban Washington, D.C., down the I-95 corridor to Richmond? How could a family with virtually no knowledge of cigars become one of the more respected members of the cigar industry? Like the history of tobacco in Virginia, the stories of Tobacco Barn and Old Virginia Tobacco Co. mirror the best stories of America, the land of opportunity. Sometimes the best opportunities come by accident. Just ask the Peshes. **T**