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How the Founder of Baked by Melissa Recovered From Her First Holiday Sales Disaster

Melisa Ben-Ishay talks about her first big mistake (during the holiday rush!) and what it taught her about prepping for sales spikes.

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Jason Feifer - Magazine Contributor
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The holidays can be a killer. For many entrepreneurs, particularly those in retail, the stretch between Halloween and New Year's is when teams get stressed, systems get strained and even the smallest inefficiencies can amplify into crises. If a young company builds itself well enough to survive into January, it'll be in great fighting shape for the rest of the year. If it can't, it won't. And that was the crossroads Melissa Ben-Ishay found herself in back in 2009.

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Her New York-based company, Baked By Melissa, sells bite-size cupcakes. It had grown fast, and she thought she was ready for the holiday crush. On one of the first days of that season, she woke up at 3 a.m. to see how things were going. *Holy shit, the orders are coming,* she thought, *and they're not stopping.* So she ran down to her fulfillment center to help out and discovered a disaster in the making: Her back-end system was buckling under the volume of orders. The whole thing would need to be scrapped. "We were basically at square one," Ben-Ishay recalls.

It was about to be a long December. But by the time January came, she'd know what it takes to build a company into the future.

Ironically, Baked By Melissa's first big break came during a previous holiday rush. In 2008, Ben-Ishay was fired from an advertising job and began baking cupcakes to sell through catering companies. She was asked to make them for a large holiday market, so she hired an employee and they spent 15 hours a day baking for six weeks straight. Every day, they sold out. "So we knew we had this unbelievable opportunity. We had to take advantage of it," she

says.

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Ben-Ishay spent the next year [building her brand](#). The company's many-flavored mini cupcakes hit a sweet spot in the city -- an adorable, inexpensive, gourmet snack without all the sugar of a full-size cake. She set up a retail location, increased her delivery business and built a back-end system made for fast deliveries: An order comes in and is queued up to be fulfilled and delivered. But on that early holiday morning, when Ben-Ishay discovered her system was failing, she called her first employee, and the two of them spent weeks printing out and pasting order slips by hand. Her dad and friends were conscripted to do deliveries. Deliveries were late. Her [customer service](#) department went into overdrive.

Once the rush died down, Ben-Ishay and her team debriefed. They knew that, most importantly, they had to learn to anticipate. They had no way to know what people would order at any one time and, therefore, how much product to make and people to deploy. So they set up sales meetings every Monday throughout the year to review the data. Then they reimagined their back-end system with an emphasis on organization. Rather than sending individual orders out the door, the company now arranges orders by area and sends them in waves -- meaning a larger volume can move more efficiently. "Every decision we make now is a data-driven decision," she says, "which is amazing and what's necessary to make the company grow."

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And grow it has. Baked By Melissa has 13 retail locations in New York City and a nationwide e-commerce business. By the end of 2017, it will have sold 100 million cupcakes and it expects to sell 30 million more in 2018, with ambitious expansion plans in the offing. But Ben-Ishay continues to reflect on what she learned when times were toughest. "The lesson, and it's something I'm always working on, is not letting myself get emotional," she says. "Everything's going to be OK. And really, what's the worst thing that's going to happen? Somebody's gift is going to arrive the next day? That's OK. They're still going to get freshly

baked cupcakes."

Hear more from Ben-Ishay on our latest episode of *Problem Solvers.*

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