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Case Study: Richard Din and Caviar

Bootstrapping a New Venture

Entrepreneur Richard Din launched Caviar in 2012. His goal was to provide a food-delivery service for dine-in restaurants that did not normally deliver. After just two years of operations, Caviar had employees and service in New York City, Seattle, Washington D.C., Los Angeles, and San Francisco. This rapid growth led to Caviar's acquisition by Square in August 2014 for more than $100 million. The services were later used by tens of thousands of restaurants across the United States.

Figure 8. Caviar's startup journey.

The Initial Conditions

Richard Din was an electrical engineer by training and had worked at Electronic Arts after graduating from UC Berkeley. He began working with co-founders Tony Li, Andy Zhang, and Jason Wang, who were Berkeley students or recent graduates. Shawn Tsao and Abel Lin joined shortly afterward. The group came together first through shared interests. Only later did it settle on the food and restaurant industry.

Team first. The team first came together, then agreed on a target industry, and finally selected the company's purpose.

The team first tried a daily-deal food coupon concept. That idea failed quickly. The better opportunity came from a problem the team experienced directly: when they worked late together, they wanted food from high-quality restaurants that did not deliver.

Passion is crucial. A team that cares about the problem has more energy to learn, persist, and notice what others miss.

Story

The food-delivery idea was born from the team's own customer experience. They became their own first customers. The first story did not require a large platform or a sophisticated technology claim. It explained a simple change in customer experience: people wanted restaurant-quality food delivered, and restaurants wanted to serve those customers without building their own delivery operation.

The initial story was the articulation of the business model. The rest was a demonstration of the product from the user's viewpoint.

The Caviar team had two positive drivers: they wanted to use the service themselves, and they believed restaurants would be willing to outsource delivery if it did not distract from producing good food. With that story, the concept was ready to be tested in real life.

Service: Would customers beyond the team order delivery from high-quality restaurants?

Cost: Would customers pay a meaningful delivery fee?

Viability: Could the service work with existing restaurants and real orders?

Caviar's Use of Execution While Learning

The first challenge was to validate demand. In parallel, the team had to create enough technology to support the validation. Instead of building a comprehensive website, the team built the simplest possible interface, with one restaurant and one item that could be ordered. The purpose was to learn how customers behaved.

The back end was even simpler. A person received the order, called the restaurant, drove to pick it up, delivered it, and paid the restaurant later. The process was manual and not scalable. That was the point. The team was not yet trying to build the final system. It was trying to learn whether the customer experience and business scope were correct.

Many projects go wrong because they focus on technology, scale, and high-quality implementation too early. At Caviar, the early service was intentionally manual so the team could learn from customer behavior first.

Leadership and Innovation Behaviors

Trust became a major leadership issue. As the team grew, some early working relationships no longer supported the speed and quality required by the venture. The difficult decision to remove some early team members became important to restoring trust and execution speed.

Trust appears as a key issue in the development of any team from the beginning. When trust toward a common objective cannot be restored, the team must act.

Eagerness to Learn

According to founder Richard Din, the team's appetite for learning was critical. Without that eagerness, the rate of progress and execution would have been too slow.

Leadership Starts with Hiring

Caviar also treated hiring as a leadership function. By hiring well-rounded people, the company strengthened trust, technical skills, and innovative behavior across the organization.

AUTHOR'S NOTE: This case emphasizes delaying technology and scale investment until user behavior has been validated during execution while learning.