



The Educated Cigar, Richland, Wa.

## Doctor Forges Unique Path in Cigar Retailing

First envisioned as an after-hours web-based home business, Dr. Rick Ornstein's personal love of cigars-turned flourishing brick-and-mortar shop has conquered the event scene. > **BY RON 'DOC' MALTIN**

We have all heard the old adage that retailing success depends upon the "Three Ls:" location, location, location. But in some instances, a lot of that success depends on the "Big T:" timing.

For Dr. Rick Ornstein, BA, MS, Ph.D., and a National Institutes of Health (NIH) postdoctoral fellow, the success of his Educated Cigar retail business in Richland, Wa., located in the state's southeastern Tri-Cities region, has been a combination of a great location, a positive demographic, and definitely perfect timing.

In this exclusive Smokeshop Magazine interview, Dr. O—in his distinctive New York accent—shared his insight into his store's history and a sales philosophy that has led to a sterling local sales record and an ever increasing customer base away from his brick and mortar base.

**SMOKESHOP:** It seems to be a bit of a 'left turn' to see you establish a cigar shop after seeing your CV of education, research, teaching, and work experience. Why Richland, Wa., and why a top-shelf cigar operation?

**ORNSTEIN:** The areas of my formal education had led me to a career in the field of theoretical biophysics and environmental health science research and education. After a six-year stint at Princeton University, I was working for the Eastman Kodak Life Sciences Division based in the Tri-Cities area of Tennessee. Then in 1988, Kodak purchased a human medical research facility in Philadelphia and wanted me to relocate. After a discussion with my wife Cheryl [an elementary school teacher], we decided not to move our young family of three sons to a large center, and I chose to accept a position of senior scientist at the Pacific Northwest Laboratory operated for the Department of Energy by the Battelle Memorial Institute here in Washington states' Tri-Cities of Richland, Kennewick, and Pasco.

**SMOKESHOP:** What was the population of the Tri-Cities back then?

**ORNSTEIN:** When we got here, the population was around 100,000 and

> Top: The Educated Cigar 'away' setup at Route 91 Harvest, a three-day country music festival on the Las Vegas Strip, Sept. 2016.



> Dr. Rick Ornstein first parlayed his personal love of cigars into a business speculating that other cigars fans would appreciate sampler collections of top-rated cigars, a niche that wasn't being addressed by local Washington shops in his area at the time.

today we have about 200,000 listed and the area is still growing like a weed. The Hanford nuclear facility is a major factor in our growth as well as a booming agricultural economy and, of course a thriving wine industry.

**SMOKESHOP:** *When did the idea of a cigar business take seed and what prompted you to get involved with supplying cigars to the general public?*

**ORNSTEIN:** Now almost 20 years ago, I remember looking at my own private humidor and saw that I had more than two dozen boxes of different premium brands. It dawned on me that other cigar lovers might also like a wide variety of cigars, but may lack the space or funds to put together a diverse collection for their enjoyment. An internet search came up empty when trying to find retailers that offered samplers [from] numerous different premium manufacturers and certainly none that offered very high-rated cigars.

**SMOKESHOP:** *Necessity is the mother of invention?*

**ORNSTEIN:** Exactly. I started The Educated Cigar LLC as a home-based dot.com with the sole intention of selling out-of-state and out-of-country, for two compelling reasons. First, I was still working as a scientist during the day; it was a perfect business to operate during

the evenings and weekends. The family was enlisted for post office trips and picking up supply shipments, in some cases much to their chagrin. Second, the Washington state cigar tax was then over 129% of the MSRP, while the national average was closer to about 25%!

**SMOKESHOP:** *The storage and inventory control must have been onerous?*

**ORNSTEIN:** That was a great motivator in establishing a brick and mortar operation as well as the ever-evolving taxation laws. With the help of then state senator Jerome Delvin, Washington's cigar tax was lowered to match that of Oregon, 50 cents per stick. So after 25 years as a research scientist and university professor, I decided it was time to establish and operate a full-time 'walk-in' location. We were fortunate to find a spot within a complex that houses a bowling center, casino, and comedy club that also offered an outdoor space that allows for our customers to enjoy their purchases fresh from the humidor.

**SMOKESHOP:** *You've also gained a great reputation for setting up a cigar bar at some high profile music festivals, wine tastings and cultural events both locally and out of state. Tell us about that side of the Educated Cigar operation?*

**ORNSTEIN:** About 15 years ago, we were invited to set up our first outdoor cigar bar at a local winery. That outing went so well we've never looked back. Last year we did about 20 'away' events that included classic rock concerts, winery events, weddings, beer and whiskey tastings and country music festivals. We also had our first 'super-sized' event, Watershed, held at The Gorge Amphitheater.



> The Educated Cigar's 'away' setup at the Clover Island Inn Music Festival in spring 2016. Camping coolers are used to transport cigars under properly humidified conditions, while elegant, traditional interior table lamps create a warm, inviting atmosphere.

theater off Washington's Interstate 90. Over the two weekends [six days], more than 65 country music stars like Keith Urban, Jason Aldean, Eric Church, and Kasey Musgraves entertained more than 30,000 fans daily, and we had a blast!

**SMOKESHOP:** *But it led to something even better, is that right?*

**ORNSTEIN:** The organizers apparently were so impressed that they invited us to set up at their three-day outdoor Route 91 Harvest country music festival on the last weekend of September, with stars like Luke Bryan, Brad Paisley, Toby Keith, Martina McBride, Little Big Town, and many, many more. We were right on the Las Vegas Strip across from the Mandalay Bay, Luxor, and the MGM Grand for our main base. Much to our surprise, we were also asked to set up a second booth in the 'restricted' artists lounge. We had so much fun, and never worked our tails off so hard! All that said, we are all set to do both mega events again this year.

**SMOKESHOP:** *I also noted that you have a stock of wine available in your shop. How has that product line expansion fit into the business plan?*

**ORNSTEIN:** We have always prided ourselves for carrying only handmade, long-leaf cigars, especially the world's highest-rated cigars. For wines, our focus is on those from all over the world receiving scores of 95 or higher from either Wine Spectator or Wine Enthusiast magazines. When folks ask for cigars and complementing wines, our guiding principle is 'impedance' matching, i.e. mild with mild, medium-bodied with medium-bodied, etc.

**SMOKESHOP:** *It seems that you have found a very solid business model for both brick-and-mortar and off-premise. Are there any plans for another location?*

**ORNSTEIN:** We would like to open a second shop in the Tri-Cities of Washington, but we are waiting to see how the state and/or federal agencies deal with a key issue—the relative taxation between a local cigar purchase and that made in interstate commerce, and that made in interstate commerce, not to mention how this relates to prevention of minors obtaining cigars via mail-order/internet acquisition.



> Top: Dr. Rick Ornstein (center) takes pleasure in showing his customers the proper technique for trimming their festival purchases. Above: The outdoor area of The Educated Cigar's brick and mortar location offers a great space for customers to enjoy a fine cigar while playing a game of chess or pinochle and solving the day's pressing problems. Left: Two 96-rated wines and five cigars rated 95+, typical of the shop's top-rated offerings.

**SMOKESHOP:** *Do you have any final words of wisdom for other retailers?*

**ORNSTEIN:** I must admit that fortunately I'm one of my own best customers, as it should be! Most of my local friendships have been developed because of my cigar business, especially our traveling road show. Many of these friends are retirees who can't wait to attend our upcoming away events and partake in all the activity, people watching, and interactions and of course enjoy a few great cigars. One

of my greatest pleasures is in discovering and attending new suitable event venues. The bottom line; we focus on the 21+ age restricted events where we old fogies enjoy the atmosphere and crowd. And finally, I would love to attract the interest of celebrities to attend our mega event cigar booths to enjoy a few cigars with us, to introduce new products, and of course to be photogenic with their fans. What better place than a super Vegas event!