



BELLISSIMO

1028 SE Water Avenue
Suite 275
Portland, Oregon 97214

P 800.655.3955
503.232.2222

F 503.232.5733

contact@bellissimocoffeeinfo.com



Bruce Milletto

Bruce is president of Bellissimo Coffee InfoGroup and founder of the American Barista & Coffee School.

COFFEE BUSINESS PROFITABILITY: 10 ESSENTIALS FOR YOUR SUCCESS

by Bruce Milletto

1. CREATE A SOUND BUSINESS PLAN

The first step in opening coffee business is to create your business plan. Writing a business plan will require you to focus on exactly what you are trying to achieve, precisely where you want to go, and exactly how you plan to get there. It will force you to detail the many expenses involved in opening your business, the projected sales and monthly expenses of actual operation, and the volume of business you will need to generate to be profitable.

A well-written and attractive business plan is essential when you are looking for a location and obtaining financing. It needs to convince property managers and lending institutions that your business concept can be successful, and that you possess the expertise—alone or collectively—to ensure that it will be profitable.

2. FIND A GREAT LOCATION

One compelling reason why location is critical in this business is that while people love coffee, research indicates they will rarely go more than a block and a half out of their way for it. You have to put your business “where the action is,” so to speak. Your business needs to be in a convenient location for customers — on their way to work in the morning, around the corner from where they work or in the mall where they shop.

Finding a good location generally requires effort, persistence and patience. Your location considerations will, of course, depend upon your concept. You will need a different type of location for an upscale, sit-down coffee bar than you would for a cart or drive-thru operation. One factor common to all desirable locations, however, is the proximity of a large population of potential coffee drinkers.

Probably one of the hardest things for people to realize is that the right location is worth waiting for. Take time to find the right location, even if it takes six months to a year.

There are two types of locations appropriate for coffee retail: high-migratory locations and captive-audience locations.

High-migratory locations include shopping centers and malls, sports arenas and performing arts centers, amusement parks, and tourist attractions. Large numbers of people — not necessarily the same people — pass by these locations daily and comprise the customer base for your coffee operation.

Examples of captive-audience locations include large office buildings, business and industrial parks, hospitals and medical centers, college and university campuses, core downtown sites, military bases, and densely populated neighborhoods. Captive-audience locations are more appealing to most of us, because many of the same people will come back five to seven days a week, and you can keep building your business on a solid customer base.



BELLISSIMO

1028 SE Water Avenue
Suite 275
Portland, Oregon 97214

P 800.655.3955
503.232.2222
F 503.232.5733

contact@bellissimocoffeeinfo.com

3. CONSIDER YOUR STORE LAYOUT AND ITS AMBIANCE

The layout of your store and its ambiance are critical to the success of your business. If your operation is poorly designed, either from the standpoint of ambiance or of working layout, your sales will suffer every day your doors are open. As surprising as it may sound, even small design deficiencies can impact your bottom line. Big design errors can actually prevent you from making a profit at all.

The ambiance you create is one of your best marketing tools. The look and feel of your business and the brand you create is your signature, and it's one of the most important reasons customers will choose you over the competition. Strive to be original to set your coffee bar apart from your competition. Great ambiance doesn't just happen. It begins with good layout. You want a clear sense of welcome as people enter, with simple menus easy to read and understand. You want to serve people efficiently, especially during peak times. You want your design to help you serve each customer promptly even at your busiest times, while still making them feel relaxed and welcome.

Ergonomics, or human engineering, is also important when considering your store's layout. Good ergonomic design will allow your staff to do things with the fewest steps and the least reaching, performing their jobs quickly without colliding with others or creating hazards. Good ergonomics will increase convenience, raise efficiency and reduce wasted effort. Use ergonomics to maximize safety and help prevent accidents, while reducing frustration and fatigue, and increasing staff comfort.

Good ergonomics is also design that respects your customers. Today, it includes an understanding of how chairs and tables and counters fit, how people line up, how they view signage and how long they will enjoy sitting in a particular chair. Let ergonomics help you achieve the best fit for your service counter, seating areas, coffee displays, pastry cases and more.

4. CHOOSE THE RIGHT EQUIPMENT AND COMPANY

Many may question how the equipment you choose affects the feel of your operation. A client of Bellissimo built a beautiful, well-thought-out coffeehouse where cost was not a major factor in selecting the materials. However, when it came time to buy an espresso machine that would be the focal point of his operation, he chose an ugly, boxy two-group machine, totally out of character with his upscale theme. We told him he needed a red Ferrari as his centerpiece. He never regretted his subsequent purchase: a larger, modern, colorful three-group machine that complemented the character of his operation by adding to—not diminishing—the look and feel he desired.

When purchasing equipment, you also need to consider service after the sale. While some equipment may be a good deal, if the company you purchase it from doesn't have a service network, you may find yourself in dire straights if your machine breaks down and there is no one to fix it. Try to work with companies that can provide the services you may need beyond the initial sale.



BELLISSIMO

1028 SE Water Avenue
Suite 275
Portland, Oregon 97214

P 800.655.3955
503.232.2222

F 503.232.5733

contact@bellissimocoffeeinfo.com

5. PLAN A GREAT MENU

Your menu is one of the most important aspects of your business. You will maximize your chances for success if you dedicate plenty of time and thought to planning and developing the perfect menu for your particular location, concept and clientele. The type of operation you choose, cost restraints, and space limitations are factors you'll need to consider when developing your menu.

Most hot coffee is sold before ten in the morning. You plan to be open all day. Do you have a strategy for profits during all hours? Be creative with unique breakfast ideas. Bagels, granola, yogurt, fresh fruit or frozen waffles might work for you. A soup and sandwich menu for mid-day, plus iced coffee, smoothies and granita for afternoon can keep people buying. In the warm months add ice cream or gelato.

No matter how extensive your menu is, your business is first and foremost a coffee operation. Your primary identity is your coffee. You want to be known as THE coffee operation in your area, the one that serves the very best coffee. To do this, you must fully understand the nuances of your product. That is a tall order, and requires you to fully educate yourself.

6. HIRE THE RIGHT EMPLOYEES AND TRAIN THEM PROPERLY

The people you hire will make or break your operation. No matter how clever you are, if you don't hire the right employees to carry out your ideas, you have lost the battle before you have even begun to fight. Not every eager, attractive, capable person can do well in your business. When hiring, look for people who not only have the ability to prepare products with flair and perfection but who also have personality you want as the "face" of your business. You can train people to perfect a certain skill set, but you'll rarely be able to change someone's ingrained attitude.

Never underestimate how important your employees are to your business — they are your business. Training may be the most important job for an owner or manager, and it's never-ending. Managers will tell you they train their employees, but usually they don't do enough of it to build respect for coffee and their customers. Turnover is rapid in food service, so a structured program is essential. Your employees will learn and practice excellence only if YOU make sure they get the training they need. If you have six or more employees, you may want to appoint your oldest, most knowledgeable or most stable person as a training director.

Your dreams of success will simply not be realized if your people don't get the best possible training. The initial training of a new staff person is without a doubt one of the most important factors in marketing your business. And frequent refreshers will prove important. Sometimes overwhelmed when first hired, people may pick up bad habits when unable to retain the volumes of detail in all they were told. Your marketing program, no matter how good it is, can't overcome mistakes that are inevitable unless staff members have a regimen of highly structured basic training, then receive regular updates on their coffeehouse education.

Your goal is to hire, train and retain great employees. It costs you time and effort to bring on new people and get them up to speed. To keep the employees who can think fast, solve problems and welcome every guest, you have to do more than just chose them with care. You must train them well and pay them fairly.



BELLISSIMO

1028 SE Water Avenue
Suite 275
Portland, Oregon 97214

P 800.655.3955
503.232.2222
F 503.232.5733

contact@bellissimocoffeeinfo.com

7. PROVIDE EXCELLENT CUSTOMER SERVICE

The way your customers are treated during their visit to your business is also a critical element of the success of your operation, as is the overall knowledge your staff has about your menu and coffee. A knowledgeable and customer service-oriented staff will make your customers feel they are frequenting an establishment that stresses quality.

Good customer service is the first step in good marketing. Most of the people who walk through your door or drive up to your window will expect your employees to be courteous, friendly and professional. They count on special treatment as much as they count on receiving the high-quality product you hand them when you take their money. Next to great coffee, the most important thing you have to sell is excellent service. The right employees sell a great experience that creates repeat customers who tell their friends.

8. BE A GOOD LEADER

Strive to lead your staff by example, and always give 100 percent. To lead and manage on a day-to-day basis in your coffeehouse, you have to plan and stay organized so you can provide direction as to who will do what, when, and how. Each employee needs to know what you expect and what is not permitted. You earn respect by displaying your own passion and skills, and by inspiring people to learn from you and to set personal goals.

As a leader with good people skills, you can attract and keep talented employees who are committed to your goals. To lead effectively, you must see past your own wants to understand why people do what they do and to understand and accept human failure. Use your imagination to see reality from their point of view. Employees know when you have their best interests in mind. An excellent manager sincerely wants others to do well and seeks to motivate them to unlock their own potential.

The good manager works to create a team with common goals of excellence. But select those goals to reflect true priorities, those that will make the biggest difference with the least effort. Train your people well and make sure they know what you expect each team member to do.

Always set high standards and then put in place ways to measure how they are achieved. The best manager sets targets but does not micromanage how people go about achieving them. Show trust and encourage thinking by expecting employees to deal with the normal, everyday issues themselves.

Your personal will and attitude set the tone for your entire operation. Good communication with customers and employees is basic to success. Don't stop there. Extend it to suppliers and other businesses you work with to expand your circle of goodwill and cooperation. It all starts with valuing and caring about others.



BELLISSIMO

1028 SE Water Avenue
Suite 275
Portland, Oregon 97214

P 800.655.3955
503.232.2222

F 503.232.5733

contact@bellissimocoffeeinfo.com

9. MARKET YOUR BUSINESS

The big marketing challenge for the owner of a single coffee operation is competing with the corporate chains in your area, with advertising budgets hundreds of times what you can afford. But whatever marketing choices you make, you'll have to set aside time every day or week to address this absolute essential of success. And you'll need a budget, preferably in a special account that you can control and use to access your results.

Don't wait until your business is sagging to do your marketing. A concentrated and sustained effort early in the game will give your business the necessary start-up exposure. Before you go any further, you'll want a good name, a great logo and a concise business image. Then comes a detailed plan, a calendar of what to do when, and a promise to yourself to stick to it. A good plan sets goals, targets specific demographics, takes into account the competition, has a clear objective, and selects appropriate media. Whatever you do, be as professional as possible. Your audience will be comparing your efforts to the hundreds of glitzy million-dollar ad campaigns they see each month.

Marketing goals could include getting more customers, keeping the ones you have, getting them in more often and getting people to spend more — or all of these. This business is dependent on volume — more people, more often, making more purchases. If you sell a muffin to every second customer, you can increase your gross by several thousand a month. Your marketing goals could be quite specific — bringing in more business, meeting customers or creating a promotion to sell 20 percent more beans. You could determine you want to train employees in tactics that will sell 30 percent more pastries between eight and eleven in the morning, or to hand out a coupon to increase sales of gift items by 80 percent during the holiday season, compared to July.

10. DEVELOP EFFECTIVE OPERATIONAL SYSTEMS

The manager of a coffee operation must control hundreds, perhaps thousands, of variables on a daily, weekly or monthly basis. If you don't have operational systems in place to monitor all the aspects of your operation, many details will be left unattended or go unchecked. Operational systems will allow you more time to manage effectively and will alleviate unnecessary stress.

You have a choice. Try to control a thousand variables, or control two-dozen operational systems. If your systems are set up properly, and designed with an element of accountability, they will be effective tools that will save you money, time, and frustration. Operational systems will improve the efficiency of your operation and insure that your costs are under control.