



Jack's Blend

Jack Groot owns JP's Coffee & Espresso Bar, On Track Coffee Consulting and the Midwest Barista School based out of Holland, Mich. E-mail your questions to jack@ontrackcoffeeconsulting.com with "Jack's Blend" as the subject line.

Q: Hi Jack, I am at the "getting into the coffee industry" stage of my coffee life and have an opinion question for you. I see both good and bad in the economy. I know that times are tough for people in certain areas and certain industries. At the same time, I know that in the coffee industry, as with any industry, tough times weed out the poor operators. So, with that in mind, what recommendations would you give someone like me who is going to get into the business, but wants to do it at the best time and in the best way? And what opportunities do you think there are for me to take advantage of in this type of economy?

— Thanks, John L.

A: Hi John, Great questions! My first recommendation is to evaluate coffee shops in your area (failed, failing or otherwise). Not only will you get an education of what to do and not to do, you may find soon-to-be opportunities for yourself in a location, used equipment or other products of a failed business.

Second, when you evaluate a failing location, is it due to "self inflicted wounds"? I personally believe most failures are such, but there are reasons for failures that are hard to predict beforehand or to deal with once they have occurred.

Third, put together a plan and make sure you are financially ready, mentally ready and business-ready for success. Categories and specifics to evaluate follow.

- **Location** — Is the building and signage visible and appealing? Is the location in a high foot-traffic area? Does it have easy ingress/egress, adequate parking and good traffic flow or is it close to other retail venues? Does the building have curb appeal?
- **Demographics** — What is the average income and educational level of the area? How dense is the surrounding population? What types of businesses or lack thereof, are in the immediate area? Know the type of community where you are locating this business.
- **Facility** — Evaluate the ambiance from the interior and exterior of the building. How many square feet does it occupy? Does the building have character?

- **Business** — Does or did the business look and feel like the owners "did it right"? Did they make great coffee? Was it comfortable, well laid out and with appropriate decor? Why did they fail? It is OK to ask them, if possible.
- **Ownership** — Were the owners onsite? Did they know about coffee, the foodservice industry and being employers? Did they hire and train a great staff? Did they operate a well-run store?
- **Intangibles** — What elements make this location stand out as great or as not-so-great? There may be certain ingredients that are unique to a location, its demographics or other items.

As I said, many failures in the coffee industry are self-inflicted. I have seen clients make decisions that killed them before they ever began. Many failed to secure adequate financing and/or had too little cash to survive the "getting to profitability" hump. Some chose a poor location or one that would take too long to build the clientele they needed to survive. Others knew nothing about the coffee industry and thought that taking a class was all it took to make them a coffee expert. Still, more opened coffeehouses and, either from the start or after a few months, hired someone else to run it.

So, the major issues are failure to plan & create well, or failure to execute. Either way, these mistakes may cost a person so much that the things they do well are not enough to cover the price that their mistakes cost.

Therein lays your opportunity. Look for a store that was in a great location that had poor execution and failed. If you can make a deal with the landlord, maybe even buy some or all the assets of the failed business, you could give yourself a leg up by saving a chunk of the critical start up cash. Or find a store that is doing OK, but doesn't understand the commitment it takes to succeed. They don't have the passion, the knowledge or both to create great coffee drinks. Whether or not the business has a for-sale sign in the window, go to the shop and ask to speak with the owner. Ask open-ended questions to see if they have been thinking about selling, but maybe didn't want to advertise it. You never know till you ask.

As parting words of wisdom: There is plenty of opportunity for those who are prepared. Or as Abraham Lincoln said, "I will study, I will prepare and my opportunity will come".