



Jack's Blend

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Q: Hi Jack, Before I ask my question let me establish a little background. My husband and I own a coffee shop in a mid-size town. We have been in business for about five years and have done fairly well at running the store. I am the one who oversees the operation and my husband helps out once in a while on the weekends. He mostly does upkeep and mechanical-type stuff. We have a staff that is for the most part well trained and runs the store when I am not there. I enjoy our business, but we have plateaued and our sales have been slipping backwards for a while. We are in an area with layoffs and plant closings and let's face it, groceries aren't getting any cheaper. Do you think that a business like ours will continue to slide in sales, or is this a temporary setback that will bounce back. Also, do you have any ideas you can give us to increase sales?

— Thanks J.F.

A: I recently heard a famous radio personality quote Edgar Fiedler on business. He said, "He who lives by the crystal ball soon learns to eat ground glass". I don't have the ability any more than you do to predict the future of the economy. And to attempt to prognosticate the future and make decisions based on that will most likely cause me grief.

We, too, have had a tough time of it. Michigan is probably the hardest hit state, economically, in the union and we are dealing with the same issues you mentioned. We also, along with you and the rest of the specialty coffee industry, have competition today that has taken a chunk of our customer base. McDonald's®, Burger King® and Dunkin' Donuts® have improved the quality of their coffee and use their existing distribution channels to grab a portion of our market. Starbucks® and others have identified the drive-thru as a key part of their growth strategy, and those without a drive-thru location, or the ability to add one, may lose business to that convenience, even if the quality is not as good.

I can't tell you if your business will stop hemorrhaging. I can't tell you how long the economy is going to struggle. But, I can help you identify a couple of issues that may give you direction.

First, are you an optimist or a pessimist? It is important to know yourself and be able to eliminate your emotional bent from the situation. Most likely the sky isn't falling (pessimist) and your sales aren't going to double overnight (optimist).

Second, what do *you* want? If you want to stick with this business and do what it takes to see it through, you need to look at it from a pragmatic point of view. If there isn't enough money coming in to cover the money going out, something has to change. Either sales need to go up or expenses need to go down.

Third, are there new avenues of revenue for you to take advantage of? Maybe add new menu items, create a simple Web site to enhance your brick-and-mortar store and hawk your wares to the world or buy an espresso cart and start catering weddings and other events.

Fourth, go over a profit and loss statement for your business and look for categories out of whack. Is your labor too high or your rent out of proportion compared to sales? Get those items under control. You may need to change store hours to add sales or limit your hours to eliminate a constantly low sales time. And don't forget a price increase. If you haven't raised prices in the last year or longer, do it now. Contrary to small-business owners' fears, rarely will your customers be surprised or complain. Your expenses have gone up and you need to bump prices to compensate.

Lastly, I recommend going over many of the small details of the store's operation. Check your inventory and make sure you don't stock too much. Look at the amount of electricity you use and see if you can't cut back. Check your office supplies for overstock and see if you can't stretch out your next purchase. Switch to a cheaper cup or bag, etc. The old saying, "Death by a thousand cuts" is often more the cause than a major disaster. Focus on the details; run your business efficiently and maximize sales. Then see where you are in six months.

Lastly, if it does come time to pull the plug, know there is a future beyond. I had to close one of my retail stores that had been open almost five years. I let go of people I had employed for years and with whom I had built strong friendships. At one point, I honestly couldn't ever see myself doing it, but it was the right decision and I did it. And here I am almost five years later still alive, still in business. That decision saved my butt.

Moral of the story: Do your best and let the chips fall where they may. You'll have nothing of which to be ashamed. SCR

Note: The opinions expressed in the above column are those of the writer and do not represent those of this magazine or any of its staff.