



## Keys to Creating a PROFITABLE BRAND in a Bad Economy Part II

### Building Blocks To Long Term Success

By The Brand Coaches

While there was a question in early 2008 as to how the U.S. economy would weather the economic firestorm in 2009, the answer has come down on big and small retail business like a business life threatening avalanche.

To a marginal degree the retail specialty coffee industry is insulated from a total meltdown due to American's daily requirement of coffee as an energy fuel desperately needed to work such long hours. Speaking of margins, the goal of a gross profit of 30 percent is what is really under siege. Starbucks, commonly referred to as "four bucks" based on the average purchase, built our specialty coffee industry margin on sale of mochas and lattes.

Until early 2008 independent coffee house and drive thru drip coffee sales in the Northwest averaged well below 10 percent with sales east of the Mississippi averaging around 30 percent. Today even Starbucks is seeing skyrocketing drip sales as the consumer answer to continuing its love affair with coffee and caffeine.

As The Brand Coaches boldly stated in Part I of this series on how to survive a weak economy, the retail specialty coffee business has run out of room for business amateurs. Dunn and Bradstreet did a study in 2007 and determined that "90 percent of small businesses that fail do so because of a lack of skills and knowledge on the part of the owner".

In consulting for large chains and independents coffee house and drive thrus across America we have found that sound business planning is as rare today as a state and federal budget surplus.

**Bottom line: fail to plan and plan to fail.**

We know, just the mention of business planning starts your eyes glazing over. Who has the time or ability? If you are like most of the time short retail specialty coffee business owners we come in contact with, crafting your own business plan seems like trying to scale Mt Everest in a blizzard.

Now for the good news: planning for success is much easier than business gurus would lead you to believe. To ease you into planning for success we urge you to make a copy of the list below.

## **Building Blocks to Long Term Retail Success**

### **Business Development**

- Business Planning
- New Store Location
- Store Layout and Design
- Purchasing Equipment
- Capital Acquisition
- Strategic Partnerships

### **Operations**

#### **The People**

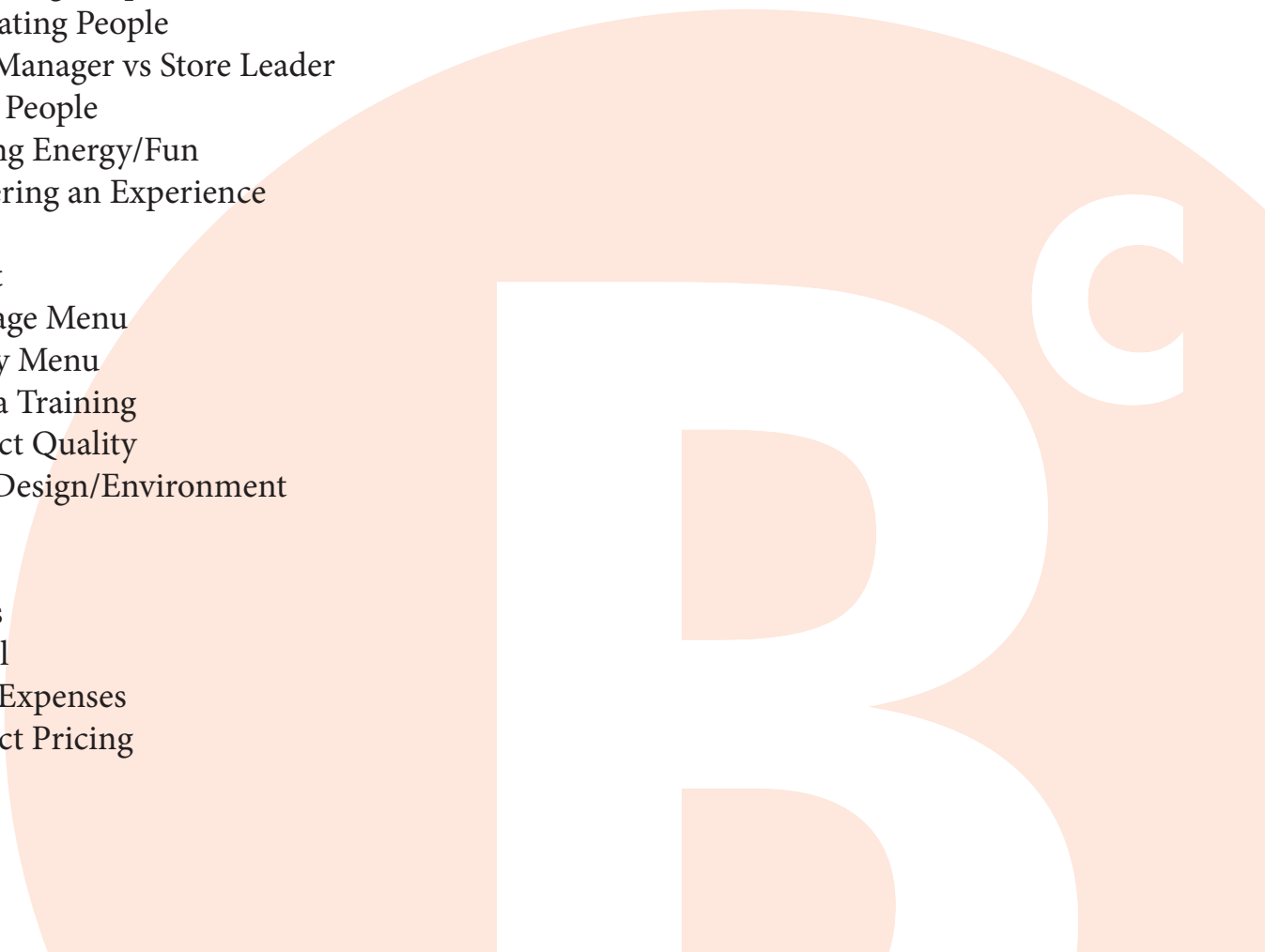
1. Finding People
2. Interviewing People
3. Hiring People
4. Managing People
5. Motivating People
6. Cultivating People
7. Store Manager vs Store Leader
8. Firing People
9. Creating Energy/Fun
10. Delivering an Experience

#### **The Product**

1. Beverage Menu
2. Bakery Menu
3. Barista Training
4. Product Quality
5. Store Design/Environment

#### **The Money**

1. COG's
2. Payroll
3. Fixed Expenses
4. Product Pricing



# Branding and Promotions

## Branding

1. Core Values
2. Mission Statement
3. Vision
4. Brand Identity
5. Logo
6. Displaying the Brand

## Promotions

1. Point of Sale
2. Advertising
3. Marketing
4. Community Partnering

### Step 1: Create A Business Plan

Whether you are in the planning stages of opening your first or twentieth location, set the stage for success by going to [www.thebrandcoaches.com](http://www.thebrandcoaches.com) and download at no cost an easy to follow fill in the blanks business plan. While the plan is laid out in a standard business plan format, we have included simple to follow format guidelines and examples in each section to insure no confusion. Many of the ingredients, from a short and actionable mission statement to profiling the strengths and weakness of your business and competition in a three-mile radius, are addressed in previous Tea and Coffee Trade Journal Brand Coach columns posted our website.

In crafting your business plan, relax and enjoy the process. To make it easy to write and regularly refer to we strongly recommend you only insert keys facts from your research in an outlined bullet format. Don't worry if it isn't perfect. Set aside a couple of weeks to set the stage for the direction your business will be taking for years.

When you are done, your action oriented business plan will be a living blue print for all initial and future decisions. With a formal business plan in hand you will more easily be able to assure lending institutions of your plan for success as well as provide a clear vision for current senior staff and potential

We have seen too many retail coffee businesses struggle and fail because they do not execute many of these critical areas directly connected to your businesses health and survival. Begin today to aggressively address these building blocks to long term retail success.





