



## Catch the Waves' Success Tips

By Lon LaFlamme and Bruce Milletto

Considering the profit squeeze that retail specialty coffee businesses are facing today - and likely tomorrow - I am constantly seeking out success stories to share with Fresh Cup readers of this column. My goal is to provide highly specific strategies and tactics that you can instantly apply to your business at little to no cost.

Being an international branding and business development consultant ([www.thebrandcoaches.com](http://www.thebrandcoaches.com)), I happened upon Waves Coffee House ([www.wavescoffee.ca/](http://www.wavescoffee.ca/)) shortly after it opened in 2005. This Vancouver, Canada-based chain has skyrocketed to 20 franchisee coffee houses with commitments for at least five more in 2010. It's no wonder that Waves was selected the Brand Coaches' 2008 selection for the "Hottest Brand in Canada."

At a time when nearly all of the medium and larger franchises in North America have bleeding bottom lines with nearly all eyes staring at the exit door, Waves Coffee House boldly stands out as a growing and profitable franchise. Every single Waves franchisee is benefiting from annual double-digit profits that continue to move upward.

Coincidentally, my close friend and specialty coffee industry giant, Bruce Milletto, had been commissioned to conduct an onsite branding and operations audit of Waves Coffee House in late 2009.

Bruce has been a consultant and one of the most quoted specialty coffee industry leader for over 20 years. He has been hired by many large and small firms to go on-site to study and evaluate their existing operation, as well as their procedures. He pointed out that 80 percent of the time he finds literally hundreds of things that need immediate change to bring the functioning of the operation to its potential. The other 20 percent of the time, though there may not be hundreds of problem areas, there are dozens. Often, many of these problems are gigantic.

"I have to say that I was shocked when I visited Waves Coffee House. I went to each and every store, and for the first time in 20 years, I could not find any glaring mistakes. Everything was

excellent, from site selection to selection of each prospective franchise operator. Even their full menu was on target, their drinks were great, and promotions, marketing and training excellent,” said Bruce.

In analyzing Waves Coffee House, I, too, have to confess that founder Kami Rahmati should have been the branding and business consultant for us, rather than the other way around.

With the plethora of successful strategies and tactics leading to Waves’ success, Bruce and I decided to share the byline and merge our findings to maximize on what we can share with readers of this monthly marketing column.

Armed with many years in the coffee franchise and food service industry, Kami has a unique and intuitive vision of exactly what his brand, staff and customers need to create a thriving retail coffee business in any economy.

From his first location at the corner of West Hastings Street and Richards in the heart of downtown Vancouver to his lush corporate office coffee house in New Westminster, Kami has created seamlessly branded stores. From the moment you cross the threshold of every Waves Coffee House, you have an unforgettable inviting experience grounded in supreme quality food and beverage offerings.

## **Craft and Live a Clear Mission**

Waves Coffee House theme, “A Place to Connect” came naturally to Kami. He attempted to sum up his central mission statement from the theme. The mission statement is succinct: “Provide positive and unforgettable experiences that enrich the lives of everyone we meet.”

Waves’ crystal clear mission is brought to life in Waves Coffee House supporting principle values:

- Treat everyone with dignity and respect.
- Develop trust through honesty, open communications and integrity.
- Have passion to be a service to others and to help people.
- Commit to very high standards and continual improvement.

Sound all too familiar? The difference between Waves’ commonly worded mission and core values is that it isn’t just a page in a dusty business plan or wall plaque. Every word of the Waves mission is taken to heart with course corrections made daily based on open communications at all levels of the franchise.

As we delve into Waves’ 10 Tips For Success, let’s start with the unedited answers Bruce provided me to questions I posed for this month’s marketing column:

I. What sets Waves Coffee House apart from other franchises and independent coffee houses that

## **Bellissimo Coffee Info Group has audited?**

The traditional coffee house has the advantage to set itself apart and bask in the glory that it is a local coffee bar and not part of a chain that may have their headquarters in NYC or Los Angeles. This is something many independent retailers fail to promote. Waves envelops the brand in being very local and totally Canadian. The chain's founder realizes that most of his franchisees patrons will appreciate and take pride in the fact that this is not a concept that was conceived in the U.S.A. and exported north.

It is my belief that the "traditional" coffee house is not so traditional anymore. What may have worked en mass five or ten years ago now needs attributes that are much more central to a specific theme that resonates with local relevance.

Whether you own a single coffee house or a handful, I can't overstate how critical it is to reflect the uniqueness and the wants and needs of your local community. Like Waves, create a uniquely stylized brand consistency, while tweaking the store layout, menu and even hours of operation to reflect the desires and needs of each location.

II. Provide key insights on market trends that independent owners AND franchises can use to their bottom line advantage.

There is no doubt that it is important that owners of retail coffee operations understand that the coffee industry changes in a year more than many industries change in ten. If you are an independent operation with one or two locations you can make changes quickly. If you are a franchisor, your hands will likely be tied regarding many decisions your leadership team knows, but has a hard time enacting and enforcing with dependent franchisees.

In the case of Waves, I saw a head office that had its ear to the rail looking at every industry trend and market change. Kami is always trying to stay ahead of the curve, knowing that if the stores of his franchisees grow, he, too will intimately profit.

With Waves, the needs of the franchisees comes before a focus on franchisor profits.

Now that is unique.

Most franchises Bellissimo has audited and counseled are slow to change. They aren't nearly as flexible, creative and open minded to change as Waves Coffee House. Waves celebrates constantly changing and enhancing its branding touch points, service and menu offerings.

III. Bellissimo's field audit checklist today - verses what it was before the industry shakeup?

When Bellissimo is asked to come into an ongoing operation for a field audit, we are always

amazed at the value a new set of eyes can have on an operation or chain of stores.

We all know that in the past, competition was less and a coffee retailer was profitable despite not doing everything right. Those days are gone in the specialty coffee industry forever. With a threatening economy and new fierce competition, if an operation does not look and proactively address every single aspect of its business at least on a quarterly basis, profitability will suffer, and potentially disappear.

IV. Why do you feel it is worth sharing your Waves Coffee House audit with our readers?

It was no surprise to Waves founder Kami when I stated after my on-site analysis, “Waves is the best-run franchise operation I have had the opportunity to observe to date”.

Over the past ten years, I have been hired to travel all over the world, going on site to look at existing franchise models and make recommendations, suggest changes, and set timelines for implementation of plans to correct problem areas.

This is the first and only operation I have seen where I did not feel there were any glaring mistakes being made.

V. Can Waves continue to improve?

I like the fact that Kami scouts out and finds perfect locations for potential franchisees. He has the financial wherewithal to purchase/lease the coffee house, and then completely build it out with great attention given to every design of store design, barista training and menu offerings before offering it to potential franchisees. Now that is the ultimate turnkey franchise offering.

Kami takes the guesswork out of a prospective owner picking a good location. This allows the franchisee to concentrate on the proper training and operational efficiency of their store.

### **Waves' 10 Tips For Success**

#### **1. Crystal Clear Mission**

Waves' mission is clear, short and simple, like all actionable mission statements. It is summarized in its trademarked slogan, “A Place to Connect.” Free wi fi is offered to ensure customers can settle into a comfortable seat and also connect with the outside world.

#### **2. Sound Business Plan**

From its first franchise offering, Waves had a progressive and aggressive written business plan

that has served as the foundation for all brand positioning and profitability.

### 3. Customers Always Come First

Customers come first at Waves in all financial, service and menu decisions. With a theme of “A Place to Connect,” Waves lives its promise, quickly correcting course as needed at every closely monitored franchisee location to ensure a fully connected staff to taste preferences and satisfaction with every visit.

### 4. Committed to Global Environment and Coffee Community

Waves sought out our roaster, offering premier single origin coffees ([www.oneharvestproject.com](http://www.oneharvestproject.com)). Uncompromising consistent coffee quality standards and an eco-friendly brand positioning is grounded in a sincere commitment to the environment and sustainable farm practices.

Waves’ roaster pays at, or higher than Fair Trade prices in direct trade co-op farm relationships for all of its coffees. Waves seeks out GREEN solutions wherever possible.

### 5. Multiple Profit Centers

Besides serving the best single origin coffees, Waves’ “all encompassing” menu capitalizes on trends, cultural, and dietary needs. Long before competition woke up to new profit center opportunities, Waves aggressively promoted delicious breakfast and lunch menu offerings. Fresh made and grilled paninis are often value meal paired with wholesome soups, fresh made salads, and baked goods from locally owned and operated suppliers.

Having an extensive food menu has lifted profits by strategically ensuring multiple reasons to go to Waves. Vancouver is a cosmopolitan city, so food offerings vary by location to meet specific palate preferences and cultural tastes. Waves’ menu also includes real Belgian hot chocolate in whole milk, white and dark chocolate chips for exceptional mocha creations, African Rooibos teas, and a wide array of paninis.

### 6. Exclusive Signature Drinks and Food

Waves seeks out unique menu offerings to differentiate the brand from local chain competition. It fully capitalizes on health and nutrition trends like caffeine free, anti-oxidants and sugar-free seasonal coffee and tea creations. Waves features everyday and exclusive time-limited holiday drinks and food.

Waves’ loose-leaf tea is locally imported and packaged in completely biodegradable material. Its Happy Planet line of juices are from a local producer who is at the forefront of sustainability. By requiring all locally produced products, Waves is applauded in Vancouver for supporting the local economy and reducing its carbon footprint through shorter transportation.

### 7. Elegant and Comfortable “Third” Place

While no expense has been spared to in dressing out every Waves Coffee House, the interior design provides a cozy, welcoming environment that is never boring and always relaxing. The

décor is modern and contemporary with a casual touch.

#### 8. Training and Product Taste Testing Never Stops

Once Waves' franchise location neared 20, the franchisor built their state-of-the-art Training Academy and Lab at the franchisor headquarters office. In concert with extensive hands-on training, Waves Coffee House created a customized beginning and advance barista training DVD and interactive workbook that extensively addresses drink preparation and customer relationship marketing.

**All new potential food and beverage offerings are taste tested in the training academy by the management team, store managers, and often, select customers.**

#### 9. Aggressively Contribute to Local Causes

Depending on the community, the age of the location, and length of time the franchisee has been a Waves franchisee, they are encouraged at every bi-monthly franchise owner meeting to choose a local charity, community group or school. This can be as simple as sponsoring a local preschool parent event with coffee and muffins, or donating day old pastries and empty recyclables to the local Union Gospel Missions, Salvation Army, and local soup kitchens.

Finding causes that resonate with neighborhood customers and the community is central to Waves' "Place to Connect" credo.

#### 10. Sample! Sample! Sample!

While this familiarizes the consumer with Waves' products, everyday sampling of food and beverages serves as an excellent training tool for new baristas. Introducing new products to existing staff, new staff, and customers helps advance the connection between the barista and consumer.

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