



# Goodbye Greasy Spoon

A few years ago, we didn't have much choice when it came to coffee. In many cases, it seemed that a cup of lukewarm dishwater was all that was on offer. The explosion of chains like Starbucks, Costa and Coffee Republic has changed all that. **Sahar Hashemi**, co-founder of Coffee Republic, here reminisces about those far-off days - and describes how she turned the humble cuppa into a global destination brand.

We assume that coffee bars are a new invention of our times. They certainly are not.

We have had a strong coffee bar culture since the mid 17th century. By 1670 there was hardly a street in London without a coffee house. They became not only social gathering places but also centres of commercial and political activity. The coffee house popular with merchants, who would spend their day there conducting business, became Lloyds of London. The coffee house where stockbrokers met became the London Stock Exchange.

Coffee is after all, the world's largest traded commodity after oil. In 1995 we drank 2.5 kg of coffee per head per year. So what was so new and exciting about the new coffee bar boom of the 1990s?

We took an everyday commodity and turned it into an experience. We offered customers an improvement on the way they drank their coffee. The old coffee experience was gulping a disgusting cup of office machine coffee or getting brown sludge from a polystyrene cup in a sandwich bar. We offered a new way of drinking your daily cup by turning it into an experience which would actually enhance the daily routine. We wanted it to become the affordable luxury you would treat yourself to as part of your daily commute.

From the beginning we needed to distinguish ourselves from the old style sandwich bars. We had to give the

message to customers that we were offering a new experience. We needed to educate customers about the huge coffee menu and the tailor-made options (four types of milk, decaf, half caf, ice, syrups, wet, dry etc.).

Our success depended on communicating a brand message and educating a market for whom coffee choice stopped at black or white. We competed with every establishment which served coffee: sandwich bars to hotels, the office coffee machine to a kettle and spoonful of instant.

Here's a brief story of how we came across the idea.

If you had told me 10 years ago that I would start a chain of coffee bars and become an entrepreneur, I would have never believed you.

I always assumed that everyone who starts a business is blessed with some sort of genius and that unless you are a swashbuckling extrovert who has loved business since the age of 5 (preferably making your first million in the school playground) starting up your own business is not an option.

So I took the safe option and qualified as a lawyer. But being a lawyer did not suit my personality. Who I was and what I did were not one. I took on another persona to go to the office everyday and I used to think how inefficient it was that I was not using 100 per cent of my personality in my work. Moreover, I did not accept boredom as part and



parcel of working life. I wanted to do something I loved and have fun during my working hours.

Circumstances intervened, I left the law firm and stumbled across a great business idea which turned me into an entrepreneur.

It was late October 1994, I had just left my job as a lawyer ('leap and the net will appear' is my mantra) and had flown to New York for a couple of days. I had jet lag so I got up at the crack of dawn and left my hotel in search of breakfast. I was actually looking for a typical New York diner to indulge in my weakness for a fluffy stack of American pancakes with maple syrup. But walking down Madison Avenue, at 44th Street, I stumbled across something I had never seen before: a totally new style coffee bar.

Once inside, I experienced for the first time a specialty coffee bar with its skinny cappuccinos (a real novelty at the time) and fat free carrot muffins (also previously unknown to mankind) and the whole 'experience' which made it a haven of luxury in the hustle and bustle of the day. So for



my entire New York stay I became hooked on this one coffee bar. I tried all the muffins and every coffee combination there was.

When I returned to London, I raved to my brother Bobby, who was a very recent ex-New Yorker, about how I had become hooked on the new style coffee bars of New York, and how much I missed them and wished we had the same thing in London. I was speaking purely as a customer.

The next morning I got on the Circle Line getting off at every single one of the 20 stops.

In some ways, I loved what I saw.

The traditional local sandwich bars, nirvana if your idea of calm and relaxation combines a healthy dose of formica, a lot of linoleum, some residual grease stains, and a smattering of grime. You stand in a long queue and stare at rows and rows of plastic tubs filled with congealed sandwich fillings. Not a nice sight at 8:00am. At the end there is a dirty coffee machine serving brown liquid sludge in a grubby polystyrene cup covered by an ill-fitting lid (which steals the foam off your cappuccino).



So the discrepancy between the poor coffee experience in London and the vastly improved version I had seen in New York turned on the lightbulb for me. I felt strongly the enormous gap in the market. London was missing out on the New York-style coffee experience and we could significantly enhance the quality of London's caffeine habit if we provided it. In terms of buying into the idea, that was pretty much that. We would take a basic commodity and turn it into a luxury experience, in effect an upgrade on your daily commute! I was in, and that was the minute that Coffee Republic was born.

We later learned that countless people had caught the same idea. They, too, had been to the United States and had indulged in the coffee bar experience that so captured our own imaginations. On their return to England, they had pondered the idea of opening a similar concept in the UK. A great many of these people were probably better equipped (from the perspective of skills and experience) to pursue the idea than we were. Yet they didn't do it.

It's not about having a great idea but more about acting on an idea. An idea not acted upon is worthless. The thing that separates entrepreneurs is really very simple. While others 'catch' the same idea, they let it languish in their mind. They almost think too much about it instead of doing something about it. Whereas an entrepreneur takes an idea and turns it into a tangible reality.

And that is what happened to us. In the journey of transforming this passion I had for skinny lattes into a reality of a public listed company with a £30m turnover, we became entrepreneurs. And this journey became the most exciting, fulfilling adventure we could have ever dreamed about.

for more information on Sahar and Bobby's progress, read their book, *Anyone can do it*, to be published in paperback by Wiley.

Facsimile: 10:pm, 5 November 1994

Bobby,

I CANNOT believe what I saw today on my Circle Line trip. I had honestly forgotten since my lawyer days how totally grim the take away offer is. London SO desperately needs NY style espresso bars!!

This is how I've summed up the status quo:

- You leave the tube station on your way to the office. Being the London we know and love, it's a cold, grey morning. You're chilled to the bone and half asleep! You can barely face the day ahead. You need that cup of coffee.
- No choice, so you invariably enter a basic undecorated local sandwich bar. This is nirvana if your idea of calm and relaxation combines a healthy dose of formica, a lot of linoleum, some residual grease stains, and a smattering of grime.
- You stand in a long queues and watch staff go about their work - making sandwiches, by the way!
- While queuing you stare at an exhibit that even an avant-garde modern artist couldn't come up with. Rows and rows of plastic tubs filled with congealed crab mayo, congealed tuna or egg mayo and ashen slices of what once passed (a long, long time ago) for roast beef, the sort which had seen better days in the eighties. None of the above have even been turned over from the day before to hide the glutinous crust that has formed on its surface. Not a nice sight at 8:00am.
- The sandwich maker who is taking your money with his bare hands (note hygiene, or the lack of it!) makes you a quick cappuccino on the side. You can't decide whether you're more worried that he hasn't washed his hands because he might have been to the bathroom, or because he's touched the food that I've described above! You think you could catch something either way!
- You get your hot drink (which I am loathe to call coffee) in a polystyrene cup that goes floppy in your hand. As for the lid ... well, it's a flat plastic thing with a nasty little hole in it that fits about as well as shoes that are two sizes too small, meaning that if you want to walk with your coffee, burned hands are part of the experience.
- In short, morning coffee in London is not a great deal of fun, unless you like feeling hassled, grubby unmotivated. By the time you get to work, you hate the day already.

This is what our new style coffee bar will provide:

- You leave same stifled tube station.
- But you enter a place distinctly designed and branded to enhance your coffee experience - a comfortable warm environment able to accommodate a big volume of traffic yet to be inviting and accommodating at the same time.
- Although you are queuing - you can listen to gentle soothing music and view the delicious range of tempting coffee compliments while you do so.
- You are served by uniformed, highly trained 'baristas' who make your coffee to order and to your individual requirements with 4 types of milk, strength, decaf, half-caf, iced, etc.
- You take away your coffee in specially designed and branded sturdy cup with a domed lid which doesn't steal foam off your cappuccino. Plus, you have 4 choices of toppings to round things off.

Who wouldn't go for it? Surely everyone would love it? In US they've taken a basic commodity and made it into pure luxury - but not any luxury - a luxury that's part of your daily commute. Happiness, in other words, at the most stressful time of the day.

Thinking of possible straplines:!

It's a break from the daily grind.

It's like upgrading your day!

It's an affordable luxury.

Treat yourself.

It's all so exciting: It feels so right!

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# Sahar's eight top tips for budding entrepreneurs

## 1 Be your own first customer

Always approach your business idea from the perspective of the customer and not as the 'seller'. Don't think of yourself and your customers as 'us' and 'them'. If you can't convince yourself to buy your product and you haven't found a first customer elsewhere then don't bother proceeding. However much money you throw at your idea through marketing and advertising, it won't sell. The customer is not 'out there'. Customers are not a body of people you can fool or cajole into buying your product. You are the customer yourself.

## 2 Don't approach your idea with money in mind. Money doesn't turn on your light bulb!

Don't let your desire for untold riches hamper your creativity. Good ideas make money, but you don't have to chase after it. Let the money chase after you.

## 3 The Importance of being Clueless

Don't worry if you are not skilled or experienced in the field you are starting your business. In fact, it can act to your advantage. Your lack of deep industry knowledge frees you to think only of your vision and be blissfully unaware of the obstacles. Conventional thinking and experience often puts you in the box and you want to constantly be thinking outside the box.

## 4 Follow the Zulu Principle

Coined by the 1970's takeover guru Jim Slater, this rule (named for his wife's knowledge of the African tribe) asserts that anyone can become an expert about anything if they focus on it completely. Learn, as simple as it sounds, everything and anything there is to know about your business. Become an expert in your field.

## 5 Do the research yourself and inspiration will sneak up on you

Do your own market research. There is simply no substitute for the motivation, determination, and thoroughness that



you'll bring to the job. A slick research agency might give you a glossy report packed with facts and figures, but a hired researcher will not have the motivation to challenge the information like you will. Besides, while you're doing your research inspiration will almost sneak up on you. You'll surprise yourself with unexpected moments of real inspiration. The more you physically immerse yourself in your idea and toss in random thoughts, you'll create a fertile ground for creativity. Ideas will just come to you.

## 6 Think outside the box!

(Formal Customer surveys keep you inside the box! )  
You want to think out of the box. Do not spend thousands of pounds with an agency that asks, on your behalf, a select group of prospective customers about their likely behaviour in a certain situation. The reason for this is that by asking customers what they want you get constrained by customer's current needs. The role of an entrepreneur is to serve needs they haven't yet articulated but would love to have satisfied - you're anticipating and foreseeing a future need. Henry Ford said: "If I had asked customers what they wanted they would have said a faster horse."

## 7 Bootstrap – make $2+2=5$

All entrepreneurs start off with limited funds which forces them to bootstrap i.e. make  $2+2=5$ . It is actually the best discipline for starting a business because lack of money forces you to be resourceful and productive and laser sharp in your focus. Sometimes having too much money cushions you from really learning the bare bones of your business and you lose touch with your vision. Money is a poor substitute for your own passion and creativity.

## 8 Build and they will not necessarily come (not without a lot of prodding and stickability)

Customers, like the rest of the world (your boss, your banker, your supplier), don't accept new ideas easily. You need patience and persistence to allow customers time to buy into your vision. Don't give up easily. Remember it takes years to become an overnight success!

