



Cafe culture is now embedded in the Brisbane psyche but The Coffee Club co-founder John Lazarou remembers when the only coffee-serving venues open after 7pm were fine dining restaurants, service stations and McDonald's. Twenty years later, his franchise now has 219 café restaurants in Australia, New Zealand and Thailand. He tells *Matthew Ogg* how every new store opening is just as exciting as the first.

FROM The Coffee Club corporate office in West End, co-owner John Lazarou says he wouldn't want to be interviewed at one of his stores as he would be too distracted by the customers.

"I like to think that our customers walk away from our stores 100 per cent satisfied – we want to make a lasting impression," he says.

"I enjoy making coffee, taking coffee and meals out to them, clearing tables. My customers are just taken aback knowing that I'm an owner and I've just made them a cup of coffee."

But for service-driven Lazarou, being involved in the hospitality side of the business is just 'everyday run of the mill' and with 18 more stores set to launch this year, he plans to brew coffees at every opening.

It is a substantial expansion, considering many experts predicted the consumption of discretionary goods like coffee would be cut back in the downturn, falling in the category of 'luxury goods' that people could afford to go without.

"I believe coffee is not a luxury – I mean, it's affordable, people still need to go out for lunch and as opposed to a matter of twenty or thirty cents for a cheaper, inferior product,

they'll continue to spend that thirty cents extra and get that product they need," says Lazarou.

And if revenue expectations for the 2009/10 financial year are anything to go by, The Coffee Club's intake could rise by \$35 million this year to \$295 million, on the back of its 50-50 sales split between coffee and food.

For Lazarou it feels surreal to be an owner of an international franchise, but what feels bizarre is how well the brand is known. A recent opening in Mt Isa was one of the largest launches to date.

"I was there for the opening at 6 o'clock in the morning and didn't leave until 1 o'clock in the morning the following day. If it's not the highest turnover it would have been one of the top five largest turnovers for a store opening," he says.

"I know we have a transient community and people are travelling all the time, but I was taken aback that every second person had been to a Coffee Club and probably every person had heard of The Coffee Club.

"Mt Isa was store number 210 for us and I was just as excited about opening that store as I was about opening the first store in Eagle Street Pier back in 1989."

Expo 88 awakening

Lazarou believes coffee consumers are fortunate in Australia to have adopted the European way of coffee, not just in valuing quality but the lifestyle it brings as well. But when he set out to open The Coffee Club with partners Emmanuel Drivas and Emmanuel Kokoris, the coffee culture we have today was not so commonplace.

"My belief is that Expo in 88 awakened Brisbane and Queensland and perhaps even Australia's eyes as to the fact there can be life after 7pm in the streets. To get a coffee at the time you basically had to go to either a restaurant where the kitchen was closed but they still served coffee, or alternatively you'd have to go to a service station," says Lazarou.

"Once '89 kicked in and expo was finished that coffee culture was here – for a lot of the new cafés that opened, the ambience, the atmosphere and décor was in the store, extending the kitchen until after ten o'clock when you could get a coffee or a light meal like a pasta, a focaccia, whereas prior to that you really couldn't get anything."

Up until the 1st of July, 1994 when The Coffee Club became a franchise, there were seven company-owned stores. Since the store opened in 1989 it quickly gained

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a reputation and people wanted to know where it was from.

"From 1992 to 1994 we were getting so many enquiries as to whether our business was a franchise business. Is it an American chain? Is it a European chain? But the answer was no – it's a brand that we started here in Brisbane at Eagle Street Pier."

Expanding The Coffee Club 'family'

While Expo 88 helped awaken Brisbane to the European school of coffee, today the world is knocking at the Coffee Club's doorstep looking to adopt its business model.

Since 2005, the franchise has proved successful in New Zealand with 22 stores and in 2007 Minor International bought a 50 per cent stake in the master franchise for Thailand, where there are currently two stores. The Coffee Club is hoping this might help expand the business into China and Dubai as well.

"We've had a lot of interest from various countries all over the world that are looking for a coffee club style franchise to go into their areas. Needless to say, we've got to be careful who we jump into bed with as the master franchisee and ensure that these people have the ability, the resources, the

knowledge, to extend our brand within that country," he says.

"Although we get several enquiries it's not a matter of just grabbing the first one, it's all about making sure that the partnership is right."

With unemployment on the rise The Coffee Club has also been in a position to be more selective about staff members and franchisees, which Lazarou cites as being the biggest challenge running the business.

"We opened a Coffee Club at the Strand in Townsville and had 370 applicants, whereas in the past we'd normally get between 60 and 80," he says.

"We also like to promote from within, so if a franchisee has got a staff member who is doing an incredible job in the store and that staff member wants to grow, with the franchisee's blessing, we're more than happy to take that person into the corporate office and give them a larger role within the group, and that happens all the time."

After all, there are about 6000 staff members to choose from.

Giving back to the community

Brisbane born and bred, Lazarou showed his entrepreneurial spirit at a young age when he opened a hair salon at 17.

"I got an apprenticeship at 15 and I owned my own salon in my second year. I basically had to indenture a senior as an employee – because I was a second year apprentice I couldn't own a salon without a senior in there."

But with this enterprising spirit that has continued since then and helped build the Coffee Club to what it is today, Lazarou says it is important to give back to the community.

"I'm a firm believer that when you give for some reason there's karma, you just become more powerful so that you can continue giving more and more continuously, more frequently."

The Coffee Club has been involved with a number of charitable organisations such as the Royal Children's Hospital, the Children's Hospital Foundation Australia, AEIOU and others, raising more than \$1 million in the last 10 years. For the company's charity ball this year Lazarou is expecting up to \$200,000 to be raised at the Brisbane Convention Centre.

The company also sponsors the Brisbane Roar and the Brisbane Broncos.

To read John Lazarou's views on brewing business in Brisbane go to www.brisbanebusinessnews.com.au