

# Business start-up

## Rafferty's Cafe

**Yvette McFadden** explores the challenges faced by an artisan coffee shop looking to create the right blend between profit levels and community values



**R**obin Kell got the idea to open up a neighbourhood cafe after his wife Verity complained about the lack of quality coffee shops in their town, Sevenoaks. As a new mum, she longed for a local cafe where she could enjoy a well-brewed cup of coffee and relax with her son, Rafferty.

### Taking the risk

Launching a business is risky, with as many as one in three start-ups failing. However, Robin was convinced that there was demand for a local, independent coffee shop where the values of good food and coffee were as important as profit. He named the cafe after Rafferty to communicate the family environment that they were keen to create.

When Rafferty's opened in 2010, a report by management consultancy Allegra Strategies showed that the UK coffee shop market was booming despite the recession, with a growth rate of 12% compared with just 2.5% in the retail sector. Even in times

### Robin's top tips

- Recognise your shortcomings and adapt to conquer them.
- Source the best people you can. They're one of the most important parts of any business.
- Be realistic. Success takes hard work and you might not make millions.

For more information visit <http://raffertys.info>

of austerity, people still saw a trip to the coffee shop as an 'affordable treat'. With so much potential in the market, it was a good time for Rafferty's Cafe to launch.

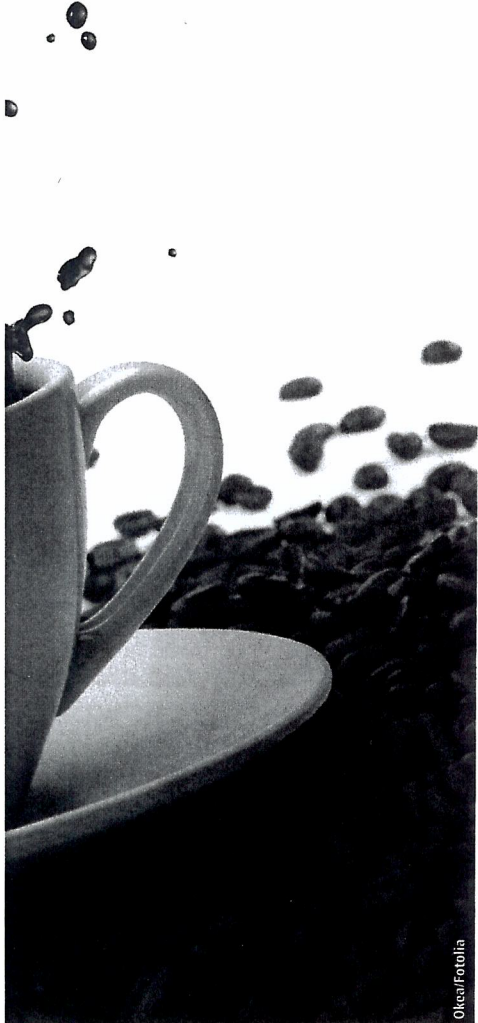
Robin knew the local community well and chose to locate the cafe in a parade of shops near to his home. Being a 15-minute walk from its rivals in the centre of Sevenoaks meant that Rafferty's was not competing with them for passing trade. However, the lower footfall location meant that there would be fewer people walking past, so the cafe would have to rely heavily on reputation to attract (and keep) its customers. The major benefit of the location was that the lower rent allowed Rafferty's to offer lower prices than its rivals.

Already the owner of a successful pest control business, Robin had the start-up experience and capital to get his idea off the ground. He also had a close relationship with a local bank manager, who offered financial support and advice. Robin believes that building this relationship has been hugely important, especially at a time when the banking sector has been criticised for its lack of funding for small businesses.

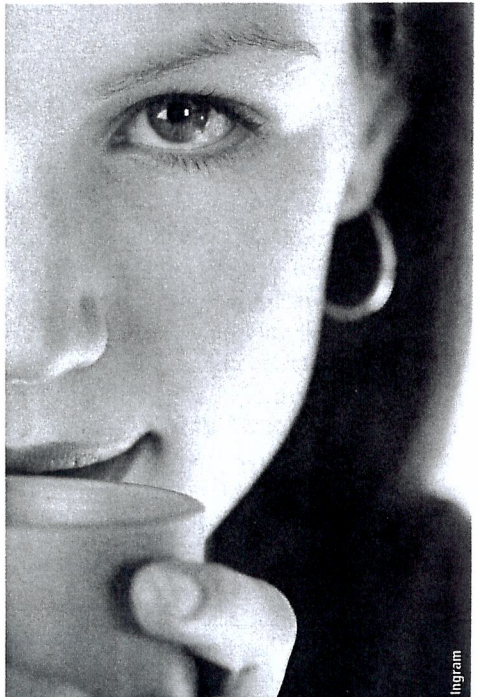
### Finding a niche

Robin approached his cousin Russell to be his business partner. A trained barista, Russell had been working in Sydney, giving him firsthand knowledge of the Australian cafe culture, which according to Allegra





Oleca/Fotolia



Ingram

By listening to what his customers wanted, Robin was able to take on the established coffee chains

is 'years ahead of the UK cafe scene'. This has helped Rafferty's to differentiate itself from the Italian-style coffee shops in the centre of town. If you want a 'flat white' in Sevenoaks, you head to Rafferty's.

Allegra's report also highlighted that 'today's consumers are increasingly looking for higher-quality coffee, real "experience" and localness'. In a market crowded with branded chains investing millions in product development and growth, it seems there is still a niche for quality independents like Rafferty's.

By building close relationships with local suppliers, Rafferty's has been able to buy quality materials at a discounted rate. It has also invested heavily in training its staff in the products that it offers, so that customers can be given expert advice.

### Too successful?

The first-day nerves were momentarily calmed when customers began to arrive. However, Robin soon realised that they were not prepared to serve so many people. The number of customers keen to try their new neighbourhood cafe continued to be far greater than expected, which put a lot of strain on both the kitchen and the staff.

Customers were left waiting longer than anticipated for their orders and the tables weren't turned over fast enough, so potential revenue was lost. Rafferty's could have benefited from more planning of the operations function and testing the kitchen on friends before opening to paying customers. This would have allowed it to make the necessary adjustments and give staff the opportunity to practise their skills without needing to deal with customer complaints.

In the short term, the menu was adjusted to improve service time. However, it later became necessary to close the cafe to refurbish the kitchen. With hindsight, Robin admits that it would have been cheaper and less disruptive to customers had the kitchen been better designed prior to launch.

### Coping with success

This opening period could have been detrimental, as first impressions can last and customers could soon pass on a negative experience to other locals. However, Robin and his team listened closely to their customers' feedback. They remained

positive and focused on their principles of great quality, ethically sourced products and friendly service.

With the early teething problems behind them, Rafferty's loyal customer base continued to grow. The customer experience has been rated as excellent by reviewers on the independent travel website TripAdvisor. One commented: 'Rafferty's has filled a real gap, it is a cafe like you find in Melbourne, Australia! Friendly staff, delicious casual food, relaxed atmosphere...and doesn't look like a boring old chain-coffee shop.'

Within a year, profits were twice as high as predicted and customers were queuing onto the pavement at peak times. The team has also diversified into outside catering, which has helped to increase profit. As demand increased it became necessary to employ extra staff and to invest in additional equipment. The additional overheads saw profits drop significantly in the second year of trading, but Robin is confident that reinvestment is the best strategy.

For Robin and his business partner, the challenge is how to expand the coffee shop to meet demand without diluting the customer experience of an independent business.

### Moving forwards

When the premises next door to the cafe came up for rent, the obvious strategy was to knock through and double the floor space. However, Rafferty's instead chose to diversify and open a farm shop serving ethically sourced local produce. This approach allows it to focus on its core strength of providing high-quality food for the local neighbourhood.

Rafferty's will be able to use its established supply chain of local producers to stock the shop. It is also looking to sell Rafferty's merchandise, including cups and baby products, in the shop. This will help to build the Rafferty's brand. Having two complementary but separate businesses means that any teething problems created by the new farm shop should not affect the cafe.

Yvette McFadden taught A-level business studies in London, but now focuses on student revision. She can be contacted at [mcfadden@gmail.com](mailto:mcfadden@gmail.com)