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Preparing to take the expansion leap

BY SCOTT SALWOLKE Jan 5, 2017



Josh Hollenback packages coffee at Verena Street Coffee Co. in Dubuque. The owners recently expanded and they faced a number of decisions before making their move.

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One of the more difficult decisions a business owner can face is when to expand.

Do it too early and you could find yourself heavily in debt with no increase in revenue. Do it too late and you could miss out on business because you don't have the capacity to handle it. The owners of Verena Street Coffee Co. faced this decision, even though their business wasn't that old.

"An expansion will never come at the best moment," said Michael Gantz, co-owner. "We wanted to wait until we could afford to get into a new facility, but we were just having too many

issues because of space. You have to have faith in what you're doing and if you see the capacity for growth, then you just have to make that leap.”

Michael founded the business in 2010 with his cousin, Eric, and with the support of their family. The Gantz clan had made its name as a Pepsi-Cola franchise and as a full-service vending company, Vendors Unlimited. They were looking to grow, but since they couldn't go outside their franchise territory, they couldn't expand their soft drink business geographically.

“We were looking for other opportunities and we had some experience with coffee through Vendors Unlimited,” Eric said. “It was Michael that wanted to go into roasting. We started looking at other roasters that were for sale, but ultimately decided to start our own.”

They set up shop next to their Pepsi location. They engaged a consultant from Madison, Wis., who had years of experience in coffee, to help them develop their blends.

“We told him what we wanted to accomplish and the type of beans we wanted,” Michael said. “It really comes down to learning by experimenting. It took us a few weeks to get the blends just right. We wanted a balance of having something full bodied, but not too acidic or too bitter. We tried to find that happy medium where we could keep much of the natural characteristics of the beans.”

The name for the business came from the street where the Gantz cousins grew up. One decision they made early on was to tie the product into Dubuque's heritage. The package would display the Dubuque origins on the back, and the blends were given names distinctive to the area, such as Julien's Breakfast Blend and Lock & Dam #11.

"People seem to enjoy that it's so identified with Dubuque," Michael said. "For those outside of the area, the names are not so off-the-wall that they can't identify with them. Many customers identify the coffees by their unique blend names rather than by the brand name."

Thanks in part to their connections through the family business, they managed to get into a number of markets, including many local grocers. Coffee drinkers not only found their products, but also embraced them. Today they are found throughout the Midwest in more than 700 locations. This success meant they were rapidly outgrowing their facility.

"We added on to that building but it was only short-term relief," Eric said. "There was only so much room to add on and we needed some more equipment. It was one of those things where we had to decide if it made more sense to invest in new equipment down there and eventually have to tear up if we moved later, or begin with a new facility."