

roast

MAGAZINE

2012 Macro Roaster of the Year



PORTLAND ROASTING

2012 Macro Roaster of the Year

BY
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Mark Stell at a solar-powered well at a primary school in Tanzania. In 2010, the Portland Roasting-sponsored Walk for Water event raised funds to build the well.



A Chemex tasting at Portland Roasting.

THE WINNER'S STATS

ESTABLISHED 1996

LOCATION Portland, Ore.

EMPLOYEES 28

KEY PERSONNEL Mark Stell, managing partner; Marie Franklin, director of sales and marketing; Paul Gilles, vice president of operations; Ryan Gonzales Johnson, chief of roasting operations

RETAIL LOCATIONS 2

POUNDS PER YEAR 811,000 pounds (2010)

ROASTING FACILITY 19,000 square feet total, with a 4,500-square-foot roasting room

EQUIPMENT Toper 120-kilo, Toper/Renegade hybrid 60-kilo

WEBSITE www.portlandroasting.com

PORTLAND ROASTING is no stranger to praise.

The Portland, Ore., specialty coffee roaster has pioneered a sustainable business model in coffee, so much so that peers regularly speak of it in admiring tones. Patrick Criteser, the CEO of Portland-based Coffee Bean International, calls the company “an inspiration in its commitment to advancing sustainability within its own company operations, as well as throughout the industry.”

Portland Roasting’s customers are every bit as enthusiastic when discussing the company’s coffee bona fides. “Not only is their coffee beautifully roasted and delicious, but they’re so cognizant of the politics of coffee,” says Angela Bozo, the demo merchandiser for Portland’s New Seasons Market grocery chain. “They work hard to be a positive humanitarian presence in coffee-growing regions ... and do a fabulous job sharing growing information about their single-origin coffees.”

So it can be a little surprising for outsiders to realize that Portland Roasting—a successful mid-sized roaster that’s respected throughout the coffee industry—is fairly underexposed in Portland. Although you can find the company’s coffee all over the city, consumers aren’t nearly as aware of the Portland Roasting name as its ubiquity would suggest.

Fortunately for *Roast*’s Macro Roaster of the Year, that’s likely to change. That’s because Portland Roasting opened its first two retail cafes in the fall of 2011—both located in the Oregon Convention Center—and has developed a number of branded coffeehouse, kiosk and cart concepts for rollout in the next few years, each fitting the Portland Roasting brand identity. The initial locations are licensed to Aramark food services, but future locations will likely include a flagship Portland Roasting store that will fully embody the company’s philosophy.

It’s a philosophy that’s likely to resonate in green-minded, coffee-obsessed Portland, which has yet to meet a sustainability initiative it doesn’t like. “Our brand in general is focused on sustainable issues,” says Mark Stell, managing partner of Portland Roasting. “Our coffees are sourced sustainably, our operations are sustainable and our retail stores will be designed sustainably. These things resonate wherever we go. Our focus isn’t just high-end coffees; it’s really focused on the entire supply chain.”

Getting Started

Stell co-founded Portland Roasting in 1996 with Todd Plummer, but it wasn't Stell's first foray into coffee. He worked briefly for another Portland roaster before opening his own roasting/retail operation in 1993 in northwest Portland.

The company, called Abruzzi Coffee Roasters, took a personalized approach to roasting: cup coffee with walk-in customers, custom-roast individual pounds of coffee on the spot and even hand-deliver coffees to people's doorsteps. "It was way ahead of its time," Stell jokes now. "We were cupping for anybody who came in off the street, making home deliveries, doing one-time roasts. If you called me, I would do it."

The roast-on-demand approach had some advantages. For one, Stell received a crash course in coffee literacy: he tasted coffee with consumers every day, explained the nuances and gave them a rundown of how roasting works. "It was a great experience because I cupped a ton of coffee, and I did it all day, every day," he explains. "I really honed my skills as a roaster in the process. As an owner/operator, you have to know how to work closely with coffee if you want to be able to sell it."

The benefits of coffee immersion couldn't mask the obvious drawback, however. "I realized pretty quickly that you can't make any money roasting a pound of coffee at a time and delivering it on your way home," Stell says.

The path to success was far more direct for the wholesale-only Portland Roasting. Within two years of opening, the company had initiated sales efforts to Singapore and Japan, and the following year began laying the groundwork for its Farm Friendly Direct program in El Salvador. Over time, the company won such high-profile local accounts as the Oregon Convention Center, Portland State University, Burgerville, Fred Meyer stores and New Seasons Markets, in

addition to a number of independent coffeehouses throughout the city.

After years of gradual expansion, Portland Roasting moved to its current southeast Portland location in 2005. The 19,000-square-foot facility houses a 4,500-square-foot roasting room with two production roasters: a 120-kilo Toper and a 60-kilo Toper that's been modified with Renegade engineering. Stell is now the managing partner for Portland Roasting, working closely with Director of Sales and Marketing Marie Franklin and Vice President of Operations Paul Gilles to keep the company humming (Plummer sold his interest a few years back).

Creating a Sustainable Supply Chain

Stell, a longtime member of the Specialty Coffee Association of America (SCAA) Sustainability Committee, traces his interest in coffee and sustainability to the 1992 United Nations Earth Summit in Rio de Janeiro, Brazil. Shortly after attending the summit, Stell came to believe that the coffee industry was a natural vehicle for improving practices in international aid and trade. As such, Portland Roasting is an avid supporter of the UN Millennium Development Goals, which aspire to free people throughout the world from extreme poverty by 2015.

One of Portland Roasting's first major sustainable initiatives was creating the Farm Friendly Direct program in 1998. In many ways, Farm Friendly Direct follows the standard direct-trade model: seek farms with responsible growing practices, determine whether the coffee meets the company's quality standards, establish long-term buying relationships, pay a premium, work in tandem with farmers to improve coffee quality, and share the stories of the farms with customers.

Where Portland Roasting's program differs from many direct-trade enterprises, however, is how it approaches community projects. Rather than working directly with



Staff of Portland Roasting in the warehouse.

farmers to create new water processing facilities or the like, Portland Roasting prefers to work with local nonprofits on larger community projects. In Sumatra, for instance, the company partnered with other roasters to support the Pembangunan orphanage in the Aceh Highlands. In El Salvador, Portland Roasting worked with Trees for the Future to plant 15,000 shade trees in the region. The company's Papua New Guinea project includes financing for a women's literacy program and a large-scale book drive, both attempts to improve the educational opportunities for local women. The roaster works with farmers and cooperatives on many of the projects.

Stell says the goal is to decouple the price premiums from the projects themselves. "We try to engage our customers to get involved by buying our coffee and then contributing to the projects we support," says Stell. "That's part of our marketing to consumers. They buy our coffee because it tastes great, but they also want to support our programs, whether it's a water project, an education project, or whatever." Portland Roasting has completed 11 ongoing Farm Friendly Direct projects, including projects in Guatemala, Kenya, Tanzania, India and Costa Rica.

Portland Roasting's international work extends to other areas as well. Each year, the company sponsors the annual Walk for Water event in Portland in conjunction with the UN World Water Day. Intended to raise awareness of the number of communities globally that lack basic water and sanitation, Walk for Water participants pay registration fees and sponsorships to help build solar water wells in small villages throughout the world. This year's event raised \$49,000 to install wells at four primary schools in Malawi.



Cupping at Portland Roasting.

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On the home front, Portland Roasting conducts a carbon audit each year on all aspects of the business, from bean to cup (the company has been 100-percent carbon neutral since 2007). The company also delivers coffee to most of its close-in urban customers on B-Line electric-assisted tricycles, with the remainder receiving deliveries by biodiesel and electric vehicles. Even the smallest details are given the green treatment. More than 35 percent of Portland Roasting's employees commute to work on foot, by bike or via public transportation. The first West Coast company to use Ecotainer compostable cups, Portland Roasting is also a certified-organic roasting facility and boasts such interior design details as skylights to provide natural lighting, recycled wood product for the floors and a 90-percent-efficient HVAC system.

Portland Roasting's latest sustainability initiative is one of its biggest yet. Recognizing how difficult it is to document a company's sustainability efforts, Stell helped propose a tracking tool called START through his work on the SCAA Sustainability Committee. Short for Sustainability Tracking and Reporting Tool, the system—initiated, fundraised and project-managed by Stell—is built specifically for coffee companies and organizations and will track such metrics as contributions to local causes, volunteer hours, waste recycling and reduction, energy used from renewal sources, and reduction of carbon emissions.

Coffee and Accessibility

While Portland Roasting seeks high-quality coffees, the company also believes in making its coffees as accessible as possible to a broad audience. That means keeping prices reasonable—a challenge with a volatile “C” market—and not alienating more traditional customers with excessive coffee snobbery. It's a challenge the company deems essential given the depth of its customer base, which ranges from large customers like the Oregon Convention Center and Portland State University to small independent cafes.

“We have an interesting balance,” says Franklin, the company's national sales manager. “We have a lot of expertise, but we don't want to alienate our customers or push them to be something they're not. ... So while we stress freshness, proper brewing and the stories of the farms, mostly we just want to help them serve a

great cup of coffee.”

The pricing and accessibility issue is one of many reasons the company puts such a high emphasis on blends. “We believe in the art of blending coffee, and we've always done it really well,” says Stell. “It helps us stay in the middle of the price range, and has been a big reason we do a high volume. We can source really good coffee but keep things more or less affordable.”

Stell estimates that Portland Roasting carries around 12 core coffees and another eight or so seasonal or intermittent selections. The selections range from such locally named blends as Goose Hollow and Mt. Tabor, several classic espresso blends, and such single-origin selections as Tanzania Peaberry, Kenya AA from the Kangocho cooperative, and Panama Geisha.



Ribbon-cutting ceremony in eastern Kenya. In 2009, two rural Kenyan communities gained access to clean drinking water as a result of funds raised during the Walk for Water event.

Stell understands the challenges of maintaining margins better than most, as he not only manages the roasting operation, but his family jointly bought a coffee farm in Tanzania a few years ago with a family from Tanzania (the farm is run as a separate business entity from Portland Roasting). “You may think you know coffee, and you may think you have it tough as a roaster, but it's nothing like a coffee farm,” he says with a smile.

Located in the Arusha region at 5,500 feet, the farm was in rough shape with low yields and average quality before the Stell family and local partner took over. Improving the farm's output has actually been relatively straightforward, says Stell—“like any living organism, if you feed it, it's going to get pretty healthy, and with health usually comes quality”—but the business of running a coffee farm has been eye-opening.

From funding to local politics, few things come easy. Stell says farms aren't just underfunded but undercapitalized because of low prices earlier in the decade, so the investments they're currently

making won't pay off for years. Even paying fair wages is tough. “It's not easy trying to do the right thing and pay people more money than they've ever made,” explains Stell. “If you do that, you'll get in trouble. The government basically told us we'd have to pay the going rate to keep things running smoothly, so we contribute in other ways like bringing clean water to neighboring villages.”

And even if everything else is going well, off-the-wall setbacks can occur. “Every year, elephants and buffalo destroy at least 10 percent of our crop,” Stell says. “At any given time 20 to 30 percent of our crop isn't in production because it's been trampled.” Stell says it sounds funny, but it's actually a difficult problem because electric fences would act like a back-scratcher for an elephant. “When we took over, we loved the idea of elephants on our farm. While I still think it's cool, it costs us a lot of money.”

Moving Forward

Franklin says one of the keys to Portland Roasting's success is its bottom-up structure. She says that while Stell is a passionate, big-picture thinker, he doesn't micromanage the business, preferring to create an atmosphere in which employees are encouraged to think for themselves and organize new initiatives on their own. “Sometimes they're simple suggestions,” says Franklin. “Let's put an E-team together, or let's compost coffee bags, or let's start biking deliveries to customers. If you have a good idea and can push it, you can make it happen.”

That same collaborative spirit will likely be present as Portland Roasting begins its push into retail. While the cafes will have to meet all of Portland Roasting's training and branding standards, they're also part of the Portland landscape, which means Stell and his colleagues will encourage employees to think of new ways to go green.

“From a positioning standpoint, having ‘Portland’ in our name and upholding the sustainable identity of our city has been a huge success for our company,” Stell says. “It resonates outside the Northwest.”

Franklin agrees. “We look outside the box for new social sustainability initiatives,” she says. “Mark's involvement with the SCAA Sustainability Committee really pushes us to do something unique and better. And we're really transparent in what we do. It's a big part of who we are.”

