



Bean doing something right

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Leonid and Anatoly Yuffa, co-founders of Dazbog Coffee, are expanding their marketing efforts nationwide. They started the Denver company in 1996.

Dazbog brothers perk up at chance to grow coffee chain

BY ED SEALOVER

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The Dazbog Coffee Co., with its tale of its founders' emigration from the communist Soviet Union as well as its trademark red packaging and Russian product names, produces one of the best-known and top-selling coffee brands sold in the Denver area.

But after 15 years of growing locally — 70 percent of Dazbog's revenues come from Colorado — founders Anatoly and Leonid Yuffa are making a major push for

nationwide expansion in 2012.

The brothers will man an interactive booth at the half-dozen largest trade shows that attract gourmet markets and restaurants throughout America, and will make what they call a "six-figure" investment to spread the company's story.

This is a far cry from where the Yuffas were in 1996, when they used proceeds earned at other jobs to begin roasting and blending coffee beans for local res-

Coffee company looking for more cups to fill

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taurants and coffee shops in a factory at 1090 Yuma St. But after expanding to five states and beginning to attract national attention, they have saved the money to grow Dazbog to be a major player in a diverse national coffee market.

"We've been conservative in the way we've led our business up to now," said Anatoly Yuffa, CEO. "We have the capacity, we have the branding, we have the systems in place to expand — without compromising quality — into markets where our competitors may not be doing as good a job."

Those markets of interest include West Coast specialty grocery stores, where consumers have a big appetite for gourmet coffee and already have many coffee selections.

What might seem like a bold, overconfident strategy to some is more the brothers' belief that the way to sell more than larger competitors is simply to work harder. They've believed this since coming to the United States as children in 1979.

Leonid, now Dazbog's chief operating officer, owned and operated a shoe-repair business — the same trade as their father — while Anatoly started importing and selling espresso equipment after graduating from the University of Colorado.

They thought they could make a higher quality of coffee beans with a branding that consumers would remember.

So they started Dazbog as a wholesale company that roasted coffee beans, packaged and delivered them within 48 hours to Denver-area customers.

By 2004, the Dazbog name became known enough that they licensed it to independent coffee shops that agreed to certain standards of brewing and customer service. The next year, they opened the first corporate Dazbog store.

Now the company has two corporate and 28 franchised Dazbog Coffee locations in Colorado, Arizona, Texas, Wyoming and Maryland. It still sells wholesale to grocers, professional offices, restaurants and coffee shops as well.

Leonid Yuffa credits the branding as a big part of creating loyal customers. Each bag of coffee features a picture of the brothers as children in Russia in 1974 and tells the story of their coming to America. Names such as Babushka Blend, White



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Nights Espresso and Svoboda Blend conjure a Russian heritage. The name Dazbog comes from the Russian words for "god of richness."

"People really loved our story, really took to it," Leonid Yuffa said. "Our brand has really been a canvas to tell our story and our heritage and where we're from."

Nancy Flynn, director of marketing for

Natural Grocers by Vitamin Cottage — a Lakewood-based chain with 51 stores in eight states — said Dazbog is sold in only 25 of the company's Colorado stores but accounts for roughly 25 percent of the chain's overall coffee sales. Customers like its robust nature but also like the company's involvement in community events, where it gives out free coffee.

"A lot of our customers are also supportive of local community businesses and local businesses," Flynn said. "It's not just that they have a quality product; they have a community presence."

Working with Metro State

Dazbog is partnering with Metropolitan State College of Denver to open a coffee shop on the campus around August. Students from the college's entrepreneurial franchising program will operate it with help from Dazbog management, Leonid Yuffa said.

The company also will start a Dazbog Scholarship Foundation that will help students in the program open their own franchise upon graduation, he said.

"It's good for kids or somebody being retrained for a new career to get that opportunity to run a business," Anatoly Yuffa said. "It's more important than what money you have."

The brothers know it will take more than hard work to push the brand out to states unfamiliar with Dazbog. So in November, they launched a new line of limited-edition coffees using beans from places such as Bali and Kona designed to appeal to coffee drinkers with extremely educated palates.

If they find the base of new customers they seek, the brothers — who started their now-35-employee business without a loan — will be able to expand in their factory with minimal spending on new equipment.

They already have invested in duplicate infrastructure so that equipment breakdowns don't stop production, and Leonid Yuffa estimated Dazbog could increase production tenfold without outgrowing its facility.

The brothers don't disclose specific revenues, but said 2011 has been their highest-grossing year ever. They haven't set specific goals for their 2012 expansion effort to be considered a success. But, much like their family history, they believe the time has come to stretch beyond familiar territory to become known to many new people.

"We want to grow more and more," Anatoly Yuffa said. "I think we are still in the infancy of the company in terms of how much more we can do."