



BUSINESS GROWTH

Moving to the Next Level

Lansing Firm Eyes New Markets While Maintaining Its Base

BY LARRY O'CONNOR

The brown coffee ring stain printed on Paramount Coffee Chairman and CEO Angelo Oricchio's business card might be seen as clever marketing, but it's also an apt metaphor for where the 72-year-old Lansing-based company is headed.

Paramount Coffee clearly wants to get outside its comfort circle.

"To grow our company, we know we have to get outside our existing base," says Steven C. Morris, president. "We know a lot of people who have left Michigan; they've gone south and are aware of who Paramount is. It makes sense to target that segment to grow our name."

Consequently, employee-owned Paramount has linked up with Florida-

based Acosta Sales and Marketing to pitch its coffees and services to Midwest and Southeast retailers, dropping a half-million dollars into equipment upgrades and another \$200,000 in an image makeover that includes a new logo and product packaging. The goal is to expand what has been a regional entity into a national one, and that goes beyond merely selling coffee beans.

Paramount, a full-service coffee distributor whose brand-name products can be found anywhere from retail grocery shelves and on restaurant menus as well as employee break rooms, also roasts and distributes a variety of blends – including fair trade and organic. Its customers include an emerging sector of Michigan coffeehouse chains like East Lansing-based Beaner's, Chelsea's Bearclaw and Ann Arbor's Sweetwaters Coffee & Tea as well as multiple independents.

"The biggest thing they offer is excellent service," says Lisa Bee, president of Sweetwaters Coffee & Tea and a Paramount customer for 14 years. "Whenever we need a different product, they will either go out of their way to find it for us or help us develop it. They are very interested in our overall success."

Adds Debi Scroggins, who co-owns (with husband Doug) the 17-outlet Bearclaw Coffee Co., "We consider them to be a vendor partner in our growth."

Until now Paramount has been content to run stout, but with stealth.

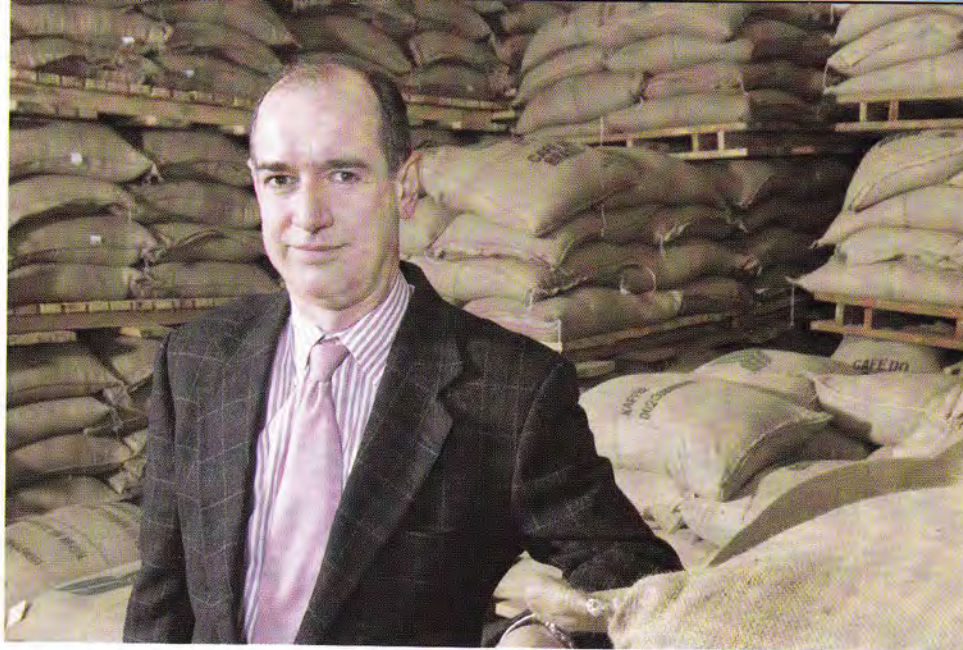
Though company officials declined to disclose revenue figures, Paramount has seen 3 to 5 percent annual growth in pounds of coffee sold during the past three years, says Oricchio, a native of Sao Paulo, Brazil.

Last year, Meijer stores started carrying Beaner's Coffee – roasted and distributed by Paramount – in its 100 some stores in the Midwest. Paramount's coffee can now be found in 350 grocery outlets whereas

two years ago, "I doubt we would have been in 80," Morris says.

The growth has coincided with seismic shifts both internally and externally.

In 1995, the company sold its North Larch Street service garage to the city of Lansing, which made way for the construction of Oldsmobile Park, a minor-league baseball stadium.



Paramount CEO Angelo Oricchio takes pride in the growth his company has experienced in recent years.

As a result of the project, Paramount's headquarters has a right field direct view into the ballpark.

Proceeds from the sale were used to build a new service area, which brought the operation under the same roof as distribution and roasting phases. And the expansion increased Paramount's overall footprint to 80,000 square feet.

About five years later, the Radway family -- whose patriarch David Radway and Lawrence Weingarten started Paramount in 1935 -- sold the business to its employees.

That strong sense of history is embedded into the company's fabric, which its CEO says separates Paramount from other players in the coffee distribution landscape.

"We started in the food service industry and grew substantially on that end," says Oricchio, who joined Paramount in 1991.

While some companies getting into the coffee business might pick a segment and focus on that one area to the exclusion of others, Oricchio says Paramount is determined to maintain its position in the marketplace.

"Because of our heritage, we want to keep all of the customers we have and do better with every segment we add on. In our humble opinion, it's very difficult to do what we're doing."

Green coffee stocks are maintained in a climate-controlled warehouse. From there, the imported beans are sent through to one of three roasters – two of which can process 1,000 pounds of coffee at a time. A third roaster is exclusively used to handle a growing variety of gourmet coffee.

Infused with the same pride when showing off Paramount's intricate roasting operation, Oricchio



Custom packages for various retailers are delivered by Paramount Coffee.

PHOTOS BY DAVE TRUMPIE

enthusiastically displays the company's service department where coffee brewers and equipment are repaired. The company works directly with manufacturers like Bunn, Faema and Curtis to learn the latest trends in grinders, brewers and espresso machines.

Paramount also offers guidance to aspiring coffeehouse operators.

"We try to be thorough in what we do," Oricchio says. "The market has branched off in so many directions that being just a coffee roaster is very difficult. To have what we have allows us to cover most segments very well."

Though grounded in the business nuts-and-bolts, Paramount's reach extends to distant lands.

Two years ago, the company partnered with Michigan State University to help war-torn Rwanda see a better return on its coffee crop.

Paramount roasts and packages the Rwandan premium blend, which is sold with \$1 going back to Project PEARL

(Partnership to Enhance Agriculture in Rwanda through Linkages).

"They are the only ones who do that," says Daniel Clay, Project PEARL (USA), who adds that

Formula for Success

One way Paramount has found success is by increasing its value as a vendor to the emerging coffeehouse chains it serves. The company provides business advice, as well as quality products.



Careful attention to detail in every aspect of the coffee roasting business is a Paramount tradition.

other roasters give back in other ways. Still, "it's the kind of relationship you like to have. It's not something you have with everyone."

Paramount was also instrumental in distributing the premium blend coffees onto shelves at the Whole Foods Market chain, says Clay, director of Michigan State University's Institute of International Agriculture.

The venture reflects the social awareness embraced by coffee wholesalers like Paramount, which roasts and distributes 11 Fair Trade-certified brands from around the globe.

"Like everything else, there's a niche that we are sensitive to," Oricchio says.

Company officials are banking on reputation – including goodwill – to make Paramount the brand of choice in untapped markets. The company is currently deciding what's attainable outside its core Michigan, Ohio and Indiana customer base.

The latest venture is not without risks, Morris concedes.

"The response has been good," he says. "Obviously the new logo and marketing campaign is helping our sales and helping to remind people who Paramount has been. There's a lot of people who drink Paramount coffee in their offices and in restaurants. They see it in their office and now they see it in the store. It helps both ways." ■



Sophisticated equipment and experienced staff are critical ingredients at Paramount.