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processes of acquired firms**

Photo: CCS chief executive David Henschel

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MUTUAL BENEFIT

Corporate Coffee Systems Enhances Skills By Evaluating Processes Of Acquired Firms

By EMILY JED

WESTBURY, NY — Corporate Coffee Systems is one of the metropolitan New York City area's largest office coffee service providers, but president and chief executive David Henchel says his new focus these days is on acting smaller. This initiative was prompted by CCS's recent acquisition of a competitor whose culture Henchel has long admired, and that he hopes to ingrain throughout his own organization.

With nearly two dozen acquisitions under its belt and burgeoning demand in the coffee-loving metropolis it serves, Corporate Coffee Systems continues to solidify its strong foothold in the Big Apple. Henchel founded the company almost 28 years ago out of his basement and garage with his brother Gregg and childhood friend Donn Luti, who currently serves as its executive vice-president of operations.

A challenge to remaining profitable during this kind of growth has been to main-

tain close, one-on-one personal connections between Corporate Coffee Systems' team and its clients, which was the foundation on which the business was built.

Corporate Coffee Systems' most recent acquisition, which closed in April, was Classic Coffee Systems, a midsize operation based on Long Island's south shore. Henchel considers it to be one of his company's most significant deals because of the value Classic Coffee Systems' veteran operators and employees bring to

the combined operation.

Classic Coffee Systems was founded in 1980 by pioneering OCS operators John Malizio and Charles Chiarello. As a friendly competitor of the duo for more than two decades, Henchel had long admired how they built their business on unwavering personalized, quality service.

"Classic Coffee Systems is a fabulous operating company, with great customer relationships and a keen focus on providing a high level of service," Henchel said. "We love their culture and are working hard to incorporate it into our business."

Continuity

The Classic Coffee Systems principals have joined CCS, along with their eight-person customer service, equipment service and delivery team, bringing with them a commitment to maintaining the close re-



BETTER TOGETHER: Corporate Coffee Systems' David Henchel (center) and former Classic Coffee Systems owners Charles Chiarello (l.) and John Malizio pool decades of OCS expertise to leverage strengths of newly combined companies.



LEADING THE WAY: David Henchel (center), his wife Angela, who is CCS's human resources director, and executive vice-president of operations Donn Luti work hand in hand to provide top-notch service to customers and supportive work environment for employees.



READY TO ROLL: Corporate Coffee Systems route drivers Henry Rodriguez (r.) and Phillip Monroe set out for day's deliveries. Monroe, a former Classic Coffee Systems employee, serves most of his longstanding customers in Classic-branded truck, delivering continuity to 35-year-old company's loyal fan base.

relationships they fostered with their customers that have set them apart in a highly competitive market.

"A tremendous heritage comes along with the acquisition that we were very at-

Coffee Systems to end up."

Henchel emphasized that one of the biggest assets that comes with an acquisition is most often overlooked: the people and their unique approach to the OCS busi-

David Henchel sets out to replicate small-operator culture on heels of latest acquisition

tracted to," Henchel said. "Classic was not a small company, with more than 20 employees, but it was able to convey a small company feeling."

"We were a relationship company; we never aspired to be the biggest guys on the block," Malizio told VT. "David approached us, and we had a perfect match in philosophies. He hired everyone who wanted to continue, which was very important to us. We feel it's a secure place for our employees and customers, who have been good to us for years. It's rejuvenating and exciting, and it gives us an exit strategy. There is no place else we'd want Classic

ness. "With every acquisition, it's common to look at how many customers you're buying, the sales, the margins and of course the product mix," the operator commented. "Often, the acquirer may be too focused on increasing the daily number of deliveries, but the true value goes so far beyond that. We have been very lucky to have been able to bring into our organization dedicated, experienced, long-tenured employees whom we otherwise wouldn't have come in contact with."

Three weeks before they closed the acquisition, the companies launched a campaign with the tagline "better together," to

inform their customers and employees of the change. Classic's owners visited their top customers, and personally called many others, to assure them the move would be a positive one.

"I know Classic Coffee Systems and Corporate Coffee Systems will be significantly 'better together,'" said Henchel. "We made a point of assuring both the merging employee bases, as well as our vendor community, of this. We want all of our employees to feel as good about us as our customers who buy our coffee feel. It's a bigger organization, but we are working hard to act smaller."

Meeting Of The Minds

As longtime operators who held the reins of their own company for three and a half decades, Classic Coffee's original owners had an adjustment period acclimating to Corporate Coffee Systems' procedures and internal organization. "It was an awkward Monday," said Malizio, recalling the first day after the transaction closed in late April. "During our negotiations, we saw how detail-oriented David is. He set up a transition team that was committed to ensuring that every one of our customers was satisfied and felt that the level of service that had been previously enjoyed was maintained or exceeded. In my opinion, this has to be the best-run OCS company in the country."

Malizio added that Henchel has encouraged and embraced suggestions from both him and Chiarello, and is open to learning and adapting for the good of the newly combined companies, their customers and

Showroom And Dispatch Center Whets Competitive Edge

Corporate Coffee Systems has made a major investment in its centrally located showroom and service dispatch center on West 37th St. to better serve the Manhattan market.

The company inherited the office space in 2003 when it formed a joint venture with Filterfresh Coffee Service Inc., at the time a division of Canadian roaster and OCS operator Van Houtte (Montreal). In October 2011, Aramark Refreshment Services (Philadelphia) purchased Filterfresh.

Recently, Corporate Coffee Systems embarked on a major remodeling project that was completed in April 2013.

"Having the location gives proof to our customers that we are fully invested in the Manhattan office market where they are," said CSS's David Henchel (pictured at right). "It allows us to provide superior service response time. Our showroom is also great way for prospects and customers who might want to upgrade or refresh their current program to see firsthand various coffee brewing solutions and taste our coffee brewed from each of these machines."





CLASSIC GROUNDS: Vintage wooden coffee grinder is an artifact from Filterfresh adorning Corporate Coffee Systems' Manhattan office.

their employees.

One procedure Henchel created at Malizio's suggestion, when the two joined forces, enabled Classic's former owners to review all of their customers' service calls first thing in the morning, just as they had for decades.

"We may be 'overproceduralized' and maybe Classic was 'underproceduralized' – so we're a good fit to leverage each other's strengths and find the happy medium," Henchel commented.

Meticulous planning by both companies made for an exceptionally smooth transition. On the momentous Monday

CSS's Henchel says acquisitions offer operator expertise, as well as volume

when the two became one, Corporate Coffee Systems' warehouse was fully stocked with Classic Coffee's product lines; its warehouse staff knew where to stock the items and from where to pick them. The computer system was set up so Classic Coffee's employees could look up accounts by their old customer numbers and products by the old codes.

Malizio and Chiarello spend a good deal of their time maintaining close contact with their customers, both on the phone and face to face. "Classic Coffee's valued customers haven't seen a change; they have enjoyed continuity. They don't feel like another operating company just came in and took over," said Henchel. "Classic Coffee Systems' email, their telephone numbers and their website are all still maintained, with customer service calls answered by the same people. The Classic Coffee brand continues to have visibility to maintain its legacy."

Shared Values

Chiarello pointed out that Classic Coffee always strived to be a resource for its customers, not simply a delivery service. He has found it fulfilling to be able to personally prove to them that Corporate Coffee Systems shares that philosophy.

"They know if they need to, they can go

to John, Charlie, and now David," he said. "We have had some customers 25 years, and we will go out of our comfort zone to work with them if they want something out of the ordinary. We taught our employees that service calls can be beneficial to show the customer the value of having a coffee service and that we're not just a supply house, and we can be a hero."

"In today's OCS environment, delivering on our core values is so important," Henchel added. For CCS, "offering customers office refreshment consultation and being a solutions provider is paramount. Personalized service that delivers an exceptional experience is a foundation of our being."

Looking ahead, Henchel said Corporate Coffee Systems has great interest in exploring opportunities with quality driven OCS operators. The company is very creative in assembling deals, according to Henchel.

"As a potential transaction partner, we're very respectful of the sellers' legacies and cultures, and we want to work with them to maximize the value of their businesses," said Henchel. "Any operator can make an offer to purchase a business, but, in my opinion, the trick is in the execution. We recognize that the seller's company is their baby, and work together to protect it."

2014's Best And Brightest

David Henchel was honored as the National Automatic Merchandising Association's 2014 Coffee Service Operator of the Year. The prestigious award was presented at NAMA's 2014 OneShow in Chicago this spring.

The award recognizes an individual who has exhibited the highest level of integrity, dedication and leadership in the coffee service industry. The recipient must excel in all areas of business and show leadership within the community.

Serving greater metropolitan New York City for 30-plus years, Henchel has been at the forefront of industry advancement. The Corporate Coffee Systems founder was an early adopter of thermal and single-serve brewing technologies, and was a pioneer in introducing specialty coffee to the workplace.

CCS continues to grow, both organically and through strate-

gic acquisitions.

Henchel has received several honors, including the Eastern Coffee Service Association's Operator of the Year, the National Coffee Service Association's Java Award for marketing excellence and induction into the National Beverage & Products Association's Hall of Fame.

He currently serves on the National Automatic Merchandising Association's education committee.

His long industry involvement includes serving as vice-president of the Eastern Coffee Service Association and as a member of the board of directors for the Office Refreshment Development Foundation and National Coffee Service Association. He also served as chairman of the National Beverage & Products Association membership and benefits committee, a member of the association's executive committee and chairman of its



TOP OPERATOR: NAMA chairman Pete Tullio (l.), World Wide Vending and Gourmet Coffee Service (Van Nuys, CA), and chief executive Carla Balakgie, present Coffee Service Operator of the Year award to Corporate Coffee Systems' David Henchel. The presentation was made at a ceremony during the OneShow in April in Chicago.

education committee.

Henchel is also active in his community. He's a past board member of the local Little League and currently sits on a New York Rising Community

Reconstruction Committee, tasked with petitioning New York State for funding infrastructure projects to solve flooding problems caused by Superstorm Sandy.