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COMMITTED TO CULTURE

A Conversation with **TRAVIS BOERSMA**,
Founder and CEO of Dutch Bros Coffee



In 1992, faced with the closing of their family's third-generation dairy business, brothers Travis and Dane Boersma began contemplating entrepreneurial ventures. After a great deal of brainstorming and research, they started selling espresso from a pushcart in downtown Grants Pass, Oregon. Thanks to a commitment to the best customer service above all else and a lot of good music along the way, Dutch Bros Coffee has since expanded from that one pushcart in the center of town to more than 300 drive-through coffee locations in seven states and over 9,000 employees. We recently spent the morning with Travis Boersma and his team at Dutch's roasting facility and headquarters in Grants Pass, Oregon. Throughout our visit, we were greeted by smiling employees as rock music played in the background. We were also lucky enough to attend that week's TravTalk – Boersma's weekly presentation to employees that expanded far beyond a company update and into a motivational speech on well-being both personally and professionally in order for employees to deliver their best selves to customers. During our one-on-one conversation, Boersma spoke about building and maintaining the company's customer-driven culture, overcoming an influx of challenges at once and driving growth by promoting from within.

Brown Brothers Harriman: Tell us about your personal and professional background. Did you always want to be an entrepreneur?

Travis Boersma: I always had entrepreneurial aspirations, much of which stemmed from watching my father and brother as I grew up. My dad worked on our dairy farm, which required constant strategic decisions in order to turn a profit. He also ran an RV dealership, and this showcased to me having a penchant to make extra money to provide for our family.

My brother, Dane, was a mentor to me. He was passionate about the family farm and had visions about optimizing it and running it in the most qualitative way. Growing up, my conversations with him about where I could go in life helped fuel my dreams.

I always knew the entrepreneurial spirit was within me and that no matter what I did, I could make money. *How* I wanted to do it was the differentiator.



BBH: The dairy farm was a third-generation business. How did you transition to coffee?

TB: As a kid, I never thought we wouldn't be involved in the dairy business. However, when challenges and problems surfaced with the Department of Environmental Quality, the realization started emerging that we needed to make a change. The department wanted us to install certain equipment and make changes to the farm, and we weren't sure we would be able to recover the investment. It became obvious that the right choice was to sell the cattle and transition to a different industry. It was devastating to my brother more so than me; he was in his mid-30s with three kids, and I was 20 years old. We were in different parts of life, but what we shared was the desire to do something extraordinary together.

We talked about a range of wild ventures. One day, I suggested an espresso cart, but my brother didn't know what espresso was. A night later, he saw espresso on the menu at a restaurant and ordered it. He took a sip, and it was bitter and strong. He thought I was crazy and said there was no way we were doing the cart. I drove him to a drive-through coffee shop in town that I went to all the time. The woman who worked there whipped up two vanilla lattes, and I handed one to Dane. By the time we pulled away, he was hooked. That was his first experience with a latte and my selling point on why this was a good idea.

BBH: Once you chose coffee, how did you make the business happen?

TB: We drove up and down the I-5 corridor meeting people with coffee sector experi-

ence, expertise and knowledge – and most importantly, passion. Music was a love that we shared, so the entire trip we listened to artists ranging from the Beatles to Led Zepelin – everything from the 60s, 70 and 80s.

We met a man in Eugene, Oregon, whose office was like a mad scientist's room. There was coffee in burlap sacks, different varietals, scales, brewers and micro roasters everywhere. What became clear during our conversation was his passion and pursuit for the perfect cup of coffee. He gave us a double-pull manual espresso machine and 10 10-pound bags of different coffee varietals to play with. We set up my silver face amp and two big speakers in our old dairy house and had fun with music and coffee. We started creating recipes and using family and friends as guinea pigs. Before we knew it, they were knocking on the door in the morning asking if we were going to fire up the coffee machine because they were ready for a cup.

BBH: You started with one pushcart in the center of town. How did you finance the business in the early days?

TB: Our first pushcart was \$12,000, and it was everything we had. It was risky, but my mindset was that if it didn't work out, I could always get a job. We did \$65 in sales on our first day, and it was an instant profit. We got to be ourselves, rock to music, make coffee and hang out with people. It was a dream come true.

We were quickly making \$100-plus a day, and we remained disciplined about taking as little as we needed. We put the money we made back in the business and let it snowball.

BBH: What shaped your growth strategy in those early days as you scaled the business?

TB: Between 1992 and 1994, we ended up with five pushcarts. The original downtown location was our best. We struggled to get the others, which were outside of superstores and a community college, to perform like that one.

Dane had purchased a book by a motivational life coach, and in it we went through a workshop on setting limitless goals. We sat down on the living room floor of his mobile home for hours and captured everything personally and professionally we could ever imagine. Once finished, we set timeframes for achieving each goal, and then we exchanged them – which caused some laughs. Little did we know how much those goals would serve us in our growth. Because we had spent so much time writing them down and shared them, they were etched in our subconscious, and there was accountability.

The other piece we pulled from the book was this ultimate success formula we still use today – know your specific outcome, take massive action to get it, ask yourself if the action you're taking is working and change it until it does. We kept with those four steps and were asking those questions with our pushcarts. Our goals and philosophy helped us grow the company and remain focused.

We finally pulled the plug on two superstore locations because we wanted to have our own environment. We realized the importance of the musical element and the freedom to do business our way. We took those carts and used them for special events to promote our successful location.

“It was so simple and natural. We knew how important good service was from the beginning.”



BBH: How did you transition from push-carts to drive-throughs?

TB: In 1995, the drive-through where I took Dane for his first latte closed, so we took over the location. We didn't know it at the time, but that was our niche. We had a deck, so people who wanted to hang out could, and then we had our drive-through, which was more convenient for people in a hurry.

We had a daily customer who wanted to take what we were doing to the neighboring town. He offered to pay us monthly for the use of the Dutch Bros name and the knowledge and system we had. We thought it sounded cool, so we wrote an agreement on a napkin and started training him. He opened up a location with the concept and began performing as well as we were with our primary spots.

BBH: Did you grow significantly through franchising?

TB: That was our guinea pig franchise. Not long after, Dane wrote the first franchise agreement, I wrote the operations manual, and we made the commitment to franchise. We thought that would be the best way to grow because while we were disciplined in rolling back money into the organization, we certainly didn't have the funds to go everywhere and do everything.

There were many wholesaling opportunities, but we didn't want to do that. We wanted Dutch to be unique and special and were ultra-protective of the brand from the beginning. With franchising, we could control the methodology for making the product and utilize other people who cared and

would have skin in the game to grow. Franchise agreements gave us the resources to hold people to a standard and allowed us to ensure the product was fresh, credible and consistent.

BBH: How did you build a culture as you took on franchisees and employees?

TB: It was so simple and natural. We knew how important good service was from the beginning. The commitment we had to making it right for people no matter what was always a focal point.

As we grew, we looked for franchisees and employees with great character and integrity who had like values and principles, with the customer service piece being critical. The most important thing for us was building customer loyalty. If we could figure that out, we were winning. So when we saw people come back day in and day out, we rolled out the red carpet. I think of those early days, and they're my fondest memories. You develop relationships with not just your employees, but your customers.

We would have fun trying to change people's moods. We wanted to make everyone smile and create a magnetic, contagious experience. That lives on in our company. It's our culture and differentiator.

BBH: What challenges did you encounter as you continued to grow, whether related to culture or another aspect of the company?

TB: I call 2004 to 2008 the dark years of Dutch Bros. Several issues converged at once.

It became increasingly challenging to be culture- and people-first with the franchising model. We knew we were only where we were because of our customers, so we were trying to figure out how we could maintain, grow and scale the level of service we delivered at the beginning.

In 2004, we had more growth ahead than ever before, which brought some discomfort, and my brother had developed something wrong with his speech. It kept getting worse, and eventually it became real to everyone that something wasn't right.

At the same time, we lost everything in a devastating warehouse fire. I wanted to do everything I could to keep things smooth for our customers. A nearby coffee wholesaler roasted our coffee for us and filled the pipeline, and our bank and vendors offered assistance. That was my first time being in a position of having something catastrophic potentially happen with the business and having community rally around us.

I wanted to do what we could to move forward, and I took on the brunt of the business and challenges while my brother tried to figure out what was wrong with him. Within the next year, we found out he had amyotrophic lateral sclerosis, more commonly known as ALS. There was some denial among all of us. We kept looking for anything else it could be, but it became increasingly evident it was ALS.



The greatest lessons of my life took place during those tough years. While business was booming, I was in so much pain. I also started seeing compromises with the principles and values that were so important to us and had great concern about the economy. I visited Dane, who was bedridden and couldn't speak at this point, and said I didn't know what I should do, but that something had to change. I told him how much I loved him and that I was going to sign up for a series of events hosted by the life coach whose book helped us shape our limitless goals and philosophy. His smile said a thousand words.

I grabbed Dane's oldest son, my brother-in-law and a few other employees, and we attended all the seminars in a year's time. One was a new business mastery event, and that is where we realized we weren't in the coffee business – we were in the relationship business. It reaffirmed how important the culture was, and I made a decision that we were not going to sell franchises anymore. We were only going to grow from within. That shift was a game changer for us.

Dane passed away in 2009. It was a difficult, painful time for me personally, but making the change at the company was part of the healing process.

BBH: It sounds like ultimately your commitment to people and culture shaped your growth strategy.

TB: In 2010, we didn't open any new stores and instead stepped back and assessed. We got healthy personally and professionally. That intersection drove the culture and allowed us to kick off our new approach to growing from within. It's an interesting part of the company's growth strategy because it happened organically from the customer. It's rooted in the customer experience and the commitment we made in our foundational elements, principles and values that couldn't be compromised. It has evolved into a company model in which we can fund all the growth, and the opportunity is there for the best people in our organization.

“My hope is we will be known as a company that helps people design their life and live their dream.”



The vision of the company is a compelling future. It's not limited to Dutch Bros. It's about community and how we can be of value. It's also about helping people develop and grow. I want to provide opportunities for hungry, humble, smart people who have the fire to develop and be leaders – and who will then pass down our values to others. It serves as a stepping stone for wherever they go in their lives. My hope is we will be known as a company that helps people design their life and live their dream.

I have a personal mission statement I share with everybody: I, Travis Boersma, see, hear, know and feel that the purpose of my life is to enjoy the journey, to maximize the moment, to be a loving, passionate, inspirational leader that defies the odds, to be a force for God and a force for good, and I hope to meet the man that I am someday when I die, not the man that I could have been. That's it in a nutshell for me, and as long as I'm captain of the ship, it's going to be culture-first.

BBH: What are the benefits and challenges to being owner-operated?

TB: The benefit of being owner-operated is that we have more control over the decisions and future of the company. In addition, we are able to have a barrier to entry that

is achievable for anybody in the organization. There are criteria and standards that those looking to grow must meet to succeed, and they must align with our culture, but the ability to rise in the company and open a drive-through location isn't based on money or your business resume. In addition, being able to coach and help people the way I want to while growing the company is a huge benefit.

The challenge is it's my neck on the line. With our approach to growth, I view myself as taking on full responsibility and risk for each location. Predominantly, the only hiccups we've had related to performance are with people. We have a high standard and principles and values that can't be compromised. You build relationships, and sometimes you have to part ways with people who you care about when it doesn't work.

BBH: Talk about the company's values and how you make them known.

TB: At Dutch, we're love everyone, serve everyone. As long as we're serving our customers, doing the right things with our customer base and our co-workers and being accepting of everyone, it's more than good enough. That isn't always easy, and there's tough love still. It requires real conversations about where we are and how we're treating each other.

BBH: Giving back is at Dutch Bros' core. Talk about your philanthropic activity and mission.

TB: After having something catastrophic happen in 2004, along with what my family went through with Dane, I know what it's like to be in a place of need. We have several initiatives companywide. The biggest fundraiser we do annually is Drink One for Dane Day. All proceeds go to research and services for people with ALS. We also do Buck for Kids, where franchises select local organizations that help children and donate a portion of the day's proceeds there; breast cancer awareness, where we sell mugs, and the proceeds go to the cause; and our Dutch Luv Day on Valentine's Day, where we raise money to provide food for people who are hungry. Then we have many local efforts.

We aim to steer 1% of our annual sales toward philanthropic efforts, though some franchises do far more. It's part of the vision of a company with a compelling future. We're here for each other and will help any way we can.

Even at origin, we're dealing with our farmers in El Salvador and identifying what they really need, rather than giving them something that doesn't help. It's easy to feel like we're doing something good, but the bigger question to me is, "Is it truly impactful?" If it doesn't really help, that might create this warm feeling, but then it's just about you, when it should be about the people on the other end.

BBH: Travis, thank you for your time and insight.

Interview conducted by Jake Turner, and article written by Kaitlin Barbour.



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