

How an 85 year-old coffee roaster perked up a business

A COFFEE roaster looks like a washing machine on top of a barbecue," says Joe O'Hara, owner of premium coffee importer, roaster and retailer Alchemy. "You put the beans in the drum on top while the burners underneath heat the drum as it turns." And O'Hara has just acquired a rather special one. "It's from a German company called Probat that's been making them for over 100 years. There aren't any records, but we think ours was made between 1925 and 1935. There's one just like it in a museum in Hamburg dated from 1932."

Aside from the joy the former engineer (he once built oil rigs for Halliburton in Texas) clearly feels at restoring this piece of history, O'Hara had a very practical reason for buying such an old piece of equipment. "They were built incredibly well and that level of manufacturing doesn't exist any more. The front cast iron plate is probably over an inch thick. So once you get it up to temperature, it stays at that temperature. You don't get variations on roasts as much so our coffee can stay consistent."

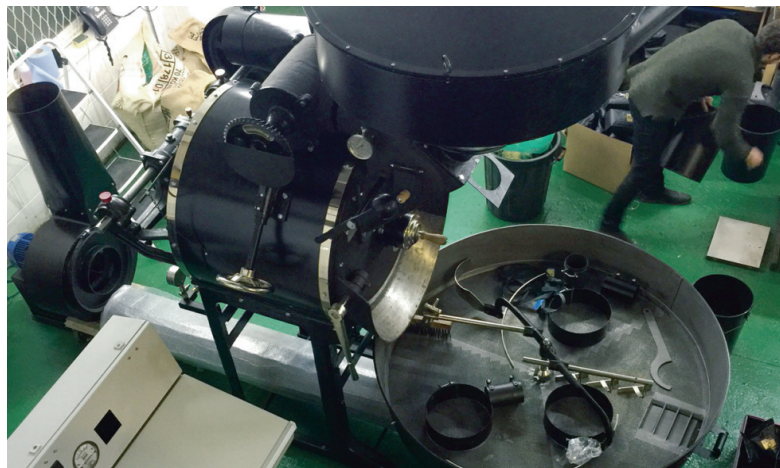
The name Alchemy captures what

Tom Welsh



O'Hara is seeking to achieve with his firm, which has grown from a coffee events business to a roastery to a wholesaler and retailer. "It's a blend of art and science," he says, emphasizing that his new roaster has been fitted with a computer system that monitors everything from the temperature of the beans to the speed the drum moves. O'Hara first caught the coffee bug on honeymoon in central America. "I saw it being grown. I love the product: it's organic, it's different every year, it changes constantly."

For all its age, however, the roaster wasn't cheap. The equipment set Alchemy back £35,000 and it needed a complete restoration costing a similar amount. Based in Wimbledon, the machine then needed to be fitted with an after-burner so the smell of roasting coffee didn't irritate neigh-



Banks were reticent to finance O'Hara as they didn't understand his business model

bours. Unfortunately, when O'Hara approached a bank to finance the purchase, he was rejected. "You go to a bank and say the roaster is 75 years old. You say it's in a warehouse in Germany and it needs to be completely restored. You say you're buying it in euros and then shipping it over to Britain. We went to a few banks but they couldn't understand it."

O'Hara already had a relationship with business funder LDF from his events business. "We set up coffee bars at events, but for that you need lots of coffee machines. We have 50 now, so that's £250,000 worth of kit. Asset finance was a way for us to pay for the machines over time with the money they generated." LDF was able to finance the purchase and restora-

tion of his new roaster.

Alongside supplying retailers with his coffee products, Alchemy has a cafe near St Paul's and O'Hara has high hopes for expansion. "I'll probably open another cafe and look for another roaster. It'll be about maintaining quality as we scale."

And finance will be central to his plans. Asked what advice he has for other would-be business owners, he hones in on one thing. "Understand the costs you're about to get involved in. Understand cash flow to make sure you don't run out of money. You may be profitable, but if a bill comes in and you can't pay, that'll sink your company. We have a direct trade programme where we go out and buy the coffee from farmers. That means that, at certain points of the year, I receive a very large bill. But we've only ever had an overdraft twice - and that's because we plan ahead. When companies go broke because of cash flow, they don't go broke the week they close the doors. They went broke three months earlier. They just didn't know it."

Tom Welsh is business features editor at City A.M.

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Alchemy Coffee is a London based speciality coffee roaster and importer of green coffee.

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“When the bank doesn't understand it, LDF does!”

Joe O'Hara - Owner | Alchemy Coffee

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