

Biggby Coffee Co-CEO Mike McFall drinks 14 espressos a day, wants to own the Red Wings

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Mike McFall, is a co-CEO of Biggby Coffee standing in one of the companies many stories this one on 9 Mile Road Farmington Hills, Michigan on Friday, July 19, 2019. The coffee shop started in East Lansing in 1995 and has branched out to many locations around Metro Detroit, Lansing and other areas of Michigan. (Photo: Eric Seals, Detroit Free Press)

There are two shots of espresso in a grande Carmel Marvel, the sugary and best-selling drink for East Lansing-based coffee house chain Biggby Coffee.

That isn't nearly enough caffeine for Biggby's co-CEO Mike McFall, who started as a barista at the business's first location in the mid-1990s, long before it grew to be a top regional competitor to coffee giants Starbucks, Dunkin' and Tim Hortons.

"I probably drink eight to 14 shots of espresso a day," McFall, 47, revealed in a rare sit-down interview last week inside a Farmington Hills Biggby, sipping his second four-shot Americano of the morning. "Caffeine impacts people differently, and I think it actually centers and grounds me as opposed to freaks me out."

McFall, who comes out next month with a new book about business lessons learned, generally takes his caffeine in the form of Americanos, which is hot water mixed with espresso and costs around \$3.30 on a Biggby drink menu. He makes his first Americano at home with his own espresso machine, which helps him wake up each morning at 4:45.

"I had four (shots) this morning before I left my house, and this is four more," he said. "I will easily do one (Americano) more, and maybe two more. Sometimes in the afternoon I will back off and do a two-shot Americano as opposed to a four-shot Americano, so that's how I get to 14."

He claims to not crash after downing all of that espresso, but does admit to taking 20- to 30-minute naps in the early afternoon. He said his doctor knows about his extreme caffeine routine.

"Yeah, he tries to get me to back down," McFall said. "I haven't listened yet."

McFall shares the CEO role with Bob Fish, who was an original founder in 1995 of the first Biggby in a converted Arby's restaurant in East Lansing. Back then, before a 2007 name change, the business was known as Beaners Coffee. The other founder of the first store, Mary Roszel, retired in 2012.

In his new book "Grind: A No-Bull**** (there are no asterisks in the real cover) Approach to Take Your Business from Concept to Cash Flow," set to be released Aug. 6, McFall shares some of the lessons in business, sales, strategy and life that he learned while guiding Biggby's franchise growth from two locations in 1998 to its current 239 locations in nine states and internationally in Indonesia.



Biggby is up to 239 locations. (Photo: Biggby Coffee, Biggby Coffee)

One key to Biggby's growth was the founders' early decision to embrace the preferences of ordinary Michiganders and fill their menu board with non-traditional sugary coffee drinks such as the Carmel Marvel, Butter Bear and Sugar Bear lattes.

"We believe the magic behind Biggby is that Biggby is for everybody," McFall said in the Free Press interview. "Many of the other coffee brands, the specialty coffee brands, they're fairly pretentious brands. And we work as well in Coldwater, Michigan and Alpena, Michigan as we do in Birmingham or Grosse Pointe."

Melted cheese on lobster tail

The book describes how serving such sweet drinks was a somewhat radical move for a coffee house in the mid-1990s, and drew smirks from "the high-end coffee enthusiasts and cafés that were just starting to grow in number."

"They considered adding two ounces of caramel to a latte a violation of epicurean manners, as if we were pouring melted cheese on a lobster tail," he wrote.

The book also explains why the coffee company ditched its early slogan "Hip sip in a zip." Essentially, Biggby's leaders didn't want their brand to be a poser.

"We walked away from it because we didn't think it matched up with who we are," McFall wrote. "We aren't really hip, and we didn't think saying we were hip and then not delivering on that message was going to work."

Yet perhaps the biggest factor in Biggby's growth and longevity was the decision to expand through franchising, rather than the company-owned locations approach of coffee giant Starbucks.

In a franchising deal, outside entrepreneurs make the upfront capital investments needed to open new Biggby locations and then operate the coffee shops as their own businesses. These operators then pay advertising and royalty fees to Biggby's corporate office based on a percentage of their net revenues.

Jeffrey Stoltman, a professor of marketing at Wayne State University's Mike Ilitch School of Business, said that franchising is a good way for companies to expand quickly without needing a lot of capital. It also ensures that the people in charge of new locations have strong incentives to work hard and achieve success.

The trade-off is that companies have less control over operations at franchise locations than in corporate-owned ones. The desire for control is why some brands with "high-touch models," such as Starbucks, prefer to own their locations, Stoltman said.

Lower entry price

McFall and Fish made a significant decision during the recession to try to lower the cost of opening new Biggby's for franchisees. It had been costing operators \$320,000 to \$350,000 to start up, "which is a big hurdle when you are trying to make cash flow with a four-dollar cup of coffee," McFall wrote.

By cutting back on requirements such as curved bakery display glass and stainless steel countertops, switching from tile to vinyl flooring in the bathrooms and dropping the initial franchise fee by \$15,000, the cost of a Biggby franchise dropped to about \$200,000, plus or minus 10%. The new entry price led to a surge in interest from potential franchisees.

"We sold so many franchises that we actually stopped franchising for a year," he said. In the interview, McFall acknowledged that Biggby, like any restaurant or coffee chain, does see some locations close from time to time.



This Biggby location on Evergreen in Southfield closed its doors in 2015.
(Photo: JC Reindl, Detroit Free Press)

These closures can happen when leases get too expensive or the overall dynamics of a location change. He gave the example of a Biggby that shut its doors after several big box stores relocated to the other side of a freeway over a five-year period, altering traffic patterns around the coffee shop.

Locations can also close once new competitors pop up, such as occurred several years ago in Midtown Detroit after the Great Lakes Coffee Roasting Co. opened a large location that was just a few blocks from a smaller Biggby on Woodward.

"It is part of the business, for sure," McFall said. "And we're getting better, we're getting smarter, and my desire would be that we never close another store."

Tough competition

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Part-time barista

The son of a college social work professor and the owner of a Tier 3 auto supplier business, McFall grew up in Highland and graduated from Milford High School in 1989. He went on to Kalamazoo College, receiving a degree in business and economics in 1994.

His first job after college was as an independent sales representative in Texas, selling imports to retailers.



Mike McFall, co-CEO of Biggby Coffee, shows off an old trick from his days as a barista. McFall visited the Biggby location on 9 Mile in Farmington Hills, Michigan on Friday, July 19, 2019. (Photo: Eric Seals, Detroit Free Press)

"People will always ask me what advice I have for an entrepreneur. And I always say, 'get a straight commission sales job,' " McFall said. "Because you wake up in the morning, you sell product, you make a living, or you wake up in the morning, you don't sell product and you don't make a living. There's no better corollary to entrepreneurship than that."

During the fall of 1996, McFall took as a job as a part-time barista at the first Biggby while also working as a research assistant at Michigan State University. Starbucks had yet to enter Michigan, and the prominent coffee house chains in the area were Espresso Royale and Cappuccino Café, he said.

He was later tapped by Roszel, Biggby's now-retired co-founder, to be manager of the business' planned second location. He went on to help lead Biggby's franchising entity as the number of locations began doubling every two years.



The new "B Cubed" Biggby location concept. (Photo: Biggby)

Biggby recently rolled out a new, compact drive-though and walk-up-only location concept, known as "B Cubed," which cost \$150,000 to \$180,000 to franchise, not including site work. Two B Cubeds have already opened in Saugatuck and Battle Creek, with a third set for Novi by late summer or early fall. Another nine or 10 could follow, McFall said.

Even as the number of places selling high-end coffee in Michigan has surged since the 1990s, with coffee shops now proliferating in cities and even some rural areas, McFall said he doesn't believe the entire state is at coffee shop saturation. For the right concept at the right locations, there are still new markets to be served, he said.

McFall now lives in Ann Arbor and is married with three children and a fourth on the way.

Red Wings dreams

As for his future, he says in the book that he is still working toward two lifetime goals: growing Biggby into a big nation brand, and owning the Detroit Red Wings.

The goals are intertwined, he wrote, because "I don't have a shot at owning the Red Wings unless we have a nationally dominant brand of coffee shops."

McFall, who played hockey and golf in high school, said he has seriously wanted to own the Red Wings for the past 20 years and thinks about it nearly every day, because for him, "the big goal is my beacon."

"When I cursed my alarm at 4:30 a.m. every Saturday, when I couldn't afford to go on trips with my buddies, when some godforsaken customers missed the toilet. I always knew the price I was paying and for what end," he wrote. "If I hadn't had the Red Wings in my head, eventually I would've forgotten why I was working as a glorified barista for 60 hours a week."

For his dream to come true, McFall would need to buy the NHL team from the family of Mike and Marian Ilitch, founders of another great Michigan-based franchise chain, Little Caesars Pizza.

McFall said he has yet to approach the Ilitches about selling.

"Not yet. Someday when it feels right. It's a little early on in the game," he said.