

JOE: Green Beans sells '15 minutes of tranquility'

CONTINUED FROM PAGE 1

services for the military and initially hired Green Beans. "You can't have a beer, so (coffee) is the next best thing."

Brothers Jason and John Araghi, who spent much of their childhood in Iran and worked in Saudi Arabia as adults, founded the company in 1996. They've opened 55 coffee shops so far, all but two on U.S. military bases in the Middle East.

With 26 cafes, Iraq is the company's major source of growth, helping hike revenue from \$8 million in 2004 to \$15 million in 2006.

An oasis of caffeine

Green Beans is also in Kyrgyzstan, Uzbekistan, Afghanistan, Kuwait, Qatar, United Arab Emirates, Saudi Arabi and Egypt.

From \$1 iced teas to \$5 latte frappes, the prices are similar to those found at Starbucks, Peet's Coffee & Tea and other shops in the United States.

The cafe ambiance is as important as the drinks they serve. The Araghis focus on interior finishes — stainless steel and granite in some cases — creating what the company likes to call "15 minutes of tranquility" by playing music, selling cigars and working to create a relaxed lounge atmosphere with board games and wireless Internet access.

"It was dirty. It was hot. You've got all this gear on and the people over there are looking at you like you're trying to do them harm when you're trying to do them good," said Marine Sgt. Joel Solis, who returned from an eight-month tour of Iraq four months ago. Solis said he would frequently visit the Green Beans where he was stationed in Al Asad, Iraq, during his down time, his M-16 in hand.

"You're still walking around with your weapons because it's still a combat zone. But being able to get off work and buy coffee like it's no big deal is a good thing. It really raises morale."

Green Beans is now raising its civilian profile, opening



SPENCER BROWN

Brewing in Fairfield: Jason Araghi and his brother John plan to sell franchises to soldiers who return home.

a Fairfield location earlier this month and increasing the number of U.S. cafes to two. While one more coffee shop in the Bay Area isn't significant — Starbucks operates 68 retail stores in San Francisco alone — the plan is.

The Araghis are positioning the cafes and 10 others they intend to open in the U.S. this year to serve as prototypes for franchises they intend to sell to soldiers who return to the U.S. and are seeking to rebuild their civilian lives.

"Every soldier who has been deployed over the past 10 years has seen our Green Beans coffee. We'll start actively selling and marketing (the franchises) at the end of the year," said Jason Araghi.

Cafes in containers

The prototypes, which he intends to cluster around Army bases, will be similar in design to the Middle East locales he and his brother have opened in the past decade, but will be wildly different in execution.

The biggest challenge to opening a coffee shop in a war zone is not security. It's logistics.

From cups and chocolate powder to water hoses, napkins and light bulbs, Green Beans ships everything directly from the Bay Area to the Middle East. During the first year or so, when the military wanted cafes open immediately, but Green Beans hadn't yet figured

out shipping routes, they were sending things by air. "That was costing us a fortune," said Jason Araghi, noting because he couldn't hike prices the additional overhead squeezed his already-thin profit margin.

Another major expense is creating the physical space. When the military doesn't have a shell space, meaning part of an empty building or structure for them to retrofit and make their own, then they build their own. The most popular and common shell: A shipping container.

Although there are some larger ones in use, most measure 40 feet by 10 feet. Green Beans uses a staging country, usually Kuwait, for setting up cafes in Iraq. The outside of the container is painted sand color for camouflage and the inside is made more luxurious.

Then they wait for an armored convoy to transport the cafe some 186 miles across the border to Baghdad and other bases.

"It's not very far, but we pay the same price (to travel 186 miles) as we do for shipping from S.F. to Kuwait," said Jason Araghi, adding that the expense is well worth it since the convoys are sometimes shot at. "The idea is to be mobile and self contained."

Supporting the troops

Mobility is key to thriving in the volatile region and the main reason why Green Beans hires retired U.S. soldiers as cafe managers. Third country nationals from India, the Philippines, Sri Lanka, Nepal and Pakistan, are the majority of Green Beans 300 employees, working as barristas and in other jobs that require little cross border travel and the ensuing paperwork hassle.

It's unclear how many more cafes Green Beans will open in the Middle East — the were able to open one within one week of a phone call request preceeding the initial Iraq invasion — but Araghi says he's ready.

"People try to tie us to a political entity, which is not true," he said. "People say 'if you support the troops then you support the war' and we don't see it that way. We are a services company and our service is to give them 15 minutes of tranquility and help them get away from it all."

"At the end of the day, it's a war zone."

lwilson@bizjournals.com / (415) 288-4939 ■