

Java U goes double/double

Sitting in the latte of luxury, the Montreal chain has grown from five cafés to 19 and plans are afoot to expand worldwide

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Do not suggest to Jeff Itzcovitch that Montreal might be nearing the saturation point for cafés.

He's still got big plans for Java U, the home-grown chain that's sprouted from five locations to 19 in four years.

"By the first quarter of 2010, we should have another 11 locations, mostly on the island, for a total of 30," Itzcovitch, one of the principal investors, said in an interview.

"We're also in discussion for a master franchise agreement for Toronto."

While coffee heavyweights like Starbucks and Tim Hortons have aggressively targeted the Quebec market in recent years, Java U quietly carved out its own niche.

Clearly, it's not afraid to mix it up. On a short block of Sherbrooke St., across from McGill University, Tim Hortons is on one corner and Java U on the other. The Guy St. and de Maisonneuve Blvd. location has five competitors in close proximity.

Superior food, quality coffee and a friendly environment are what have allowed Java U to stand out, Itzcovitch said.

"I call it a high-end coffee experience. Our coffee's second to none, but people can also get a healthy salad, sandwich or snack. We're a food-centric coffee shop. Our food is made fresh, from quality ingredients, at a centralized kitchen that operates 24/7, and it's delivered daily to our cafés. There's no preservatives in anything. We source locally, and are open to dealing with small local companies."



CREDIT: JOHN MAHONEY, THE GAZETTE

Java U partners Jeff Itzcovitch (left) and Benoit Brière (right) visit with franchisee Anthony Musto at his café on Sherbrooke St.



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Benoit Brière (left) and Jeff Itzcovitch (right) visit with franchisee Anthony Musto at his café on Sherbrooke St. last week. Musto has committed to a second location.

Java U has been part of Montreal's coffee culture for more than a decade. The original location at Guy and de Maisonneuve opened in a vacant Laura Secord store in 1996. A second followed two years later in the Hall Building at Concordia University.

"We wanted to open coffee shops around universities. That's why we called it Java U," said Ron Mofford, a former Cantors bakery owner who partnered with business broker Asher Adler for the start-up.

"People took to it right away," Adler said. "We had the right price points, service was more personalized, the vibe was good."

Both are still involved with the company, but not as administrators, having sold their stake two years ago. Adler has the Westmount franchise, Mofford is a partner in a separate catering division.

"We stayed true to the origins," said investor Benoit Brière. "We want to greet people the same way as when it started, when it was students serving students and the person behind the counter could be a friend."

Itzcovitch, 48, saw the potential early on. He and Brian Cytrynbaum bought into the company eight years ago when it was looking to expand.

The key to getting Java U growing was to shift from a corporate to franchise model, upgrade the menu and centralize purchasing and food preparation, said Itzcovitch, who had extensive franchise experience. He and Cytrynbaum used to oversee Cellular Solution, which had 89 franchise locations for the Rogers network.

Four years ago, Java U made the transition and began its growth spurt.

"We supply 80 per cent of the goods (to the franchisees), which are produced at Java U's central kitchen. That lets us control the quality and consistency. Our experience in franchising led us to believe owner/operators would further enhance the quality of service we strive for," Itzcovitch said.

Sales are closely monitored and franchisees get computerized order suggestions each day based on the results for those specific weekdays going back several weeks, which minimizes waste.

No kitchen on the premises means less floor space not providing revenue.

Annual sales range from \$550,000 to \$1.2 million, depending on the size, location, hours of operation and food-to-beverage ratio.

Brière said the shops are "nicer than a Starbucks, more trendy. It's where you go to see and be seen. The vibe is what differentiates us. It's not a place where we expect you to go to lunch every day, but you'll look forward to the day you do go, because it's an affordable luxury.

"There's real plates, real stemware, real cutlery. It's a restaurant experience at a café price. Tim Hortons is more of a blue-collar model. Starbucks doesn't really do food."

Anthony Musto, 48, a former salesman who opened the franchise at Union St. and Sherbrooke just over a year ago, already has committed to a second location in Old Montreal.

"A second store makes sense from the standpoint of costs, purchasing, personnel and managing," he said.

"It's been a lot of work, but it's stimulating. Every day looks the same but is so different. I like the human side of it. I'd heard a lot of staffing horror stories, but that has proved a pleasant surprise. It's like I have too many superstars now for one store."

Itzcovitch is convinced the business model is exportable, not only to other metropolitan areas in North America but also to other countries.

The chain already is present in the Middle East with four cafés in Jordan and another in Dubai, overseen by two master franchisors, and "we should have 12 to 15 in the Middle East within 24 months," Brière said.

There's been interest as well from Asia and Mexico.

Here in Quebec, the current congestion in the marketplace actually should be a boost for the company, Itzcovitch said.

"Our main problem has been finding right locations, not keeping the existing ones open," he said. "So we figure to gain from others' demise."

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