

The Entrepreneurial Brew:  
Striking a Balance between Profit and Purpose in Locally-Owned Coffee Shops

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“The Entrepreneurial Brew:  
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**Abstract**

This study investigates how small business owners, particularly in local coffee shops, balance profit and purpose. Regardless of the celebration of entrepreneurship in the United States, many small businesses fail due to factors like poor planning, funding struggles, cash flow issues, inadequate management and difficulty finding good employees. Through qualitative methods, including interviews and ethnographic observations, this study examines how owners make the operational decisions needed to run their businesses while maintaining profitability and purpose. The findings propose that while many of these owners prioritize fulfilling their business values and contributing to their community, they often sacrifice their well-being for the sake of their businesses, risking burnout. To tackle this, I make recommendations for future small business owners to establish structures within their businesses that allow them to step back from the business without negative consequences. This study contributes to the complexities of small business ownership and entrepreneurial space. It further offers some insight for small business owners to achieve a potentially better balance between profit and purpose without compromising their well-being to do so.

Key Words: entrepreneurship, social impact, financial sustainability, profit and purpose

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## Introduction

In the United States, entrepreneurs are often idolized because many people aspire to have their own small businesses or just businesses in general. Being one's own boss is appealing to the 'go-getter' entrepreneur. The attraction of "[building] something big from scratch, or at least something bigger than what they could as salaried employees" is often the narrative for many (Waltower, 2023). Unsurprisingly, entrepreneurship is flourishing in the U.S., with a record-breaking 5.4 million new business applications filed in 2021 alone (Li & Setiawan, 2023). The numbers alone are something that can inspire an entrepreneur. Who could blame these eager entrepreneurs when the U.S. Department of Commerce states that America has the best ecosystem in the world for supporting new start-ups and business creators ("Entrepreneurship," 2023). However, there are a multitude of reasons why small businesses fail, although these five reasons help to sum up some of the logistical aspects of small businesses that are often overlooked. The reasons include but are not limited to a lack of a solid business plan, a struggle to find the growth funding needed, poor cash flow, inadequate management, and trouble finding good employees (*Why Do Small Businesses Fail*, 2023). In a study that asked over 100 entrepreneurs why their businesses failed, nearly 70% of them said their companies hurt their personal lives, or the other way around (*Why Do Small Businesses Fail*, 2023). This all comes down to the idea that to be an entrepreneur is hard, and just having a passion for an idea is not always going to withstand in this competitive industry.

Entrepreneurs go into business for many reasons, including a desire for financial sustainability and economic gain or wanting to fulfill a specific mission or purpose. All these reasons come to life through the motivations individual business owners possess

along the process and the decisions made along the way. A specific motivation that some businesses hold is their commitment to their mission. However, “Defining this social role poses great challenges (and offer significant opportunities) for independent entrepreneurs who have the opportunity, ability and power to define the type of value they want to create and steer their ventures accordingly” (Zahra & Wright, 2015). It can be very difficult to balance being financially sustainable while carrying out a motivated mission simultaneously because of the economic nature of entrepreneurship.

The culture of entrepreneurship revolves around having an idea or passion and bringing it to fruition. However, what happens when motivation and passion are tested by the need for profit? Ultimately, how do business owners attempt to balance profit and purpose?

To answer this question, I conducted an inductive case study interviewing small business owners to better understand the motivations, challenges, and opportunities they encounter while pursuing their purpose and goals. Using ethnographic methods including interviews and observation, I attempted to understand entrepreneurs’ backgrounds, motivations, sense of purpose, operational activities, challenges they encountered and strategic decisions they made in the process of operating. The interview guide explored the operational decisions owners must make to run their businesses while attempting to balance profitability and purpose.

This study is set in the context of a particular type of small business – locally-owned coffee shops. Coffee shops play a unique role in society where they can be a place for connection. They help connect individuals on multiple levels through experience with public familiarity, incorporate ties to people, and places, and can lead to the development

of a sense of community (Ferreira et. al, 2021). These areas of socialization are vital to helping individuals connect with others outside of the workplace or even their homes. Coffee shops are often categorized as the concept of a “third place” which can be defined as an informal public gathering place outside the place of residence and work. Starbucks used the concept of a “third place” to build their growth strategy as a company. It is like an intermediate place where individuals can come and dwell in a state of “nonhome, non-office” (Liu et. al, 2021). It is no surprise that going from home to work, and no place in between can become exhausting and repetitive; therefore, the idea of a “third place” helps to fill the void of isolation. This makes coffee shops a place where some owners must juggle with the balance of purpose of creating this communal space while still attempting to balance profit. This study seeks to provide insights into how owners navigate the tension between profit and purpose by examining the specific purposes and values that drive individual business owners.

In this process of balancing profit and purpose, owners sacrifice their well-being for the business. These business owners define their purpose by fulfilling their business values authentically, prioritizing community building, and prioritizing contributing to the community. Prioritizing community building is how owners contribute to building a “third place” environment within their coffee shops to generate community building internally. While contributing to the community is the impact of what is being done outside of the coffee shop and how the owners are affecting the community around them. Many of these owners believe that prioritizing financial sustainability is important, however, their number one priority is their purpose and mission, and to achieve these goals they often engaged in four categories of strategic decision-making: differentiation,

marketing, financial, and environmental decisions. Lastly, these owners make better decisions for their companies when they collaborate with others. While most of these owners were successfully achieving a balance between profit and purpose, this success relied on the owners sacrificing their well-being. These actively involved small business owners often integrate themselves into their businesses' structure which leads to the risk of burnout and threats to the business's longevity. To address these feelings of burnout, I make a series of recommendations for current and would-be entrepreneurs. These suggestions advise that entrepreneurs should establish structures within their businesses that allow them to step away without negative consequences. These structures should include owner collaboration, employee involvement, and a solid foundation of purpose and business values.

This paper is motivated by the idea that not everyone can be an entrepreneur. This research stems from the recognition that entrepreneurship is only a suitable path for some. Navigating the tension between profit and purpose within small businesses is essential. Many owners who are mission-driven often find themselves having to balance profitability to be financially sustainable or they risk losing the opportunity to fulfill their purpose. The suggestions are ways owners can combat these tensions in the future to balance profit and purpose in a way that does not involve them having to sacrifice their well-being for the business.



## **Literature Review**

### **Motivations vary among entrepreneurs**

Entrepreneurial motivations and reasoning as to why some business individuals go one way, or the other is motivated by many distinct factors. Some factors aren't always as clear from the outside looking in. This is because an owner's motivations and decision-making can be influenced by their passion for money. Some individuals highly value the opportunity to create, own, and operate a business and the small business sector provides an outlet for these entrepreneurial energies to flow (Holmes & Zimmer, 1994). These Entrepreneurial actions are said to be influenced by formal institutions, such as property rights or enforceable contracts, and by socially shared beliefs and values that reward or inhibit behaviors of these entrepreneurs, such as innovation and creativity (Hayton & Cacciotti, 2013). This said, entrepreneurs can draw from multiple motivations that can lead them into this profession or continue to motivate them. Entrepreneurial motivations are categorized as both push and pull factors that can stem motivation for owners. Push factors include circumstances of unemployment or job loss that prompt individuals to start their businesses. Pull factors include circumstances where there are business opportunities, or the owner is inspired by a mentor or role model. Business owners who are motivated by push factors are often referred to as "necessity" entrepreneurs and pull factors are commonly known as "opportunity" entrepreneurs (Li & Setiawan, 2023). These are just a few of the motivations that vary in the entrepreneurial realm.

## **Different perspectives of motivations in entrepreneurship**

There is not one answer that can encapsulate the motivations of entrepreneurs. This is because business owners have varied desires. Motivation depends on the person, the circumstance, and the economy. Motivations for entrepreneurship can include but are not limited to economic gain, desire for achievement, independence, and control, personal development, improved social status, the opportunity to innovate and create new products, emulation of role models, and contribution to community welfare (Carsrud & Brännback, 2011). However, two ways motivation can drive entrepreneurship is through profit and purpose. Traditionally, the entrepreneurial goal of starting a firm was solely economic. Dating back to the 19th century, Jean Bertrand Say defined an entrepreneur as a person who does something for economic gain (Carsrud & Brännback, 2011). This entrepreneurial goal of financial economic gain is still a motivation for some business owners today. Financial sustainability is generally recognized as a component of financial condition or financial health. The prioritization of financial sustainability is recognized heavily in the industry as an indication of the business's financial health (Bisogno et. al, 2017). Traditional entrepreneurs are thinking about financial sustainability constantly in their business models given their goal of financial growth. Financial condition refers to the capacity of a business to comply with financial obligations while using its available resources (Bisogno et. al, 2017). This sustainability is essential in the business realm for both the current state and the longevity of a small business.

Social entrepreneurship, for instance, often prioritizes social gains over financial profits. Similarly, lifestyle entrepreneurs are driven by a mixture of goals, including economic gain, but not exclusively (Carsrud & Brännback, 2011). The word 'social' in

social entrepreneurship specifically addresses social issues and catalyzes social change while still recognizing the roles of economic and social value (Ormiston & Seymour, 2011). This type of entrepreneur is one “who seek[s] to generate change (creating social, cultural or natural value), through the creation or expansion of an economic activity, by identifying and exploiting new products, processes or markets” (Ormiston & Seymour, 2011). Many business owners have a mission and purpose behind their businesses. These missions can be carried out through something meaningful, for example through community building and or community engagement. These business owners would be considered social entrepreneurs according to the description because they are seeking social and or cultural change whether inside their business or outside in the general community. These mission-driven individuals can often find it challenging to compete with traditional entrepreneurs who are driven by economic growth. Financial profit is the most common proxy for economic value at a firm level and national wealth at a societal level. Often, it is challenging because economic value is at the forefront of business. However, these entrepreneurs are looking for something more than financial profit to motivate their missions and purpose therefore, they see this motivation through social change (Ormiston & Seymour, 2011). These entrepreneurs hold specific motivations that help to drive their commitment to their set mission for the business. With that said, these entrepreneurs are not necessarily putting financial sustainability at the top of their priority list as traditional entrepreneurs would.

### **It is difficult to balance and constantly be in control**

Something great about small businesses is the freedom in which they can operate (Council, 2022). However, the business world is constantly changing. It is crucial to

recognize that motivations and life circumstances are not mechanistic; a change in circumstance may cause an alteration of a business owner's motivation but, equally, may not sustain motivation by habit or cause the entrepreneur to act against the norms. Therefore, entrepreneurs may adapt their hierarchy of motives to navigate challenges and pressures that come within their businesses (Jayawarna et. al, 2011). These motivations and goals may be altered with time and the only way one can honestly know how these individuals are making decisions and how they are motivated is if someone asks them. According to a study by Cox Business, they "found that more than half of small business owners start their own businesses to be their own boss. They were also motivated by creating something from the ground up. Nearly two-thirds of respondents said they had started their own business for one of those two reasons" (Waltower, 2023). This introduces some leverage inside small business owners, with the additional point of money not being much of a factor for the respondents, with just 8% stating it was not their main motivation (Waltower, 2023). Questions then arise in highlighting the complex interplay of motives among entrepreneurs. If profit is not an essential factor in some small business owners' mindsets, how are they able to juggle the balance of passion with profit? Are they able to balance? Do they need to balance? Research has revealed that 43% of business owners never considered closing their business (Waltower, 2023). Although the option to consider closing is a luxury, in today's economy, that option is not always available. Therefore, what are businesses doing to protect their financial sustainability while fulfilling their purpose? Particularly in small businesses, it can be challenging for a business owner to juggle the maintenance of, and mission and purpose cultivated by both profit and purpose.

## **Decision-Making in Small Businesses**

Decisions are not only a vital component of small businesses' success, but they help to lay down the foundation for a company's current and long-term aspirations (*Decision Making*, 2020). From the outside looking into a business, it can sometimes be unclear what decisions are being made within a company from a customer's perspective. Decision-making is ultimately problem-solving which can be categorized into both process and decision and in small businesses the success lies with elements of rationale, setting, scope and level, procedural and technical aids, outcome, and implementation (*Decision Making*, 2020). These all go hand and hand in the decision-making process although there are many variations depending on the type of business owner. Some factors in poor decision-making include but are not limited to: "limited organizational capacity, limited information, the costliness of analysis, interdependencies between fact and value, the openness of the system to be analyzed, and the diversity of forms on which business decisions arise" (*Decision Making*, 2020). Although large corporations cannot always alter their marketing strategies, small businesses can have a more customary approach that lets them have an advantage over big corporations. Smaller businesses can take their time to get to know their potential customers and evaluate their needs more precisely than large corporations because of the grace they have in their business models (Council, 2022).

A type of decision-making that is seen in small business is a customer-centric approach. To be customer-centric is to have all decisions of related deliverables including products, services, and experiences be curated to create customer satisfaction, loyalty, and advocacy. It emphasizes the customer by anticipating what they might want or need. When a business is customer-centric there is a strong opportunity to create meaningful

experiences and build lasting customer relationships. These relationships are what can help build small businesses and go hand in hand with marketing and understanding customers (Ramich, 2023).

However, to be customer-centric is a risk for businesses, and generally, risks in the small business world are divided into financial and non-financial risks. The decisions that small business owners make can be divided into internal and external risks (Myšková & Doupalová, 2015). These risks are what entrepreneurs are taking when embarking on their business plans and they are what ultimately define a company in terms of the sustainability of a company. The overconfidence of an entrepreneur is what fuels them in environments of uncertainty, but in the same sense, it can lead to ignoring alternative perspectives. This mindset is what can lead to flaws in the customer development process and stray a business owner away from their profit (York & Danes, 2014).

How are mission driven entrepreneurs ultimately able to balance profit and purpose within their small businesses? Given the dynamic of profit and purpose, looking particularly at small business owners who have motivations of purpose and profit. How are these business owners navigating through different decisions within their business to pursue their set mission and purpose?

## **Methods**

### **Purpose**

This study investigated how small business owners attempt to balance profit and purpose. It aimed to understand the individual stories of small business owners to better understand the motivations, challenges, and opportunities they encounter while pursuing their purpose and goals.

## **Why Qualitative Study?**

I answered my research question using qualitative methods because I could surface complex issues – like how the emotional aspect of personal stories and how motivations contribute to efforts at balancing profit and purpose – in ways quantitative measurements cannot. Using semi-structured interviews and ethnographic observations, I engaged with small business owners to their decision-making processes and the motivations behind them. This was beneficial for this study because as new information appeared and new inferences were made, I could develop multiple connections among the information (Charmaz, 2006). Through my qualitative research, the business owners' stories had similarities and differences. Therefore, it was essential to develop multiple connections in the information I collected; qualitative research allowed this to be possible.

## **Data Collection and Sources**

This work is one study, including the methods of interviewing and ethnographic observations. I collected the data for my inductive analysis from November 2023 to March 2024, and the data was collected in West Palm Beach, Florida; Houston, Texas; and Colorado Springs, Colorado. The study focused on understanding business owners' motivations for starting or running a business. This was executed by understanding the owners' individual stories and how they got to where they are today within their coffee shop. The interview guide explored the operational decisions they must make to run their business while attempting to balance profitability and purpose. In this study, I used the Small Business Administration's definition of a small business as a privately owned company with fewer than 500 employees (*The State of Small Business in America*, 2023).

However, based on my personal observations and interviews with locally-owned coffee shops, the number of employees typically ranges from 1 (including the owner) to a maximum of 65, depending on the number of locations. This range is significantly lower than the SBA's threshold, as coffee and snack shops in the US typically have an average of around 9.4 employees. Therefore, there is a significant difference between small businesses and coffee shops regarding the number of employees needed or available. A coffee shop is a business that typically serves coffee, tea, or other beverages alongside some food. Generally, these spaces have places for people to sit down. However, that is not a requirement, ex., a drive-thru coffee shop. Therefore, a locally-owned coffee shop in this study combines the two to curate a foundation from which the study can build. All the locations I interviewed were shops where customers could come and sit down. Although some coffee shops had different business model locations, including drive-thrus, I made ethnographic observations and conducted interviews at sit-in locations. These criteria ensured that I spoke to the locally-owned coffee shop owners who were suitable for this study.

### **Determining Success**

It is essential to acknowledge that success can be seen through different lenses. In this study, many business owners had their version of success. In this study, I did not ask the business owner if their business was thriving. To determine success in the study, I defined a business as being successful if it was actively open and operating. Success was also not a factor when determining whether a business balanced profit and purpose.



## **Semi-structured Interviews**

I followed intense interviewing with a semi-structured protocol for my interviewing process. This allowed for the interview to have a free-flowing conversational aspect. This method allowed for elaboration on specific topics or experiences noted by both parties, gave room for explanation within the conversation, helped go beneath the surface level topics and experiences. I used theoretical sampling to target interviewees (Glaser & Strauss, 1967) as my knowledge evolved with every interview. I followed a semi-structured interview guide, which allowed the conversation to flow freely. I reassured the owners that if they want to chime in and elaborate more on one section of the interview, that is perfectly okay. This helped me develop trust with the owners and made the interview less daring and intimidating from both parties' perspectives. Using a free-flowing conversation was essential to help unlock individuals' personal stories and experiences. The structure allowed the owners to share different elements and routes they used to get to where they are today while still having all the business owners answer comparable questions. The questions were asked in a way that did not frame or put words into the owners' mouths; they were open-ended to the point where the owners could share the elements that are profoundly important to them. This ensured that the data I collected was authentic to the specific owner. This also ensured that no cherry-picking was involved in the data collection process. I interviewed nine owners over four months, all locally-owned coffee shop owners. The interviews lasted no more than 90 minutes, with an average of around 30 minutes, all audio recorded and transcribed. The interview transcripts ranged from 6-10 pages single-spaced. The conversations were all in person in the owners' designated shops. The interviews were

also recorded using the platform Otter.ai and further reviewed and edited by myself to ensure accuracy in the interview's transcription. The questions concern entrepreneurial motivation, business sustainability, decision-making, and a "third place" environment. After each of my interviews, I would reflect on the conversations; I did this similarly to memo writing. However, I only wrote down some of the pieces of reflection. I reflected the most on questions within the interview. After reviewing the audio and transcripts from each interview, I went through my interview guide and adjusted specific questions for clarity. These adjustments came from me having to repeat a question for a business owner in an interview and the overall flow of the conversation.

Additionally, once I had got the hang of interacting with the business owners, the questions came naturally to me because of the practice and experience from the previous interviews. The semi-structured protocol allowed business owners to speak more about a specific concept when they felt passionate. It also gave me, the interviewer, the flexibility to elaborate and pursue interesting themes and comments raised during the interviews in more detail. This gave a greater sense of individuality and purpose, which shone through the interviews. This format ultimately led me to digest and understand the owners' perspectives on profit and purpose within their companies and further evaluate their attempts. The semi-structured protocol was used to tailor the conversation to the specific experiences and stories of the interviewee. The structure gave leeway for custom experience with each interview while still staying on the trajectory of the study.

### **Ethnographic Observation**

I additionally used ethnographic observations to collect data at these coffee shops. Using ethnographic observation was to observe locally-owned coffee shops by

embedding myself in the environment. While the interviews investigated how the owner's motivations and decision-making shape their values of balance, profit, and purpose, these observations were to see the decision-making process and the environment the shop and owners take on. Although the apparent option to understand a customer's perspective was to interview them, I decided to become a customer myself. The factors behind not interviewing customers were accessibility, the bias of multiple opinions, and I wanted to be a customer and experience the coffee shops for consistency within my data. Through reflexivity, I understand that because of who I am and the environment, I have grown in how I see the world; therefore, I decided to do ethnographic observations to control this reflexivity bias. The observations occurred in all nine of the coffee shops in which I had interviewed their owners. I observed each coffee shop once, making my total number of observations nine. All the information gathered about participants was recorded in my notes. Although rules about recording in public places say that people do not expect privacy in a public place, I decided not to record my findings. I merely did the ethnographic observation by observing how the customers interacted in the coffee shop, how the baristas interacted, how the vibe of the coffee shop was, etc. To get a sense of the purpose and ambiance the business owners were attempting to convey. I took notes on the environment of the coffee shop, including how it was decorated and organized, how many chairs were in the location, what was on display, and what products were being sold. I took notes on these aspects because, as a customer, these elements embody community and a "third place," inviting space. For this method, I purposefully interacted with the coffee shop only once when ordering an item from the establishment. I made a mix of observations before and after my interviews. However, I did not see any

discrepancies in how I was treated or how the environment felt different depending on the time I made observations. I was able to make some observations while interviewing the owners. Whether that be if there were interactions within the interview between the owner and customers or if I just noticed something in the environment that I felt compelled to write down. Observations led to themes linking to the purpose and profit aspect of small business owners and how a customer perceives those values.

### **Coding**

I first used open coding (Charmaz, 2006) to identify themes within my interview transcripts. Opening coding led to the ability to dissect the information gathered and separate the information into several different sectors. I included in vivo coding to preserve the interviewees' meaning of views and experiences (Charmaz, 2006). I utilized the coding platform NVivo to store my data and make multiple codes that could link to all nine interview transcripts. This platform allowed me to do open coding while creating new codes as I reviewed and went through my transcripts. Following open coding, I did focused coding, which helped to sift through the codes made previously and categorize the data wholly and incisively. (Charmaz, 2006). This process involved reviewing and repeatedly referring to my interview transcripts to ensure the themes and categories were aligned. I did this process through an Excel worksheet where I organized the nine interviews and paraphrased meaningful quotes to show themes within my data. In addition to paraphrasing, I also included essential quotes to use those references in my findings section. Over time, the categories were adjusted, and themes were created. To find additional themes and connections within my data, I utilized many graphs, Punnett squares, and tables to express my findings. This part of the coding process was not linear

and took time to develop. I constantly returned to my data and brainstormed to find more connections.

### **Reflexivity**

Through reflexivity, I was able to acknowledge my role in my data. Since I was a critical factor in my research collection, it is vital to be aware of my potential biases and role in society. These reflections helped me digest what my conversation was like in my interview or what my observations were in the business and how my positionality plays in my data collection. I am a biracial 23-year-old female brought up by a single immigrant parent who came from nothing in America. Given this knowledge about myself, I can understand that passion and motivation to work towards a goal means something different because it is how my dad made it to America from Guyana. I can then understand that I may attribute striving toward passion as crucial because, in my eyes, that fuels goals and leads to achievement. Acknowledging my position helped me to adjust and fine-tune my memo writing after reflecting on my interviews and observations to adjust my approach within my interviews, which ultimately made the delivery continuously better with every interview I conducted.

## Findings

The research question for this study focuses on how small business owners attempt to balance profit and purpose. To fully understand the purposes and motivations behind these nine owners interviewed, in addition to in-person interviews, ethnographic observations were conducted. I first conducted open coding, analyzing the interviews using a computer-based qualitative data analysis software (NVivo). Furthermore, I created nine charts and tables to refine the data. This section begins with a table that distinguishes the values/purpose each owner emphasized the most, as well as how they prioritize community--either through community building (internal) or contributing to the community (external). The names of the coffee shops were concealed for privacy purposes. However, the names alluded to the original shop's location or certain qualities it radiated. Building off the table, three ways the owners define their purpose are discussed: fulfilling their business values authentically, prioritizing community building, and prioritizing contributing to the community. The following sections then elaborate on how the owners balance finances and the profitability aspect of the business, identifying the four most common strategic decisions: differentiation, marketing, financial, and environmental decisions, as well as the decisions made solely by owners without consulting others.

**Table 1:**

Describing the values/purpose and community outlet each owner prioritized the most within their shop.

Owner's Names	Type of Owner*	Coffee Shop Names	Values/Purpose	Community Priority**
Bob	Collaborative	Post & Brew	<ul style="list-style-type: none"><li>• Providing product/service that solves customer problems</li><li>• Product quality</li><li>• Contributing to community</li></ul>	External and Internal
Jessica	Collaborative	Creamery Coffee	<ul style="list-style-type: none"><li>• Product quality</li></ul>	Internal
William	Independent	Hidden Haven Drinks	<ul style="list-style-type: none"><li>• Promotional community (community building)</li></ul>	Internal
Oscar	Collaborative	Sunnyside Sips	<ul style="list-style-type: none"><li>• Product quality</li><li>• Human connection (community building)</li><li>• Brand identity</li></ul>	External and Internal
Mike	Collaborative	Neighbor's Blend	<ul style="list-style-type: none"><li>• Community building</li><li>• Contributing to community</li></ul>	External and Internal
Laura	Collaborative	Cityscape Brew	<ul style="list-style-type: none"><li>• Employee investment</li><li>• Building relationships within the brand (community building)</li></ul>	Internal
John	Independent	Urban Roots Café	<ul style="list-style-type: none"><li>• Fostering relationships (community building)</li><li>• Product quality</li></ul>	Internal
Macy	Collaborative	Local Mountain Café	<ul style="list-style-type: none"><li>• Community building</li><li>• Environmental impact</li></ul>	Internal
Bill	Collaborative	Coffee & Counting	<ul style="list-style-type: none"><li>• Contributing to community</li><li>• Human connection (community building)</li></ul>	External and Internal

\*Collaborative Owner is an owner who collaborates with others when making decisions and Independent Owner is an who makes decisions independently.

\*\*All owners interview prioritized community within their purpose--either through community building (internal) or contributing to the community (external). Externally contributing to the community is the impact of what is being done outside of the coffee shop and how the owners are affecting the community around them. While internally is how owners contribute to building a 3rd place environment within their coffee shops to generate community building focusing heavily on environments and relationships made inside their shops.

## **Owners delivering on their mission through authenticity and community**

*Business owners commit to authentically deliver on their mission and make that central to how they operate their business.* The essence of a business lies in the values which it is founded. Being authentic is not altering or wavering these values when opportunities arise to compromise them. I discovered that the business values serving as the foundation for these owners include community engagement, quality of product, investment in employees, environmental consciousness, and brand identity. These specific values have helped curate brand purpose amongst all the businesses I interviewed. Among all nine owners interviewed, there was a consensus on the importance of aligning business practices with these core values. Bob, the owner of Post & Brew, emphasizes the crucial importance of this alignment, stating, “You have to do everything to [align with] what you value. If you do something that goes against it, you’re going to fail. That conflict is not going to allow you to succeed, or it’s going to erode the authenticity of what you do, and being authentic is super important in a business.” Bob prioritizes solving customer problems, maintaining product quality, and contributing to the community. He believes that these values are vital for his company’s profitability, sustainability, and overall authenticity. Despite the diversity in the values they cherish, all these owners share a unified approach to expressing their brand’s purpose authentically.

Among the business owners I interviewed, they all expressed having operationally driven goals and profitability goals. I found that while pursuing these goals, owners often had to balance, refine, and or alter some goals that did not align with their values. For example, Mike, owner of Neighbor’s Blend, values authenticity in community building and outreach within his shop, which is in the heart of Houston Heights. He described his



approach to business goals, saying, "...you have to be flexible. You have your goal, and sometimes you realize you can't afford to do 100% of your goal, or vice versa." Mike and these other business owners successfully run their businesses by being flexible with their goals to align their values, staying true to their specific purpose.

Furthermore, Oscar at Sunnyside Sips emphasized the benefit of not compromising one's values and persisting towards goals in the face of adversity. Oscar explained, "A lot of it [the business] is just sticking to the fundamental core values that you set in place and not compromising... if you're going to be a business that's dedicated to quality, and [putting] people first, then you have to always put those up as the bar to reach...when you're less than that, there are times that's going to happen. There's just no way around that for any business. But it's what you do in those moments. And it's how you're always...striving to be better." For these owners, adhering to their business values and integrating them throughout the brand was essential. They believed a crucial practice in maintaining authenticity is staying true to their values.

None of the owners I interviewed felt compelled to compromise their values to achieve a goal or advance in their business. In a discussion with Jessica from Creamery Coffee, a company that values the customer experience through their product, she explained that if she were to go against her values, "I can't sleep [at] night...Morals are super important to me as a person..." Jessica, like many of the owners I interviewed, considers morals and business values fundamental to their business and personal well-being. To address struggles between values and goals, William, from Hidden Haven Drinks, suggests, "...you succeed in business if you love what you're doing. But [as] soon [as] you don't like it, get out." This perspective is crucial, as many owners encounter

decisions that challenge their morals. However, to maintain authenticity in their brand and company, they must stand firm in their beliefs. Although exiting the business is not a feasible option for some owners, it is how William chose to preserve his business-driven goals without compromising his profitability goals.

Overall, these locally-owned coffee shop owners demonstrate that success is not solely about financial gain but also about building a brand that remains true to its core values and purpose. The balance of profit and purpose is an ongoing battle, with core values and purpose serving as the foundation of a business.

*Many of the business owners I interviewed consider it essential to contribute to the community, through outreach initiatives executed outside of their coffee shops.* All the owners I spoke with prioritized community within their company's purpose. The distinction between contributing to the community and community building is the outlets the owners utilize. This section primarily focuses on contributing to the community in terms of the impact of actions taken outside of the coffee shop and how the owners are affecting the surrounding community.

Oscar, the owner of Sunnyside Sips, was very keen on his business, giving back to the community by buying products and ingredients locally. A key business value for Oscar is product quality, aligning his purpose and values with the contribution of high-quality local ingredients while supporting the local farmers. Regarding the use of lower-quality ingredients, he explained, "We could save a lot of money [buying lower quality ingredients], and we don't choose to do that because [of] the principle of local, quality sustainability. I would rather pay more for a local dairy farmer [who] lives in our general vicinity, that is putting the money back into our local economy, than going to even Whole

Foods and grabbing milk from Joe Schmo farmer cooperative, [which is contributing to a massive corporation].” The successful owners I found are the ones like Oscar, aligning their businesses’ purpose and values within their operations. To prioritize community, he adjusts his finances to invest in the community. Bob takes a similar approach by paying his employees a higher hourly rate so their tips can go to a local charity, stating, “...my employees don’t take tips. I don’t pay them as a tipped employee; I pay them at a higher rate...every month we pick a local charity, [that we give the earnings to from] tip jar.” The external purpose of community building is so deeply embedded in the business that Norman has adjusted how he compensates his employees to fulfill his communal purpose. I found that these owners often adjust their business finances to contribute to their purpose, which is their way of balancing profit and purpose.

Another way of contributing to the community is through investment and growth. Laura, one of the three owners of Cityscape Brew, believes in investing in her employees and the communities with which they do business with. Laura emphasizes the importance of quality through relationships, stating, "we want to uphold this belief that we want to do quality through relationships...we pick these farmers because they share the same value [and] they want to grow better coffee, and we commit to them to help them continue to work on [building their quality of coffee].” Laura’s approach to the community through building relationships is evident in how her company invests in the farmers who supply their coffee. At Cityscape Brew, they are committed to cultivating long-term relationships with farmers, not only to provide a purpose behind the coffee but also to invest in the people and the product because, “I think what we sometimes forget is, in order for them to be able to improve they need to have continued support.” This approach helps contribute

to the external community and their mission of building relationships within their shop. This desire for community growth is a driving force behind why many of the owners I interviewed contribute to the community.

Lastly, I found that Mike at Neighbor's Blend found his ways to contribute to the community by being a presenting sponsor for the art trail near the shop. He explained, "We were one of the presenting sponsors for the art trail, on the main drag...why did you do that?...No one's going to see a beautiful piece of artwork and think of coffee, right? But they'll appreciate that they have that along the boulevard, and then they're going to say, who makes this happen? [That curiosity is what brings people into the shop]." It is important to note that these owners are not actively contributing to making a profit for their shops; if profit comes, that is a bonus. However, their purpose of contributing to the community fuels these investments. Like all the previous owners mentioned, Mike understands the value of contributing to the community and prioritizes it within his company. These actions that the owners have been implementing continue to align their purpose for the companies through outreach.

*Most business owners I interviewed consider it crucial to focus on community building within their shops to contribute to how they establish their brand's purpose.* I found that most owners I interviewed prioritized community building in their shops. This section focuses on how owners contributed to creating a "third place" environment within their coffee shops to foster community building. They focus heavily on the environments and relationships they formulate to fulfill their purpose.

Through the location of his coffee shop, Mike believes in investing in the space and location to create his community. He explains, "My purpose was community oriented.

[For] people [to] come in and form interrelationships that form the social fabric of this neighborhood. This is the oldest neighborhood in the city. [If we were not located here, we] lose that ability to socialize in this neighborhood; what's that gonna say for this greater city?" This outlook is shared by many of these owners who want to own a coffee shop to build relationships and form a community. By integrating his business into this Houston neighborhood, Mike created a spot where "95%" of his business stays in the shop after ordering, ultimately cultivating this community inside the shop. I found that these coffee shop owners realize that "...people tend to come for the coffee but stay for the connections. The human connection supersedes the quality of the coffee.," as Oscar puts it. Although the business model remains the same, owners like Oscar, who value the influence a great cup of coffee can have on an individual, are still cognizant of building connections within their shops for the human connection aspect of the business.

In addition to integrating space and interaction, Bill from Coffee & Counting highlighted the importance of not only creating a third space but also inviting communities into this space. He states "Yeah. I don't think we can function societally [without] safe spaces. But it's the integration of space that is so critical...we could have a really cool place, [to] just come here and hang out, and then go out, to be disconnected...it's finding, [how to incorporate the connections made inside the shop to also translate outside of the shop.] Because you're providing both the environment for that coffee community conversation, [the] right environment." This integration that Bill speaks about alludes to his vision of his shop being where human connections are made and carried out within the community, outside the coffee shop. I saw similar perspectives throughout the interviews. Bill values contributing to the community and community

building; therefore, his perspective aligns with the business values he builds his company on.

From the interviews, I found it especially important when the owners would live by their words, actively engaging in what they told me. When I interviewed John, owner of Urban Roots Café, he explained that he values introducing his customers to each other and genuinely fostering connections within his shop. John was able to achieve this by being what he described as an involved owner. I physically saw him connect with individuals while conducting the interview. Almost every customer he saw had something new to say personally to John, and it was like everyone in the shop was friends or they had a built-in community. John explains, “Even though English is not my first language...I am really good at connecting people. [For example] let’s say... you’re a college student [who]... like to be an entrepreneur; I would introduce you to every entrepreneurial customer I know. Then I will connect you to everybody [else who I think could benefit you]. I’m really good at connecting people, and every coffee owner says, ‘Oh, I worked at a coffee shop for a long time. I realized it’s not about coffee. It’s about connecting people. It’s about people.’ but they don’t do anything, but I do.” The importance lies in integrating this “third place” environment while actively fostering relationships within the shop. The emphasis on interacting with the community being built within the coffee shop creates an atmosphere that people feel welcomed by and contributes to the communal aspect of John’s purpose.

Macy, the owner of Local Mountain Café, believes their “third place’s” communal environment is built from her and her husband being [actively involved] working owners and having an intentional staff with the customers. She stated, “I think that’s part of us

just like being here...especially [with] cultivating...a staff that cares about our regulars. I think that's just how small businesses are gonna survive...we were...attracted to the idea of... a friendly community place where new people have come in, or we can build relationships with people and [also] environmentally having an impact.” These owners cultivate their purpose through building community and rely heavily on the communal relationships built that help fuel their businesses. Macy is a notable example of building community in the shop because that community ultimately keeps the doors open. In my interviews, many owners alluded to the importance of regulars for the sustainability of the business. Focusing on a “third place” environment helped these owners build regulars and cultivate a community balanced with profit and purpose.

## **Profit**

*Many of these owners believe that while profit is imperative in running a business, it is not necessarily the number one priority in managing a small business.* It was clear among many owners I spoke to that striving to prioritize community and business values often led to profitability. While still understanding and paying close attention to numbers and costs of goods, owners found that placing profitability secondary tended to balance out within the business. Oscar from Sunnyside Sips stated, “I think profitability is secondary. “I think if you’re doing the right thing over and over again, even if you miss the mark sometimes...profitability will come.” While putting less emphasis on prioritizing profit, Oscar believes profit comes with the flow of the business. However, this does not mean owners are completely negating its importance, “I think a lot of it is constantly evaluating your cost of goods, constantly seeing [and] making sure [your numbers are adding up, for example] when inflation hit...a year ago, we didn’t

adjust our prices quick enough, and within two months, we went from making money to losing money. Just by...not adjusting small amounts like 25 cents sometimes is the difference between a cup of coffee and be you making money and losing money.” Oscar’s perspective was shared among many of the business owners I spoke to; they value checking and keeping up with the numbers while constantly adjusting and diversifying the business models. Bob explained the idea of constantly having trial and error within a small business. He called it the concept of “diversifying or dying.” Many of the owners spoke to me about diversification when making business decisions. Many were aware that with trial and error comes both failure and success, and John expands to,”...if we stop evolving [within the business], then we are dying.” If your business is not evolving in some aspect, you are not progressing within your small business.

Similarly, John, owner of Urban Roots Café, additionally mentions, “...I don’t want to just find the cheapest ingredients possible and buy it just because it is cheap... I don’t want to just do something for the money, but I do believe money will come.” This perspective reiterates the importance of not focusing solely on money while still understanding that to be profitable, money does play a role. Bob expands on the financial aspect, saying, “A daily, weekly, monthly, annual, annual thing. You’ve got a retail brick-and-mortar business, and you’re consolidating cash registers every day. There are financial reports we do...weekly... and I’m a stickler for looking at the sales figures for day versus last year, week versus last year, today versus yesterday.” Among the majority of owners I interviewed, I found that they were all cognizant of the impact and importance of profitability and the financial aspect of their business’s sustainability.



The balance between profitability and purpose comes from understanding the coffee market. Laura from Cityscape Brew understands that she can only raise her prices so high before customers are no longer willing to purchase, "...the challenge in [the] coffee [industry] is that you cannot overprice because at some point people are not going to want to buy \$8 and \$9 coffee, whereas, with cocktails, you wouldn't blink an eye if you spend \$20 on a martini...the challenge is just maintaining that income." Awareness of industry pricing and adjustments helps contribute to profit and is something every successful owner must implement. All these owners struggle with this awareness because Oscar would call coffee a "luxury item. That's not something... that a lot of people see... in their lives is a necessity." That is where the balance of purpose of community helps bring individuals to the shops because they are coming for the community. Another way of prioritizing profit is through owners picking a cost-effective location, like William from Hidden Haven Drinks. He valued the cost of the location at the time and did not realize the effects it would have on his business, "...location... big [factor when owning a coffee shop]. [Although] if you want [the] best location, it is very expensive...I was spending \$2,000 here. It's probably the cheapest place in town." Although by choosing a cheaper location, William found himself constantly evaluating his finances to combat shutting down, "I made an adjustment to invite [a partner to incorporate a] vegan menu...Because it [would help out with the rent] per month...but it didn't work out [because my landlord had specifics in the lease not allowing me to]. I really [tried]." William felt the external pressures that are not uncommon for small business owners, and he ultimately evaluated the costs and made the financial decision to shut his business down. I found that acknowledging profit prioritization does not necessarily correlate to success. These

pressures are what small business owners feel, and it is crucial to evaluate one's situation by balancing one's profit and their purpose.

### **Types of Strategic Decisions**

Through my interviews, I identified four categories of strategic decisions commonly made by these small business owners. These decisions have helped these owners navigate the challenges of business ownership while sustaining trial and error. The categories of decisions include differentiation, marketing, financial, and environmental decisions.

***Differentiating.*** Differentiation is a strategic tactic considered by all four coffee shop owners I interviewed. Bob in particular, “decided [against] buying coffee from a wholesaler...[and] wanted to control the freshness and...the quality of the product. So started roasting [their] own [coffee]...[becoming] a small batch roaster... roasting almost every day, or at least three or four times a week.” not only was he able to control the coffee's freshness but he reaped the benefits of doubling his profits from 2022 to 2023.

Similarly, Macy found that although, “It was upfront quite a big cost. Because...you have to get the roast...[coffee] and the [other] supplies [needed],” she was able to expand the growth of the business through this decision. The benefits from streamlining their production, “... the cost savings [of roasting your coffee] on the back end was huge... [Additionally] you can build loyalty within the... customer base... it just adds... a little bit of a layer to [the business] ...now people are like coming in to buy beans...[and] we have wholesale accounts where [we sell] Local Mountain Café coffee.” Owners roasting their coffee created a whole other sector of business through differentiation. It opens the business financially and has found these owners success.

Utilizing the tactic of differentiating, John found that adding the largest coffee bar in Houston to foster communication and community, resulted in just that: “Whenever you’re [in the shop], let’s say if you’re...a college student that would like to be an entrepreneur, I would introduce you to every entrepreneurial customer I know. Then I will connect you to everybody. I’m good at connecting people...” John found that investing in the environment helps him connect with others and develop the community inside his shop. John can stick to his value of community building while evolving through differentiation in his shop’s interior design. As for Mike, he learned through differentiation of having an evolving menu that, “The...reality is the cost of...labor to keep [changing the menu] ... evergreen is super expensive in a tight labor market. And... frankly, I found that customers are reticent to change...they like their coffee and...don’t necessarily want to see something new all the time. They don’t mind something changing but don’t [want] full-scale change.” Learning from trial and error is essential to running a small business. Mike was able to implement Nitro cold brew into his business as a smaller-scale change, which was very successful among his customers. Alluding to the customer-centric approach of understanding what one’s customers/audience needs and helping cater to them. I found that the business owners I met all were substantial in their beliefs while still respecting and listening to the value of customer feedback. They don’t always take customer advice; however, it helps them differentiate themselves by understanding their audiences’ wants and needs.

**Marketing.** Marketing and establishing a strong online presence have proven to be essential for these small coffee shop owners in enhancing their businesses and overall brands. Jessica, for example, noted found that implementing a solid marketing presence

helped her business maintain relevance and “[be] in people’s minds.” She stated, “There wasn’t a huge social media presence before we took over, and I think that’s helped a ton...just being consistent... because you got to stay in people’s minds, and I just try to post the food [in a way that makes people want to come in and enjoy.]” This highlights the significance of adapting to the evolving business needs to remain relevant in the market.

Marketing was a crucial element William wished he was able to implement into his business because, “[Without] marketing...you can have the best place in the world [but] if nobody knows where you are, or what you do. It’s useless.” This emphasizes the crucial role of marketing in creating awareness and attracting customers, ultimately contributing to the success of small businesses that rely on brand relevance to drive business growth.

***Environmental.*** The owners I interviewed have faced unexpected changes within their businesses, particularly those who experienced the pandemic. They can attest to the adaptability needed to navigate such significant societal shifts. For sustainability, Laura had to make the difficult decision to shut down five out of the ten locations of her business. Reflecting on this, she stated, “... [COVID gave us the] opportunity to refocus, ...in order for us to keep our doors open, it’s all about numbers. At the end of the day, we got to pay our bills, we got to pay our staff, and we have to meet our cost of goods sold.” This moment allowed Laura and her company to balance their profit and finances by focusing on their employee and community purpose. It was a strategic decision to refocus on the shops that remained open, a decision also seen in Neighbor’s Blend and Local Mountain Café, where they adjusted their business models to the circumstances. Mike

acknowledged, the reality that Laura understood, “We would have never made it through the pandemic [without changing our business model temporarily.] We’re not a to-go shop. We don’t have a to-go window.” Although, as a company, they had to adjust to the circumstances, “...we have a great customer base. They were [parking outside the shop], and we were meeting them...but that just goes to show you that’s the kind of [community we have built].” Despite the challenges endured, their strong customer base enabled them to adapt, highlighting the community they had built. These owners found that the unexpected times in a business are when it is vital to think on your feet and adjust.

Similarly, Local Mountain Café, “when COVID happened,...we shut down for a month and month and a half, and then when we opened back up again, we kind of changed Local Mountain Café to be... less sit down, and... more concentrated on... to-go orders... [the setting was] a little bit faster because people weren’t able to come in and sit down... But [still] having... the essence of the community and getting to know people but also having that speed of service. I think that was something that we were able to do pretty well.” Despite these changes, they maintained their sense of community and were able to continue building relationships, even in a fast-paced to-go setting. Coffee & Counting, with its drive-thru model, ironically benefited from the pandemic. Bill noted, “Ironically, we actually realize benefits, [from] the pandemic because we were a drive-thru... sales up...” Bill found that his business model not only provided a safe way for people to interact during the pandemic but also financially benefited the business. Staying open during the pandemic was a strategic decision that ultimately benefited Bill and his business’s profit and purpose. While environmental factors can be unpredictable, small businesses must demonstrate adaptability in dealing with unforeseen circumstances.

*Financial decisions.* Business owners I interviewed make financial decisions for their company's sustainability. John decides to use higher quality, expensive ingredients while keeping pricing low for his customers. He explains, "...this is for fun, I... want to connect and meet people..." John's decision to price the drinks lower in his shop is to attract more people and develop the community building aspect of his purpose. He stated, "... finance is important, but I do believe with my personality that I will do well...I do believe money will come, but I am not actively seeking it. If it comes, it comes. Like I don't want to just find the cheapest ingredients possible and buy it just because it is cheap." Although this tactic of underpricing is not commonly seen, it has been an effective way for John to pursue his purpose. As for Laura, she sees financial decisions as necessary to keep the company in the green. A major decision she had to make was switching from getting local milk to cheaper milk. She explained, "I think at the beginning, wanting to use local products [was our version of] supporting the community. It's part of a branch of our value that we think is important because you know we want to serve the community. [But] for us to be able to do that... realistically, we can afford it." At first, she thought her values were changing, although she still wanted to help the community, she just couldn't support it by purchasing milk. Often, owners find themselves having to re-evaluate the decisions they make to monitor their business in general. For Laura's sake, she had to monitor her business to balance her profitability aspect while keeping in mind her purpose of community building.

Similarly, Oscar constantly reviews and evaluates financial inputs, monitors costs, adjusts prices, and ensures that expenses are covered to maintain profitability. He explained, "...you... always have to be very cognizant and aware of your pricing structure

on [items], making sure that you are offering value for your product and making the best product possible but also charging what you need to be able to pay your staff well and be able to keep the lights on.” This outlook of constantly being aware is really important, especially in the coffee industry, because numbers can be very tight. Numbers can be so tight that a shop might have to close like William’s. William found that not only was the coffee shop not making money, but he was burning out, stating, “I didn’t know it was taking so much of my time.” He explained, “Last year... I was breaking even. [Now] this year... the economy is not there... I checked with other restaurants. It’s the same, the sales are lower, much lower. I [have been losing] money.” Often it is hard to let go of something that you have put so much effort into. However, William’s burnout from this company was a strain on his life, and the financial decision to shut down was what he believed he needed. These owners can feel like this because of the strain of making decisions as just one individual without consulting others.

### **Decisions Made as an Owner Alone**

I noticed for these small business owners, it is challenging to manage and tackle every decision that comes your way without discussion or collaboration of shared views. William from Hidden Haven Drinks, who was ultimately shutting down his store, stated, “I will put more attention on the lease specification the next time. And maybe [have] somebody...re-read [the lease], like you and another person... for me, I think [I] jumped [without knowing vital details].” After reflecting on what he could have done to save his business, he realized that having someone read the lease and help him make certain decisions before jumping straight into the business would have been helpful for the sustainability of his café. This feeling is familiar amongst the small business owners I

interviewed, because of the urgency one might have to be their boss or start something of their own.

Additionally, John stated, “I make a lot of illogical decisions. I can do it because I don’t have any partners.” When speaking to William and John, they both spoke to thriving in the space of being an independent business owner, although the results of shutting down and making many illogical decisions question if independence is really what an entrepreneur needs to make decisions that will grow its business. William told me he wanted an employee to help with the load of the business, “I mean, I was hoping to get an employee to get the break. But there was no money to hire someone. So, it’s all about that if you make a profit, you can hire some people and do the job for you. And you can focus on something else. So, the expansion of business is always... based on the team you have so you can expand on... if your time is limited...daily...you can’t expand... [and you’re] stuck...” Being stuck in one spot can lead to burnout from constant repetition without feedback or criticism.

On the other hand, John purposely did not want to have partners, “Because of my experience with partners, I tried to do this without any partners. Like my family members wanted to be a partner...but I tried my best to do this without any partners.” This is interesting because John wanted to avoid having partners. However, he realizes that if he did have partners, he would make less illogical decisions, and his business could be profitable sooner. When speaking to John and observing his shop, I understood that he was proud of the vibrant aura his shop brings to people. However, when asked what the threat to his operation is, he stated, “...me burning out,” this is similar to how William felt,



and it is safe to say these owners believe that running a small business is hard. And running a small business independently is even more complicated.

### **Discussion**

The small business owners I interviewed often integrate themselves into their businesses' structure. This integration involves paying themselves less, working more hours, and taking on multiple roles, which can impact both their well-being as well as the business's sustainability. These owners may only realize the extent of their sacrifices when they experience burnout. Despite acknowledgement of these sacrifices, some of the owners seem to believe they are invincible, though this is not the case for any human, inevitably leading to burnout. While successfully achieving a balance between profit and purpose is a success for these owners, the reliance on the owners within the business structure poses a risk to not only the brand but the business's longevity.

This research study theoretically contributes to the entrepreneurial educational space because there was not much research done on how small businesses owners balance profit and purpose. The practical contribution resulting from this research involves recommendations for future small business owners to implement in their business to avoid a feeling of burnout.

### **Recommendations**

To address these feelings of burnout, future small business owners should establish structures within their businesses that allow them to step away without negative consequences. These structures should include owner collaboration, employee involvement, and a solid foundation of purpose and business values. By achieving a

balance between profit and purpose without sacrificing their well-being to do so, owners can ensure the long-term success and sustainability of their businesses.

### **Owner Collaboration**

Although entrepreneurship is often seen as a solitary pursuit, my study found that owners frequently benefit from collaboration in their decision-making processes. My research indicates that having a business partner or owner collaboration when making decisions can be an advantage for small business owners. A business partner provides a valuable resource for bouncing ideas off and consolidating thoughts. Partners also play a crucial role in dividing and conquering tasks within a small business, as suggested by the interviewed business owners. For example, Bob at Post & Brew focuses on the front-end tasks, while his wife handles back-end operations. Similarly, Macy and her husband Andy at Cityscape Brew divide and conquer their tasks, “[I] make drinks, my husband does most of the food [preparation and I am involved with] small business marketing...a lot of Instagram [content]... doing payroll, we pretty much do it all. We have an accountant that helps us, but every other task...we’re pretty much doing ourselves.” Dividing roles, including front and back end, or a mixture of them both, adds stability to the business because there is a balance of responsibility. However, it is important to note that trust is essential when choosing a business partner, as they are also responsible for the sustainability of the business. The selection process for a partner can be crucial for the long-term success of one’s business. For example, sometimes, it is not feasible for owners to go into business with a family member because of the risk of personal life conflicts. In cases where owners need help to afford to have a business partner or have reasons not to want a partner, collaboration could still be an essential factor in integrating into a

business. Collaboration without partners can look like having employees contribute to helping make decisions, consulting the customers on decisions in a survey or questionnaire, and having a mentor in the industry. Sharing ideas and explaining different decisions is part of the brainstorming process within a business and is vital for trial and error. For instance, although Oscar at Sunnyside Sips does not have a partner he develops a deep level of trust with his employees through an extensive training process. He stated, “...it’s about a three-month training process for the first part of training, which is...[the] introductory [process]. Everyone that starts here has to start at the bottom, just like I did in all of my jobs...we look to see that the work ethic is there and that... anticipation and the ability to work in a high-volume cafe with a good attitude...[that is the process once we bring people on, so they learn the ins and outs of the business...really daily operations, mostly cleaning...and customer interactions. And then as they go on, they start to learn brew bar and Tea Bar, etc.” This training process is how he evaluates his employees and build trust for collaboration. Collaboration fosters a pool of ideas, suggestions, criticisms, and improvements that can lead to new discoveries or reinforce existing practices. Regardless of whether the owner implements these suggestions, small business owners should consider collaborating with a support network from the beginning of their business journey as a means of maintaining stability.

### **Employee Leverage**

All the owners I spoke to emphasize the importance of their employees. However, I noticed that most of them struggled to leverage their employees in a way that did not lead to burnout. In my data, I observed that hiring employees who embody the same values and represent one’s brand is significant for the authenticity of a business. This not

only to build trust, as demonstrated through Oscar's extensive training process previously mentioned, but also emphasizes the importance of the in-house relationships as seen with Laura and her team at Cityscape Brew.

In order to find employees who align with the company's values, consider fine-tuning the hiring process to be specific to the type of individual the company needs. That said the research suggests that it is vital for employees to have the knowledge and insight of the business to operate when the owners are not there. Whether or not the owners decide to be actively involved owners, this process could be integrated into the beginning steps of a business to possibly alleviate a burden on the owner, leading to burnout. This information can be explicitly given to some employees, but there needs to be a significant amount of trust in who is receiving the information. Consider Oscar's training procedure of building trust with the employees through the beginning stages, then slowly advancing them in the company as they progress. Tasks such as roasting the coffee, closing out the cash registers, cleaning protocol, and storing ingredients may be similar to those of a store manager but often, in these small businesses, the owner oversees managing. When the trust of employees is built, owners can work on leveraging the potential of their employees to help the business and alleviate burden on themselves with multiple tasks. Having some employees equipped with the knowledge to run the establishment for a set amount of time without the owner present could create work-life balance for the owner.

From the data the owners I interviewed could benefit from using their employees to leverage and alleviate the sacrifices they make for the company in terms of tasks. Moving forward, I suggest owners discuss with some employees learning tasks deeper into the operational stability of the company, alluding to having someone who has the

same knowledge of the company as the owner does. This role can come into play when and if an actively involved owner wants to scale back for the business; however, it is the next step in building that implemented structure into the business. In other words, having the option to expand horizontally gives the owner some leeway and space to be flexible with their future endeavors. This integration allows the business structure to operate without the owner's presence, integration which is essential for the owner's well-being and the business's growth and sustainability. Too many times, owners long for work-life balance and the option of stepping back from their business but do not have the means to do so. Therefore, giving employees insight into the business's operations provides the owner with some flexibility so that they do not have to manage every day without worrying about the stability of the business operationally.

### **Strong Company Purpose**

Based on my findings, I advise small business owners to establish a solid foundation for their business, built upon the purpose and values that the business stands for. All the owners I interviewed established and emphasized the importance of having a purpose and business values, which they reflected on when making decisions. Having a purpose and values helps owners be authentic to their brand. Small business owners should consider having unwavering values that, when faced with adversity, help distinguish which side of the line the business lies on. I found that goals are built from having a specific purpose for one's business, with profit also aligning with this purpose. Although these owners did not prioritize profit as the number one goal in a business to efficiently balance profit and purpose, they recognized that profit plays a role in the survival of a business. When these owners emphasize their purpose, for example, product

quality or external community, they do everything within the brand to support and implement this purpose. For example, buying produce locally contributes to getting a high-quality product and supporting the external community. Once a business implements its values into its operations, profitability often follows.

However, I did find that it is essential to stay informed about the financial aspects of the business. Monitoring finances was vital for the sustainability of these small businesses, even though profit may not always align with the business's purpose and values. Every small business owner I interviewed wants to be successful to the point of smooth sailing operationally. Through their trends and actions, I found the balance of doing so starts with purpose and building the company's core. The flaw I saw most in these owners was when attempting to balance purpose and profit the owner was often implementing themselves into the company's purpose. As noted above, I suggest there to be a structural element that allows the business to operate correctly without the constant monitoring of the owner. Although I found these owners believe it is crucial to invest in one's company through the purpose and values, there should be a way for owners to step back. Therefore, implementing a robust and purposeful foundation for a business can give the owner something to lean back on when experiencing struggles or any adversity that might come. This purpose can be seen to fuel small business's customers, employees, and the community, setting small businesses apart and creating communal purposes.

In conclusion, I found that small businesses should consider implementing owner collaboration, employee leverage, and a solid foundation of purpose and business values to achieve purpose and profit without sacrificing the owner's well-being. From my data, I suggest owners to be conduct themselves with intent and work to implement these

changes at the beginning of starting a business. Often, it was evident that these business owners find themselves in situations where they start sacrificing themselves from the early days with the expectation to scale back in the future but need the means and structural elements in place. These steps do not guarantee success and sustainability for a small business, but they were found to help combat small business owners integrating their whole lives within their business.

### **Future Research**

This study allowed me to investigate how small businesses balance profit and purpose. I found that most of the owners I interviewed were able to successfully balance profit and purpose at the cost of their own well-being. Through the practical contributions to the study, I offered leverage and knowledge for incoming small business owners to keep in mind when starting a business. This study gives researchers a steppingstone to investigate further into mission driven businesses and the motivations and decisions that affect them.

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## Appendix A

### Interview Guide

#### Opening

- Hi, I am Shalom Prince, and I am a senior at Colorado College majoring in Business, Economics, and Society. Currently, I am working on my senior thesis investigating how small business owners attempt to balance profit and purpose. The study aims to understand the individual stories of small business owners to better understand the motivations, challenges, and opportunities they encounter while pursuing their purpose and goals.
- This is why I am speaking to you today.
- The questions being asked will be about your background as a business owner, motivations, how the business engages with the community, and decisions made operationally within the business.
- This interview will be the structure of a conversation, therefore at any time you will be able to answer or not answer a particular question if you desire. You may also elaborate further on certain topics if you desire.

#### Background of the interviewee

- Can you explain a little about your background and training? I am interested in how you really got started- what inspired you to start your own coffee shop?
- Do you see yourself as an entrepreneur? Why or why not?
- How has your experiences influenced the directions of your coffee shop?

#### Decision-making in operating a small business

- I'm really interested how small businesses manage to keep their doors open – not just today but a year from now or 5 years from now... I'm curious about your operations and finances and how you manage the challenge of running your business for the long term....

#### Operational aspect

##### Daily Activities

- Can you tell me about the types of activities that you engage in every day?
  - Ok, so of those categories, what do you think is the greatest threat to the company's operation?
  - What is the most vital piece of operation?
- Can you tell me about an interaction that went well? (either with your customers, employees, etc.)
- How long have you been operating for?

#### Managing employees, purchasing and supply chain activity

- Can you tell me about your process of managing employees?
  - Ok now can you explain to me how you manage costs/achieve profitability?
- On the topic of finances could you explain its role within your company?
  - What would you say is the most vital piece?

- Have you made any strategic decisions that have positively impacted both profitability and purpose?
- Can you speak a little to how you handle challenges that may arise when trying to align financial goal with your business values?
- How do you decide who you buy your coffee with?
  - How do you choose suppliers and determine the products offered in your shop?

### Mission and Purpose

I am interested in what got you into the business and what your mission and purpose is for the company...

### What do you consider your purpose and how do you go about delivering that?

- Is there a driving force for your business? If you were to describe the purpose what would that be?
- Motivations and goals for the business
- Can you speak about the topic of influences? Do you believe there to be many influences that affect your company?
- Have you had to make any significant pivots or adjustments to your business model and what was the reasoning behind those particular decisions?
- Does your mission involve engagement from others? Do they have an influence on decision making?
- Looking ahead, where do you see the company in the next 5 years?
  - Are there any specific aspirations or long-term goals for this company?

### Closing

- Thank you so much for your time chatting with me. Is there anything else you would like to speak about or leave within the interview?
- I was wondering if I need any clarification, would it be alright for me to reach back out to you?
- You can always reach me by my email or phone number.

### Snowball sampling

- Also, is there anyone you can recommend in the area for me to get in contact with from your perspective?



<b>Coffee &amp; Counting #9</b>	Colorado Springs, CO	13 years as a company (9 under the current owner Bill)	Bill being an owner that is not in the front end has a tremendous amount of support from the employees and from the company itself when starting situations. Due to the business values being ingrained into the company so well, there is a lot of confidence in the employees.	Bill's journey spans several decades and diverse experiences, starting with studying political science and business administration. He ended up creating the first personal agency for the social service system in the US. Later he became the CEO of a large company focused on social responsibility. While also cofounding a business for social responsibility in the early 80s, shifting later to focus on local businesses. After consulting globally, including in Haiti post-earthquake, they eventually found their way back to entrepreneurship in the food and beverage industry, which felt like a reconnection to their roots.	When I got with company it was around 4 years old and it ran only through that connection, that the folks who were overseeing who were developing that that minute happened to have been the original investors in Coffee & Counting. Therefore, his journey was not a direct path straight to coffee.		When coming in 4 years into the company Bill found that the brand had great product, great service, etc. Where it was lacking was the extent of sustainable practices, community impact, and economic justice. So those were the pieces that he really wanted to focus on in how to build that out that people would not only enjoy the relationship they have with the company but they also receive a benefit from us being in the community. Along the journey of the company, they have been fortunate with their collaborations with others to determine if they share the same values and if collaboration makes sense. Bill has often found himself turning down some opportunities because he doesn't want to alter the business values.	Bill discusses the positive impact his business has on both customers and the organizations they support. He mentions delivering coffee to healthcare workers during the pandemic, supporting veteran centers and organizations aiding the homeless, and collaborating with the local zoo. The community and connection between the business, his staff, and the community, highlighting their commitment to supporting both well-known institutions and smaller organizations in need.	Bill has a commitment to his location despite external pressures like development pressure. He also emphasizes the importance of creating safe and integrated spaces for the community. When he came into the company they were lacking in sustainable practices, community impact, and economic justice; so those are areas he focuses on.	Diversifying the business model and trying to be some opportunities that do not necessarily align with the business values of the company	Some pivots and changes include diversifying the business model of different locations in order to have a coffee house and self-sufficient in addition to their first which was a drive thru. During Covid the drive thru was very effective because they were still able to stay open and the community was very responsive because a give an option for individuals to get out of the house.
<b>Themes</b>	<b># of owners</b>										
Experience working or very familiar with Coffee Shops	6	Post & Brew	Sunnyside Sips	Neighbor's Blend	Cityscape Brew	Urban Roots Cafe	Local Mountain Cafe				
No owner had a direct path to starting the company; they all had experience elsewhere before their coffee shops.	6										
Things customers might not notice but are important to the owner	8	Everyone but Creamy Coffee									
Community and connection	9										
Risk, balancing and pivots	8	Everyone but Sunnyside Sips									
Quality (in terms of products)	4	Post & Brew	Sunnyside Sips	Urban Roots Cafe	Cityscape Brew						
Financial sustainability priority	8	Everyone but Urban Roots Cafe									
Consulting others when decision-making	8	Post & Brew	Sunnyside Sips	Neighbor's Blend	Cityscape Brew	Creamy Coffee	Local Mountain Cafe	Coffee & Counting	Creamy Coffee		
Entered the business through connection	7	Post & Brew	Hidden Haven Drinks	Creamy Coffee	Cityscape Brew	Local Mountain Cafe	Coffee & Counting	Sunnyside Sips			

Coffee Shop Name & #	Coffee Purpose (profit or purpose)	Customers (purpose)	Daily Activities (profit or purpose)	Employees (purpose or profit)	Finances, Purchasing, and Managing Costs (profit)	Future Goals (purpose or profit)	Most vital piece of operation (purpose or profit)	Threat to Operation (purpose or profit)
<b>Post &amp; Brew</b>	Bob explains their decision to roast their own coffee instead of buying from a wholesaler to ensure freshness and quality. They use a small-batch roaster and roast coffee almost daily or least three to four times a week due to high demand.	The business is relationship based and they focus on building those relationship with the customers. They try their best to be accommodating to the customer and their needs and wants.	Constantly juggling different tasks. Bob tries his best to be the front end of the coffee side because he is the brand "grumpy".	The employees play multiple roles in the company. They are seen as an important role and Bob pays them a higher rate for the tips they would receive to go to a charity. It is really the team that makes this operation work!	Building relationship with the individuals who manufactured the roaster that they bought. Bob buys his single origin green beans from them because of the relationship built and the quality delivered. Paying himself less so he can pay his employees more.	Opening a second location as a drive thru and increasing wholesale production by getting in more stores and making l-cups.	The ability to change and be adaptable.	Competition because his space includes two entities, so another competitor can move in a couple shops down from his store.
<b>Creamery Coffee</b>		Put yourself in the customer's shoes mentality. Trying to please the customer as much as possible. Listen to the customer and try to cater to their needs although it is a balance of what load they can handle or not.	In the front end, Monday-Friday QuickBooks, payroll, and taxes.	Be as flexible as you can both them, and make sure they respect you and the business. Stay on top of their numbers and keep them accountable.	Staying on top on the QuickBooks, payroll, and taxes is important. Also just monitoring the inventory and making sure the numbers are adding up. In terms of product, they inherited the business therefore they did not have to make that decision.	Jessica does not want to grow but does not want to sacrifice work life balance. Getting a trailer to go mobile to events. Expanding the menu to brunch items and adding bobas tea.	Staying on top of "golden percentages" like cost of labor and cost of goods.	The staff and making sure that they are happy because ultimately, they are the ones who are representing the company.
<b>Hidden Haven Drinks</b>		Sharing ideas and meeting new people was the goal.	Does everything from getting the groceries from being the front of the business. He does get help from an accountant in terms of numbers for the business.	It is a balance of cost because William wanted to have employees for him to have a break from burning out although he couldn't afford to hire someone. In coffee and the restaurant industry turnaround is come and go although one should treat their employees like family.	He would say marketing is the key although he was not able to do so.	Maybe he possibly will open something in the future in Canada.	Knowledge, marketing, networking, and the specific community that you build through. Have someone look over the lease specifications for him before he signs it.	Decision making with the location. There is no traffic in the location that William chooses, and although the rent is cheaper than other places he did not benefit from the company.
<b>Sunnyside Sips</b>	Oscar listens to the customers but also is very stern on the values and mission of the shop. They have a set menu, and it is hard to be accommodating outside of that menu because there is a lapse of quality and intent in serving something they are not necessarily trained to do.		Everything from shop operations, so troubleshooting, mechanics, training, you know, employee development, procedures inventory, but also then a lot of staff with particular like accounting and taxes, emails, phone calls, back runs etc. Juggling so many different elements in the business.	Training cannot be secondary. Oscar emphasizes the importance of his 3-month introductory training period for his employees. They all start from the bottom and work their way up to be a barista at the coffee and tea bar section that is an additional 6 to 9 months training period. Baristas training is the most intensive training they offer.	People first, profitability second.	Oscar's goal is to deepen their involvement in the coffee supply chain rather than expanding horizontally with more cafes. They aim to work closely with import/export roasters their own coffee, and possibly own their own farm for innovative agricultural practices. He wants to offer roles beyond just general management that provide professional development and longevity.	Human connection, people tend to come for the coffee but stay for the connections. The human connection supersedes the quality of the coffee.	The lapse of quality that can affect profitability. Also, inflation and the economy because coffee is a luxury item, so it depends on individuals' means to spend in the market.
<b>Neighbor's Blend</b>	Mike has a survey for customers to fill out and they listen to the feedback, but he also realizes that customers typically do not like too much change, so he tries to stick to the traditional menu etc. He does invite the feedback from others but there is a balance knowing their demographic is a little older in the shop.		Mike is a working owner who is involved with the responsibilities of a barista as well as labor recruitment, managing relationships with the community, landlord, bank, day to day vendor relationships, because even though it's a small business, I mean, a coffee shop is not a multimillion-dollar sales operation. But for revenue that produces, it branches out into a community into a bunch of vendor relationships. So, for small businesses, we have probably 50 separate vendor relationships that are constantly having to be managed and circled so to speak.	Mike can't afford to have an excess amount of labor because labor is their second highest cost behind real estate. Although the process of retraining is important to make sure they are dedicated and bought into the company. Consulting with the employees is something that is very important for the business and decisions.	Finance is center of everything that they do. Staying on top of the number in terms of cost of goods, fixed costs, etc. Making sure that the products are being utilized correctly and efficiently.	Mike would like to scale back in terms of his involvement in terms of day-to-day involvement. And possibly open some more locations.	Having a welcoming space in a residential for individuals to dwell, 95% of their customers say in the shop.	The escalating costs. Individuals tend to think that coffee is a very low-cost business, but when you factor in the revenue side, versus the cost side, there's a very slim margin for profit and loss. In this location one of the greatest costs that you see is real estate. So, we're in a high demand area on the main thoroughfare, which attracts revenue, but it also has high fixed costs. So, every day it is a battle to combat the fixed costs.
<b>Cityscape Brew</b>	The products are important and the story behind them are important. Although the relationship built with the customers are what is keeping their high customer base. In the very competitive location in downtown Houston, it is the employees that are helping build community within the space.		Laura is currently managing three locations directly. She is also the head of operations for the company. Throughout her week she goes to all the locations, meet with the employees, manage all the managers. Looks at all the P&L staff all the cafes, looks at their inventory manage waste, etc.	Laura emphasizes the importance of educating her staff about personal finance and preparing them for future business opportunities, showing commitment to their employees beyond just the business itself. Also making sure that the employees are paid a livable wage is very important with the relationships that they build with their employees. There are 65 employees now, so it is a little harder to develop relationship although they do heavily emphasize pouring into their employees.	They have a cyclical supply chain of sharing the same values and the same goals. And at the end of the day, they are more proud of serving coffee, that they know where it comes from. The farmers are often donating to causes or paying directly towards the farmer programs. Having a story and purpose of where the coffee comes from is important. And the customer sees that. And they're like, okay, it makes sense why this coffee bag is \$19. Also paying the staff a livable wage so to do so Laura works hands on in two locations running them in addition to her head of operations role.	They want to grow in all aspects that a coffee shop can. In terms of personal goal Laura wants to be more involved in the business and coaching side of the business. They have also started a consulting company on the side that helps small businesses to start their business and that's been very enjoyable.	The staff because the products can be good but if you don't have good staff to serve them then it is useless. There is so much competition and the products are great but if the customers don't like the employees, then there are 12 other coffee shops they can go to.	Having enough money to pay the employees a minimum wage. Laura spoke to the reason she is heavily involved in the downtown Houston location is because she is working harder on her end to be able to pay the baristas a livable wage. The decision is to balance the costs to pay the baristas where they believe it belongs.

Urban Roots Café		John is constantly learning and wanting to keep his customers interested so he tries to change different drinks to keep the excitement of wanting to come back. He also actively is connecting his customers to one another by introducing them and continuously building a community in his shop.	John juggles being the roaster, HR, hiring people, firing people, doing payroll, doing vendor accounts, and designing all the merchandise. Do everything to make sure people are okay behind the bar and being a barista as well.	Having to play the HR role is hard for John because he once was a barista, so it is hard for him to try to dictate others. The employees can be hard to manage this way because he doesn't really "manage" them per se. Can't afford to pay overtime when asked.	Right now, money is not John's main factor, he is trying to create noise and traffic in his shop through community and relationships. He wants to provide high quality at a reasonable price; therefore, he is not being profitable right now although it's a strategic decision in order to grow community. He also purchases from vendors who show interest in his company, and he makes relationships that way as well, by purchasing different coffee and items on smaller scales from multiple people.	Because John believes in having no margin of error, he wants to have a clean slate before expanding. Right now he is projecting by the end of next year that he will pay off all of his debt.	Creating the image of the café. John prides himself on the authentic genuine vibe he can capture onto the Instagram. Strives for an organic image.	John himself burning out because he runs and controls so much of the coffee shop. He is the only one who knows how to roast the coffee therefore if he is not present then the shop is at a standstill.
Local Mountain Café		The regulars' customers are what keeps this shop going. It is the relationships and connections that are built that help sustain the company during the slower months. These relationships are vital to the shop because that is what the customers are ultimately coming for. There are big trends and sometimes customers come in wanting a drink that they don't offer, however, they will guide them towards something similar on their menu or guide them towards something they might enjoy from Carmelian. This strategy shows acknowledgment for the customer while also acknowledging the shop's menu and values.	Macy and her husband are owner operated so they are involved in the front and backend of the shop. She also does a lot of the Instagram, payroll, every bit the accountant helps with the taxes and financial elements.	Because the staff of employees are only 3 people, they are more relaxed when it comes to be stern. The small scale helps to develop relationships and build trust.	There are challenges of managing costs and maintaining profitability, particularly during slow seasons like winter. Although to combat this they emphasize the importance of budgeting and saving during slower periods. They also have savings for improvements each year and they use this saving for unexpected expenses, such as equipment failures, on their budgeting strategy.	Just continue to budget and maybe be able to have some time off for her and her husband. So, scaling back in terms of their involvement on an everyday basis.	The presence of Macy and her husband being in the shop to make valuable relationships both with the staff and the customers. Paying attention to the details and quality of product going out to the customers. Budgeting as well.	Customer loyalty especially during the slower season, the local customers are what keeps Local Mountain Café running. Wholesale clients who buy their coffee in bulk.
Coffee & Counting		Bill is aware of the loyal customers that have been coming for years therefore pricing is an element that they focus on to make sure that their customers are not blindsided in that aspect.	Hands off owner, meaning Bill is not in the front of the shops making drinks. He is involved with the business development side, community engagement side, and the strategic conceptual side of the business. Although everyday does not look the same and he is juggling different elements.	Bill discusses that there needs to be clear enough expectations, room enough for failure and frequency of reward for the employees to be able to grow and succeed. They really focus on the relationship with the employees and making sure they all have a common vision for the company. He has a major element of confidence in the employees because he isn't in the front end of the operation.	Their approach to sourcing products for their business, emphasizing the importance of buying from suppliers who meet certain standards of both product quality and social responsibility. Bill mentions the challenge of rising costs from suppliers, such as a 10% increase in coffee prices. Despite these challenges, he emphasizes their commitment to being a legitimate and community-oriented business rather than a predatory one, especially in a gentrifying area. Occupancy costs and costs of purchasing are involved with relationships and connections within the business.	Because Bill and the company is expanding with different locations rapidly. He thinks that now it is more of the future is looking internally determining how they can improve wages, improve their carbon footprint, and just grow internally.	"Product is product." The piece of being on the same page and being connected to each other. "The opportunity to create both contribution points for everybody in the company, as well as providing pathways for their own their own growth."	Burnout in terms of community outreach. Bill explained how it can be hard to say "no" and then committing to so many different things at once can be overwhelming. Therefore, to combat this they try to really analyze why they are doing certain things and collaborating with certain causes to make sure they are still aligning with their values.