

roast



MAGAZINE

2019 Macro Roaster *of the Year*

PEERLESS COFFEE & TEA



PEERLESS COFFEE & TEA The Peerless Coffee & Tea leadership team at the company's Oakland, California, headquarters. [From left, front row: Rebecca Wenrich, Toby Savage, Dindo Lahip, George J. Vukasin, Kristina Vukasin Brouhard, Christine Cano; back row: Eric Eubanks, Lon LaFlamme, Kirstin Orman, George Kechriotis, Jeff Woods. Not pictured: John Ziegler, Scott Huber, Greg Torres, Andy Olah, Bonnie LaMountain.]

Macro Roaster *of the Year*



Roastmaster Boone Leong checking a roast.

THE WINNER'S STATS

ESTABLISHED	1924
LOCATION	Oakland, California
EMPLOYEES	90
LEADERSHIP	George Vukasin Jr., CEO; Kristina Vukasin Brouhard, executive vice president
RETAIL LOCATIONS	One
ROASTERS (MACHINES)	Two Jabez Burns 23R roasters and one Probat G60
ROASTING OUTPUT	3.9 million pounds
WEBSITE	peerlesscoffee.com



Shortly after emigrating to the United States from Yugoslavia in the early 1900s, John Vukasinovich found himself working in a Nevada silver mine.

The mine owner, uncomfortable with a teenager working in such dangerous conditions, moved him into the kitchen instead. At the time, that might have seemed like a blow to Vukasinovich's earnings potential, but it was in that move to culinary work that he actually struck gold.

The knowledge and connections Vukasinovich gained in that kitchen and others served as the foundation for Peerless Coffee Roasters, the company he founded in 1924. (About that same time, he shortened his surname to Vukasin.) Now known as Peerless Coffee & Tea, the company continues to flourish in its third generation of family ownership.

Dedicated from the start to providing exceptional roasted coffee for the restaurant and hospitality industries, Peerless not only continues to serve some of the highest profile and most luxurious hotels and resorts in the world, it does so with the same fervor for cutting-edge quality, commitment to sustainability and engagement with its home community as the most idealistic young startup in an ever-evolving specialty coffee world.

Growing With the Industry

With such a long history in the coffee business, it makes sense that Peerless maintains a coffee-focused museum on the grounds of its Oakland, California, headquarters. Sonja Vukasin, the wife and business partner of second-generation Peerless owner George Vukasin and the mother of the company's current leadership—CEO George Vukasin Jr. and Executive Vice President Kristina Vukasin Brouhard—has amassed a treasure trove of coffee-related artifacts and memorabilia. The collection was arranged for display with the help of respected museum designer Ted Cohen, whose own work goes back more than 50 years. Yet while a calm Calvin Coolidge was new to the Oval Office and flagpole sitting was all the rage the year Peerless was founded, the company itself is no relic.

To stay current on the latest trends and technology, select Peerless staff members attend the Specialty Coffee Association (SCA) Expo every year—and have since the first SCA (then SCAA) convention held in 1982—a commitment borne out by the company's claim to being the first U.S. specialty coffee roaster to introduce the Blossom single-cup brewer to the hospitality industry. Leadership staffers have served as judges for SCA cupping and U.S. Barista Championship competitions, and the company hosts latte art throwdowns, supplies clients with a colorful cold-brew cocktail and mocktail recipe card developed with professional Bay Area mixologists, and can outfit customers with nitro cold-brew draft latte systems.

And while Peerless stays current with industry trends and innovations, it also sticks with what works. There's the vintage Jabez Burns equipment, for example, on which the company continues to win awards for achievements in roasting, including a total of 25 bronze, silver and overall champion medals from the Golden Bean North



Retail cafe manager Rebecca Wenrich serves Peerless small-batch nitro cold brew at the company's Oakland cafe.



The Peerless roasting team—Victor Chiang, Ramiro Hurtado, George Vukasin Jr. and Boone Leong [from left to right]—has more than 100 years of combined roasting experience.



The Peerless sales team at Coffee Fest in Los Angeles, 2018.

America roasting competition since 2015. When seeking a new direction for the small-batch Micro Reserve series that launched earlier this year, Peerless was similarly confident in looking backward, as it were, for the technology that cleared the way forward: a restored 1964 Probat G60.

“We really wanted to experiment, and kind of push the boundaries in terms of our knowledge and our experience,” says George Vukasin Jr., who not only roasts and oversees all the roasting for the Micro Reserve line, but personally hand-roasts another top-end line of five curated “uber-special” microlots, two pounds at a time in the company’s sample roasters.

“I’ve got a two-barrel Probat and a four-barrel Burns, all vintage. I’ve always said that if I ever leave this business, those sample roasters are coming with me. They’re my babies,” adds Vukasin, who fondly remembers his first (almost literal) baby steps into the craft under the tutelage of his father.

“Sitting in front of the sample roaster with my dad and learning about fire and how to transform the beans was where I started,” he says. “I have a deep affinity for these sample roasters that I grew up with.”

Treating Employees Like Family

Brouhard also grew up around those roasters, though today her domain is more administrative. She oversees the company’s finance, compliance, human resources (HR), employee safety and other important areas.

“My grandmother did the books for Peerless,” she says. “My mom also was a bookkeeper for about 20 years, and I oversee finance. I think it’s fascinating that the women, for three generations, have been in charge of the money. I like to tell my brother that, too. Often. Women are in charge of the money, and maybe that’s why we’re still here.”

Vukasin, like his grandfather, came to coffee through the kitchen. He was trained as a chef at Le Cordon Bleu in Paris, then moved to Mexico to experience life at the origin level before returning to work his way up within Peerless. Brouhard, on the other hand, graduated from Santa Clara University School of Law, later becoming a deputy district attorney for Alameda County.

“I told my dad, ‘I might want to join the family business, but I want to try a felony case first.’ It took me about five years in the office to do that,” she says. But while her route of return to the family fold was a bit longer than that of her origin-visiting, green-buying, Maillard-monitoring younger brother, her passion for her role burns just as brightly.

It wasn’t the coffee that called her back, she says, it was the people—and not just her blood relations, but the entire extended Peerless family.

“I’ve always been kind of a people person,” she says. “When I was a district attorney, you’re putting away bad guys, you’re helping victims, and I really like doing that. So I spend a fair amount of time here in HR, because I really like to make sure that people have health care, and they don’t hate coming to work.”

With the average run of employment at Peerless being roughly 15 years, it’s safe to say most employees don’t hate it. Although if at any point one does, Peerless wants to know. A horizontal management philosophy seeks to hold management accountable



From left to right: George Vukasin Jr. with one of the company's first delivery trucks; Executive Vice President Kristina Vukasin Brouhard; George Vukasin Jr. in Chiapas, Mexico; Sonja Vukasin, who established one of the first coffee museums on the West Coast.

and give every employee a voice on issues of efficiency and dedication to the company's core values, holding meetings specifically for those lower on the ladder to review the performance of their team, including team leadership. Peerless also brings in an insurance consultant once a year to evaluate its employee benefit and compensation levels to ensure its workers' total compensation packages are "better than competitive" with comparable businesses in Northern California.

Two different labor unions represent Peerless employees, and throughout the company's history, there's never been a strike. Brouhard takes great pride in that, and in the company's focus on worker health and safety.

In addition, all new hires undergo a weeklong orientation to get to know the functions of each department, providing a holistic view of a company in which departments work together and share the pride in every benchmark and achievement. The thorough orientation also familiarizes every newcomer with coffee's journey from seed to cup. The company culture of continual learning takes over from there.

"We are constantly learning new things about coffee," says Brouhard, noting that opportunities for employee education are often more self-motivated than obligatory. "Most of the people who work for Peerless want to learn more about what they're doing and why they're doing it."

Company-paid SCA coffee training opportunities such as latte art classes and cuppings are available to all, and are required for some positions, although the company is careful not to overwhelm workers with seeming extracurriculars. In response to staff feedback, in 2017 all Peerless department and staff meetings were trimmed in time

and frequency, mitigating the burden on employees. And to blow off more steam and further promote togetherness, this family-run company holds annual Family Days, fun outings to which everyone on the staff of 90 is encouraged to bring their own families.

Continuing the Family Legacy

Self-direction is particularly valued at Peerless, perhaps because it played an important role in Vukasin and Brouhard's upbringings. They were never pressured to join the family business, though that wasn't the case for their father. After graduating in 1955 from the University of California at Berkeley with a degree in criminology, George Vukasin (Sr.) joined the Army, commissioned as a second lieutenant specializing in military intelligence. His older brother, John Vukasin Jr., was a U.S. District Court judge by the time George left active service, so it fell upon the younger brother to keep the Peerless train in family hands. Taking over the family business was by no means George Sr.'s top choice of careers, but he accepted the role anyway, as good sons did in those days.

"He wanted to join the FBI and get bad guys," Vukasin (Jr.) recounts. "In the '50s and '60s, you know, there was no sexiness to coffee. It was one of the original functional beverages, without any marketing, so he wasn't happy about it. It turned out to be, as he always said, the second-best decision of his life. The first was marrying my mom."

George Sr. did, in time, fall in love with coffee, maintaining Peerless' reputation for craft, quality and service. He championed fairness to the company's suppliers and customers as well as collegiality among his competitors. Among other contributions, he

served as president of the National Coffee Association USA and, during that time, he was awarded the Manuel Mejía Award, Colombia's highest honor, for his efforts to raise Colombian coffee producers out of poverty.

Though his dream of busting bad guys with the FBI went unfulfilled, his sense of justice and civic responsibility drove him to become a pillar of Oakland's municipal and industrial communities. Prior to passing away in 2016 at the age of 82, George Vukasin Sr. left his mark as an Oakland city councilman, vice mayor, port commissioner, and president of the Oakland-Alameda County Coliseum Board of Directors. He served on a variety of other organizational boards, while also serving in the Army Reserves for 35 years, retiring as a Major General of the 6th U.S. Army having received the Army Distinguished Service decoration.

He was also a dedicated, loving and compassionate father who wanted his kids to live happy lives of freedom and fulfillment. So while he naturally harbored hopes that they'd join the family business, he also left every door and window open for them to fly toward whatever their own callings might be.

"I think because he was pretty much directed—as a nice way of putting it—into this business, he and my mom, who worked together for almost 50 years, were really hands-off with my two older sisters and me," says Vukasin. "Because he was so hands-off, it allowed me to naturally migrate to the company, which is really what I did."

A New Generation Making Its Mark

The hard work and vision of previous generations may have guided Peerless



The company's current leaders, Kristina Vukasin Brouhard and George Vukasin Jr., blend contemporary trends and innovations with the family's long-standing craft coffee tradition.

to success, but in an industry with so many moving parts and challenges around every corner, no plateau lasts long. As control of the company shifted down the family line, the prerogative and insight of the newcomers have kept it not only afloat but at the vanguard of efficiency, quality and appeal.

While marketing traditionally has not been a crucial business area for Peerless—the company has relied mainly on word of mouth to grow its customer base—that's beginning to change, and it's become increasingly important to promote the Peerless name in all media formats.

"You still have certain core brands that really believe strongly in their own brand, but right now it's definitely going toward certain hospitality properties looking for the halo effect," says Vukasin. "They will bring in a well-established branded coffee program and hopefully that halo spreads over their own brand."

As one step in its strategic plan to navigate the new landscape and develop new marketing materials, Peerless brought business development and marketing consultant Lon LaFlamme on board as a senior strategist two years ago. LaFlamme has not only taught marketing on the university level and worked with such companies as Starbucks, Seattle's Best Coffee, Torrefazione Italia and Dillanos Coffee Roasters, he's also written four books on the subject (plus seven novels and two screenplays).

"You either evolve, or you die. That's where it's at right now," says LaFlamme. "George was well ahead of the game in understanding that, and the company itself was doing things that put them ahead of the game."

Upon peering under the hood at Peerless, LaFlamme says there was plenty to work with: a compelling story, genuine emphasis on quality, and sterling business practices growing ever more responsible, all humbly under-trumpeted from a marketing perspective.

"All they needed to do was just turn the mirror on themselves and start articulating what they really believe and do," he says. "They have a beautiful social and environmental history."

Socially, that history started at the beginning. Peerless founder John Vukasinovich even traveled to origin once, though it wasn't common for smaller-size roasters to do so at that time. George Sr. and Sonja Vukasin traveled to origin frequently from the late 1970s through the 1990s.

"That really established the need to have strong relationships with origin and our farmer partners," says Vukasin, "and make sure we make the effort to go see them and encourage them to make the effort to come see us."

Peerless continually seeks out new direct sourcing relationships while maintaining established ones, many of which date back more than 30 years. In 2018, the

company had more than a dozen single-origin roasted coffees for sale that were sourced directly from farms, including multiple women-owned farms. In selecting its direct farm and co-op partners, Peerless prioritizes those that are either already implementing environmentally sustainable practices or are committed to working with Peerless to further develop water and energy conservation efforts, plant and animal ecosystem preservation and restoration, and more.

The company often pays significant premiums, basing the investment on more than quality alone. This year, for example, Peerless paid an additional 12 cents per pound on the purchase of two containers of coffee produced by family farms in the impoverished community of Las Escaleras in Matagalpa, Nicaragua. This amounted to a contribution of more than \$10,000 that the nonprofit NicaFrance Foundation, in collaboration with the Ministry of Education in Nicaragua, will put toward improvements to the infrastructure, equipment, programming and outreach of a primary school in Las Escaleras.

The company holds itself to the same high sustainability standards, and has undergone dramatic reforms during the past few years. In 2016, Peerless set an ambitious goal of cutting its Oakland waste stream in half. Since then, mostly through composting spent

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grounds and chaff; recycling more of its paper, plastic, burlap and pallets; and reusing more boxes, liners and paper, it has reduced its waste by 85 percent.

Peerless received Alameda County's Green Business Certification in 2000, and has continued on the path toward greater efficiency and a lighter environmental footprint ever since. The company upgraded all facilities to water-saving toilets and faucets and LED and T-5 lighting, and is planning a 100-percent shift to solar power in the coming years. It emphasizes carpooling and incentivizes public transit for its employees, and is in the process of converting its route trucks to alternative fuels, among other initiatives.

"It started in about 2000 for us," says Vukasin. "It was initiated by me, but it was driven by the team here, and it continues to be driven by the team. It really started by us wanting to be good neighbors."

An Anchor of the Bay Area Coffee Scene

Those neighbors in Oakland's Jack London District have changed over the many years that Peerless has been operating there. While some industrial activity has receded from the Port of Oakland as new condos, apartments, retail and hospitality businesses have sprung up, newer industrial neighbors have moved in as well.

"We've been in this neighborhood since the '70s," says Vukasin, "and then I think Mr. Espresso came, and then boy, all of a sudden in the last eight years, this is like coffee central for the East Bay."

Blue Bottle, Four Barrel, Tartine's Coffee Manufactory, Bicycle Coffee and Rhetoric Coffee are just a few of the roasting companies now situated within blocks of Peerless. The Peerless team regularly cups coffees roasted by its contemporaries, out of curiosity and the pure love of new and interesting coffees, of course, but also to maintain a competitive edge.

"Sometimes somebody's doing something better than we are, and that's okay. I don't have an ego big enough to say that I do everything right, because I don't," says Vukasin. "If somebody has a Guatemalan Antigua that's better than mine, I want to know what farm it comes from, how they're roasting it. I always try to stay, not necessarily ahead of the curve from a taste/quality point of view, but at least on that front line."

Beyond the heartstrings of history and home, Peerless' competitive posture is another factor that keeps it anchored in Oakland, despite the challenges of operating a business in the Bay Area.

"It's hard to keep good employees," say Brouhard. "A lot of people are leaving the state because they can't afford it." That's become a major focus for the company, she says, adding, "I think our benefits



are good, but—I've said this for 10 years—I want our benefits to be the best in the state of California for a company our size in our industry."

"We choose to be here because there's a vibrancy of being in the center of everything," says Vukasin. "People say, 'What about the competition—is it too much?' We love competition, because competition forces this company to pay attention and evolve in order to continue to thrive. Sure, we win customers, we lose customers, and sometimes it's from a new roaster, but it keeps us hungry and allows us to stay in tune with the trends."

Looking Toward the Future

When a young John Vukasinovich moved out of the silver mine and into the kitchen, he found what so many immigrants come to this country to find: opportunity. That silver lining has extended two generations down the line, into an enterprise that benefits its suppliers and its employees, as well as his own flesh and blood, all while treading as lightly as possible on increasingly fragile natural resources.

"We're committed to keeping this going. It won't be easy, but we would be honored if there was a fourth generation," says Vukasin, whose 7-year-old daughter recently expressed an interest in roasting after her little brother, George Vukasin III, tilted his first batch out of an heirloom sample roaster.

"He says he wants to be a coffee roaster," a proud Vukasin reports, "but the first day of kindergarten was yesterday, so he's got a long road ahead of him."



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