



Espresso Mushroom Company

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A Case Study on the Espresso Mushroom Company

A gourmet mushroom growing company fuelled by waste coffee grounds; If one didn't know that this start-up was based in Brighton, (the home of the UK's first Green Party MP and notoriously eco-minded), they could pretty well make the assumption. But the Espresso Mushroom Company is much more than an environmentally sound solution to waste. Born out of Sussex Innovation Centre's Start Up Sussex programme, and incorporating tools such as the Business Model Canvas in their growth, the Espresso Mushroom Company is firmly grounded (excuse the pun) in good business. This case study will explore the ways in which tools such as the Business Model Canvas can be integral to entrepreneurs in both the early stages and as they develop their business, and the means by which a company that positions ethical values at their core might manage growth and development.

The Espresso Mushroom Company was founded by brothers Alex and Robbie Georgiou in January 2012. Alex had first heard about the growing of mushrooms with by-products of the coffee bean plant whilst working with Café Direct, but it took Robbie's discovery of the idea whilst reading Development Studies at Sussex University to prompt the two to create a start-up around the concept. As Robbie describes, 'Because farmers only sell the bean from the coffee bush, they take the rest of the bush and process it to create mushroom compost, which is basically what we're doing. That's been going on since the eighties, but most people don't know about it'. Alex and Robbie recognized an opportunity, but had little means to take their idea forward. Then began the lengthy trial and error process of learning how to grow high standard mushrooms with actual coffee grounds. At this time Alex and Robbie were amongst a very few experimenting with the idea, a fact that gave credence to their tentative first steps.

'The hardest thing about starting a business from scratch is, just, it takes a lot', Robbie describes the level of risk inherent in start-ups such as his. 'This time last year I was working all the time, spending more money than I'd ever spent before on something that I didn't actually know would work. That was just ridiculously stressful, because you're doing all this work and you're not even sure if it's worth doing. It's a leap of faith'. According to one report, Alex and Robbie had each put in £10,000 of their own personal savings. Start-ups such as Alex and Robbie's both benefit and lose because of their small size; resources are at an absolute premium and in short supply, however, strong communication and a shared goal create an environment in which innovation and creativity can flourish.

In November 2012 Alex and Robbie found support in the form of Start Up Sussex, a collaboration between the Sussex Innovation Centre and Sussex University's Careers and Employability Centre. Winning the entrepreneurship competition, they gained investment, and perhaps more valuable, connections with the Innovation Centre. The Sussex Innovation Centre were able to help the Espresso Mushroom Company establish book-keeping systems to encourage long-term growth, and put Alex and

Robbie in touch with Professor Tony Moore, a Biochemistry expert at the University of Sussex who was able to help them develop the growing medium to have a longer shelf life. In the early days, Robbie's connection to the Start Up Sussex program also connected the company to valuable tools such as the Business Model Canvas. A video describing how the Business Model Canvas works can be viewed here <https://www.youtube.com/watch?v=QoAOzMTLP5s>. The availability of such infrastructure positioned Alex and Robbie advantageously during the high-risk early stages of the Espresso Mushroom Company, allowing them to test assumptions regarding how their business plan could look.

Robbie and Alex also benefitted from positive relationships with their key partners, developing mutually beneficial relationships with coffee shops across Brighton. Jon (the third member of the team) now cycles round Brighton daily collecting used coffee grounds that would otherwise have been thrown away. Many of the coffee shops that Jon collects from have their own significant followings, turning new customers towards Espresso Mushroom Company's products.

Much like James Dyson's dual cyclone vacuum cleaner (a case study on which can be found [here](#)), the development stages of the Espresso Mushroom Company were lengthy. Alex describes this process, 'It's true to say we spent a long time experimenting with the best way of growing mushrooms - lots of trial and error! It's such a new idea in the UK that there's very little information available. The trouble with trial and error is that it takes a few weeks/months to see the outcome of our experimenting, so it's been a long process - now we've come up with a technique that allows us to grow beautiful oyster mushrooms - but there may still be room for improvement!'

After months of development the first gourmet mushrooms were sold to a select few Brighton-based restaurants. It soon became clear however that significant growth could be achieved by adapting the business model. The Business Model Canvas allows for such pivots in a business' core value proposition; creating a space where the new concept can be visualised and adapted. The Espresso Mushroom Company now make the majority of their income from their Kitchen Garden mushroom growing kits, sold in a variety of stockists from health food stores to Urban Outfitters, not to mention through the Espresso Mushroom Company's own website. That the product can be sold in trend-based clothing stores alongside ethical food companies is telling, and according to Alex, a particular choice, 'to achieve growth we want to appeal to the widest audience, not just the niche [market] of environmentalists, so we sell the product on its own merits rather than on the environmental benefits'.

Read up on the Espresso Mushroom Company's growing techniques however, and you'll soon notice the manifold environmental benefits attributed to the novel idea. Firstly, the use of coffee grounds to grow mushrooms repositions it from waste to a resource. Secondly, when coffee grounds traditionally decompose, they release a large amount of methane. By growing mushrooms with the grounds much of the methane is converted into carbohydrates as an energy source. Thirdly, the Espresso Mushroom Company now produce seed bombs, made from the re-recycled coffee grounds. The substance left over after the mushrooms have been grown is a highly nutritious compost, and therefore ideal for growing garden vegetables and flowers. Further, the very product that the Espresso Mushroom

Company produces is in itself a particularly eco-friendly alternative to other, more damaging, sources of protein. As Robbie describes, 'Mushrooms are actually a better source of protein than beef. We're far more able to digest and absorb the protein from mushrooms than we are from red meat. So, in that respect red meats are just a monumental waste of everything because so much goes into producing it, and we take so little out. It's pretty crazy really.'

So where's the downside? The Espresso Mushroom Company are quickly making a name for themselves as do-gooders in the food industry, but they are aware of the potential vulnerability of this advantageous position. As it stands they are a collective of three like-minded individuals, but further growth may put their ideals under the scrutiny of others that are less ethically-minded. Their growth up until now has incorporated decisions regarding their environmental footprint that have been more financially costly than alternatives, (such as using recycled card and water-based inks). This kind of decision making may not be looked on favourably by potential investors. Robbie and Alex have considered this aspect of their company's future, 'We would like to take the company as far as we can under our own steam — we are still on a steep growth trajectory and learning curve ...but another stage of our growth might be someone investing. That's where attracting the right investor, who understands our values and our brand, will be really important to us.' As the food industry increasingly becomes more susceptible to environmental impact, investors are likely to consider the ethical principles of businesses such as the Espresso Mushroom Company with growing approval. The trick will be to reposition what good business sense means alongside the uncertain territories of a dramatically shifting environment.

The Espresso Mushroom Company are an example of how a supportive infrastructure can turn an innovative idea into an innovative business. Tools such as the Business Model Canvas allow entrepreneurs to adapt their business models according to experimentation. That Robbie and Alex Georgiou were flexible enough to allow their business model to alter based on the initial success of their Kitchen Garden kits has permitted the Espresso Mushroom Company to achieve significant growth in their founding years, and to visualise a path for the future.

A video describing the mushroom growing process can be viewed here

<https://www.youtube.com/watch?v=I4A7MRNakt0>

A time-lapse video of the Kitchen Garden mushrooms growing (not for the faint of heart) can be viewed here <https://vimeo.com/64556191>

You can learn more via the Espresso Mushroom Company's website here

<http://espressomushroom.co.uk/>