**Black Rifle Coffee Company (NYSE: BRCC)**

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**Executive Summary**

Black Rifle Coffee Company’s (NYSE: BRCC) strategic plans have been underway since the early 2022 SPAC by Engaged Capital LLC which saw the once online delivery coffee company become a publicly traded brand. This push shows the growth and commitment to the humble 2014 beginnings that Black Rifle Coffee has planned. In this the topics covered are the history of Black Rifle Coffee Company, products and services currently offered, operations, vision, mission statement, corporate values and culture and how they differ from a traditional corporation, SWOT (strengths, weaknesses, opportunities, and threats), current market competition, the management and leadership team, prospective financial outlook, and strategies for the company moving forward.

**Black Rifle Coffee Company**

**Company Overview (NYSE: BRCC)**

Founded in 2014 by a group of veterans, they have pursued a mission to continually support the veteran, active duty, and first responder communities. Engaged in SPAC powerhouses like Engaged LLC have allowed them to expand from a mostly online retailer to a brick-and-mortar establishment. With a goal of hiring 10,000 veterans the company has seen growth each year as well as new support channels and investors. The organization is run by industry experts with decades of experience from Chief Information Officers, Chief Human Resources Officer, and Chief Operating Officer with the historical business acumen and success to turn this once small veteran coffee company into a global brand with potential to soon be at the doorsteps of the industry giants like Starbucks.

**Company History**

Founded in 2014 by retired Army Green Beret Evan Hafer, as well as cofounders Matt Best (former Army Ranger), and Jared Taylor (former USAF TACP). There was an initial surge in the company’s name when CEO Evan Hafer went on the Fox news network to speak about a controversial topic. This was during the president Trump era when Starbucks made a political pledge to hire 10,000 refugees in response to the president’s border policy. This sparked backlash and in return ignited a fire in the CEO to make the national statement and goal of hiring 10,000 veterans. (Chambers, 2017) Although primarily ecommerce in the early years with no brick-and-mortar location, the plans were set out to establish 600 physical locations in the coming years.

Black Rifle Coffee has expanded their network and product line to include clothing and brand merchandise, as well as spin offs of podcasts, movies, additional clothing brands, and even a magazine. The company even became the stand-alone sponsor for one of the extreme sports greats and nascar driver Travis Pastrana in 2022. (BRCC, 2022)

In 2020 Black Rifle Coffee Company partnered with USA Archery during the 2020 Olympic and Paralympic games. (PRNewswire, 2021) With key talking points showing their commitment to the community, while celebrating the sacrifice, service and power of community and the United States.

Additionally, in 2021 Black Rifle Coffee teamed up with the boot campaign to support those still on active duty, as well as veterans and their families. (PRNewswire, 2021) Boot campaign CEO Shelly Kirkland later stated their honored to have such a dedicated partner in this campaign that is truly committed to providing back to the veteran community.

A big change to the executive leadership team came this year effective 1 May 2023, when Black Rifle Coffee brought on Chris Mondzelewski as Chief Marketing Officer (CMO). This was a big push to bring inside an active talent with over 20 years of consumer marketing experience. Chris has most recently served as the Chief Growth Officer (CGO) for Mars’ impressive $12 billion-dollar global Petcare business. This was but one of the key leaderships moves that were made recently to bring on experience and talent with definitive track records.

**Products and or Services**

Black Rifle Coffee serves as an omni-channel and provides quality coffee, ready to drink (RTD) off the shelves products as well as social media content, sponsorship of extreme athletes and clothing and apparel. (BRCC, 2023) The company has shown to stay within the confines of making only quality products and continues to lead the market in coffee subscriptions. (ICR Presentation, 2023)

A top product that has been shown to be successful in their market is the Ready to Drink (RTD) product line. While currently only providing two sizing options, both an 11 oz and a 15 oz coffee energy blend, the products are out selling the competitors. With a 73% growth (#2 position) in the RTD space, compared to Starbucks 8.1% (#1 position) it can be seen that with expanded product lines which are expected to arrive fall of 2023 could cause a boom. (IRC, 2023)

Black Rifle Coffee also sells premium clothing, blankets, cold weather gear as well as every item required to prepare, brew, and enjoy a cup of their coffee anywhere and without any technology or electricity. (Gear, 2023)

Ther is also a ‘Coffee or Die’ Magazine that the company created that is produced both in the electronic online format as well as in select retail locations across the country. This is something rather unique to the coffee industry as they not only hold a strong social media presence but with an additional avenue for product marketing it really sets them ahead of the curve.

**Operations**

The Black Rifle Coffee Company while headquartered out in Utah, has begun its push towards more Food, Drug, and Mass (FDM) marketplace with showcases of their success utilizing Walmart and the SPAC to begin open trading. (IRC, 2023) The organization imports their coffee beans from Brazil and Columbia then hand roast and blend the product at their main hub before delivering. (BRCC, 2023)

Black Rifle Coffee has also begun thanks in part to the SPAC to establish more physical stores throughout the country as franchises. These are efficient and scalable omni-channel models that have been shown over the last few years to produce revenue while also helping the local communities and further driving home the mission statement.

**Vision**

Although no official vision statement has been shown, it can be seen that the mission statement is likely on par to contribute the same basic goal, serving the veteran and first responder communities. (BRCC, 2022) The original idea was to provide quality coffee products while simultaneously supporting veteran and first responders both through donations and financial fund raising and contributions. (BRCC, 2023)

**Mission Statement**

Black Rifle Coffee has a strong focus on serving those who love their country, military and first responders. As well as noting that with every purchase they contribute back to those communities. Stated from their about us page, “Black Rifle Coffee Company serves coffee and culture to people who love America” (BRCC, 2023). As far as a mission statement goes it is very simplistic and yet showcases their avenue of attack towards their customer base.

**Corporate Values & Culture**

Corporate values & culture are a rather unique topic in that Black Rifle Coffee does not share any specific set of traditional values. Rather it has been noted that given their commitment to their country, and love of the military and first responders they have an inherent value and culture that is predicated on military services. Therefore, the values are derived from each branch currently functioning. There is no specific as with the vision statement because the organization is not about the traditional corporate structure nor business practices. Although, with the SPAC and now publicly traded venture underwear nearing year 2 it is expected that some new standard is coming as a means to ensure shareholder trust.

**Strength, Weaknesses, Opportunities, & Threats (SWOT) Analysis**

The SWAT analysis is critical to any strategic operation as it requires an in depth look into the company both from an internal and external standpoint to help identify key areas for improvement or concern.

**Strength**: A clear strength is the brand loyalty it possesses. Being founded by all veterans they have utilized social media marketing to create their brand that is more than just coffee it is a lifestyle. The company while heavily focused on their coffee, does provide clothing and apparel online as well that suits the military population. The organization has also donated over $4 million dollars to veteran organizations and causes not to include the thousands of boxes of coffee they sent to overseas and deployed locations over the last decade. (Admin, 2023)

**Weaknesses:** Analyzing the company’s structure, we can see one weakness coming in the form of application use across the market. As popular chain coffee shops which are found in a abundance throughout the United States, Black Rifle Coffee shops are slowly starting to arrive to the market. In a study on brand loyalty to the coffee industry it was noted that the use of applications and the award system was one of the main premises for their brand loyalty. (Kim, 2022)

This certainly would seem to be an underpin in the overall weakness range of the company as they are still pushing their brand out onto the consumer market. The ability to adapt to their company growth and product range while slow at the onset has shown positive signs of a potential market takeover.

**Opportunities:** In recent years the once online coffee company is now selling products in big chain locations such as Bass Pro shop, Safeway/Albertsons, and even the illustrious Walmart. (World Coffee Portal, 2023) While the jump to the consumer-packaged goods (CPG) market is a great step it also leaves the prices of their products being slightly higher than competitors. This could be a reason a new potential consumer chooses an alternative brand.

Additionally, BRCC has seen positive returns from their physical store and franchising operations in recent years. Noted as adding 10 new stores in 2022 reaching a total of 26 across the country. (World Coffee portal, 2023) It is also shown that their market understanding, and market research show they are providing future products that meet the needs of the customers in evidence to their push for additional RTD products fall 2023.

**Threats:** On going threats remain the same as any coffee industry, availability of resources, logistical hinderances due in part to geopolitical issues, and even the economic state as a whole. Overall, their presence is strong throughout the United States and as more physical stores are set up the brand looks to reduce threats to their market significantly. Currently with the now public trading the profits and losses (P&L) as well as board reviews and shareholders are going to be a new hurdle for the organization to deal with.

**Competition**

The coffee industry has a set number of large-scale players that operate in the same economic space as BRCC. Top competitors are the likes of Starbucks, Dunkin donut, and Dutch brothers. According to the NYSE Starbucks (NYSE: SBUX) is sitting at around $92/share. (NYSE, 2023) Interestingly in 2020 Dunkin donuts (NASDAQ: DNKN) was sitting around $106/share showing their relative strength in the market. Something that has changed in the market is the acquisition of Dunkin’ Brands by Inspire Brands turning them into a privately held company. (Gavin, 2022)

Additional competition arises in the RTD industry with only Starbucks having more sales currently after BRCC posted their new RTD after 18 months. This would show that the competition is really non-existent as there is no other competitor that offers the same things that Black Rifle Coffee offers.

**Management team/Leadership**

Black Rifle Coffee Company’s leadership stems from United States Military Special Operations community. This has in turn provided an added connection to their target audience, Active duty, and Veterans of the United States Armed Forces and First Responders.

These individuals have extensive experience in many areas that help to solidify the strategic management team consisting of the following:

**Chief Executive Officer** (CEO) Evan Hafer a 20-year veteran and former United States Army Green Beret and founder of Black Rifle Coffee Company. Developed an understanding for the need of quality coffee in between deployments to Iraq and Afghanistan where quality ingredients were often impossible to come by.

**Chief Financial Officer** (CFO) Steve Kadenacy has been in the financial industry for decades and holds an MBA from the University of Southern California. Previously held leadership roles with AECOM, a global engineering and technical company where he was at different times President, COO and CFO.

**Chief Technology Officer** (CTO) Chris Clark was an Army Academy graduate and Army Aviator. Chirs was previously Vice President of supply chain solutions for Lulumon athletica, where he helped to generate revenue growth from $700M to $1.6B during his time working as a partner between technology and business.

**Chief Branding Officer** (CBO) Mat Best who is a former Army Ranger and New York Times bestselling author. Mat best also has started up additional clothing brands such as Article -15, as well as leadslingers spirits, and the podcast Drinkin’ Bro’s.

**Chief Human Resources Officer** (CHRO) Marty Manning is a former surface warfare and intelligence officer in the Navy. Coming from Ascend Learning where he helped with 2 successful private equity transactions and has an excellent track record of building executives and small teams.

**President and Chief Marketing Officer** (CMO) Chris Mondzelewski has 28 years of consumer marketing, business and leadership experience. Before joining Black Rifle Coffee Chirs spent 12 years with Mars as the Chief Growth Officer (CGO) as well as Senior VP of North America Customer Development and VP of marketing. Chris served 5 years in the United States Marine Corps and served in Operation Desert Freedom. Chis also received his MBA in economics and marketing from Northwestern University.

**Co-Chief Executive Officer** (CEO) Tom Davin serves as the co-CEO and offers 25 years of experience as a senior executive. Tom was a former Recon marine and received his MBA from Harvard University.

After diving deep into the review of what makes up the management team of Black Rifle Coffee Company, the overall management team is so diverse in their skills and backgrounds, but all provide ample knowledge, experience, and motivation to make this company better ever year. (BRCC, 2023)

**Financial Outlook**

The use of coffee chain outlets has been shown to provide a positive revenue stream towards the company’s overall financial standings. Looking at the fact the organization has begun to expand their physical presence it was shown to have a 90% growth in revenue in 2022 while only suffering a 4% decline in their online orders. (World Coffee Portal, 2023)

However, with a 52-week low on the New York Stock Exchange (NYSE) at $2.51/per share we can see a steady increase where it sits at a slightly higher $2.60/per share rate. This number is nearly a quarter of their 52-week high of $8.27/per share. But the new market venture will have some degree of volatility. (NYSE, 2023)

Going off of the most recent IRC PowerPoint provided publicly available, Black Rifle Coffee is expected to produce an annual revenue growth of 30%. With an even more impressive gross margin of nearly 45%. With hefty earnings before interest, tax, depreciation, and amortization (EBITDA) margin of 20%. With the increased market awareness of providing more off-the-shelf available RTD products they have a keen advantage currently in the market to produce large revenue growth at a sustained level. (IRC, 2023)

**Strategies**

One of the most daring financial maneuvers BRCC engaged in was their want to go public. In a 2022 article prior to the push to go public on the NYSE, Engaged Capital LLC dropped a reported $100 Million to support the Starbucks competitor Black Rifle Coffee.

Why this is important is to realize that as a special purpose acquisition company (SPAC) they provide a great deal of leverage as an institutional investor. Looking back recently at their financial prowess, in 2017 they took the Rent-A-Center business (NASDAQ: RCII) and took their shares from a measly $7/share to a more recent $46/share. (Brennan, 2022) A strong indicator that the growth of BRCC is coming has to do with a statement made by Welling, the founder of Engaged LLC, stating the draw to their SPAC investment stems from their product quality matching their mission. (Brennan, 2022)

A key strategy that was identified in the 2023 ICR was that Black Rifle Coffee is looking to expand its presence more locally. While they hold the largest coffee subscription in the world, they realize that the true growth lies outside of the DTC market.

This is why they have aggressively been pursuing the RTD and FDM sectors as their new SPAC and public trading has allowed for exponential capital and growth opportunities. These are areas that they have in as little as 18 months shown the ability to capitalize and control, he markets space. While big name brands like Maxwell house, and Starbucks still occupy many of the space on the shelves in the FDM market Black Rifle Coffee is slowly optimizing their marketing and product line to better enhance their user experience and provide their winning mission and vision for their products and community.

Understanding that 66% of the coffee consumers only purchase their products at retail has shown to be a key understanding of the market space and why Black Rifle Coffee is both at the tactical level and strategic level ready to strike onto a hot 2023/ 2024 market.

**Conclusion**

To conclude it has been found that the strategic management of Black Rifle Coffee is highly motivated and equipped to perform at an increased pace year over year. With the goal of reaching their 10,000 hired veterans this decade it has been slow but progressing. The original notion to hire this number of veterans came from the Starbucks claim against then president Trumps border policy in which they wanted to politically stand against by stating they would hire 10,000 refugees. This while politically causing backlash to Starbucks caused the then young entrepreneur, and CEO Evan Hafer to make a bold counter statement, claiming they would hire 10,000 veterans. And from humble beginnings in 2014, to the bold 2017 claim, Black Rifle Coffee exploded on the market.

One thing that makes Black Rifle Coffee so different is that they are not your traditional corporate entity seeking high profit margins and returns on investment. Their mission is to provide quality products and support the local veteran, active duty, and first responders and their families. That’s it. No intricate vision statement or bold value systems. The company having half its employees directly being military veterans and patriots of the United States offers a unique business model.

The company was struggling to really expand out of the direct to consumer (DTC) market until the end of 2020, when the notion of growth and potential was seen by top level SPAC investment groups like Engaged LLC, who in 2021 merged to bring the Black Rifle Coffee company to the global market and become a publicly traded entity. (Brennan, 2022)

This was heavily needed for the company to begin in the next phases of operations and growth. Starting with their outreach to more brick-and-mortar establishments. From 2020 to 2022 the amount of DTC went from 84% of the business to just 50%. The 30% change now reflects their entrance into the wholesale market. This was a dramatic but necessary shift in marketing and product management. (IRC, 2023)

With this entry also came their successful ready-to-drink (RTD) products that after just 18 months of being on the market showed an astonishing 73% year-over-year growth. In comparison Starbucks, who still holds the top spot, only managed an 8.1% growth. (IRC, 2023) Black Rifle Coffee understands their market as well as consumers. The need to grow into the Food, Drugs, and Mass (FDM) industry which accounts for 66% of coffee sales has been a pinnacle shift. (IRC, 2023)

Overall, it can be expected that with popularity growing not only for their products, but their mission, Black Rifle Coffee is likely going to be the next big name in the coffee industry. With the ability to already outsell top competitors in both the FDM and RTD marketplaces, but currently operating the largest coffee subscription in the world with over 287K annual subscribers (IRC, 2023) There is little doubt that their continued growth into the entire US market is inevitable especially as more physical locations are brought up and their goal of hiring 10,000 veterans is reached and perhaps quickly after doubled.

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