

BLUE LOTUS CHAI: CREATING CAPACITY FOR LONG-TERM GROWTH

ABOUT BLUE LOTUS CHAI COMPANY, LLC. Blue Lotus Chai of Eugene, Oregon, excels at creating award-winning, authentic masala chai blends for the discerning palette. Founded in 2010, Blue Lotus Chai currently offers seven varieties and plans to expand further. All the teas used in Blue Lotus Chai are flash dried in order to easily dissolve in hot water while maintaining the taste and originality of the tea leaves themselves. This means that there's no steeping or straining, and no waste from tea bags or cartons.

THE CHALLENGE. This small company was suffering from a problem familiar to many businesses in 2023: trouble delivering product due to long lead times getting ingredients and canisters. Luckily, there's more than one way to work around supply chain issues. Blue Lotus Chai turned to OMEP, part of the MEP National Network™, for help.

MEP CENTER'S ROLE. OMEP's engagement started with comprehensive value stream mapping for Blue Lotus Chai. This process unearthed over 25 improvement projects spanning capacity, on-time delivery, and sales/marketing strategies. Thanks to the size of the company, and working in a less busy season, OMEP was able to work with the entire 16-person Blue Lotus Chai team. Involving all the employees in the mapping process meant the project was able to take not just a business approach, but also a cultural one. One significant pivot was the transition from a make-to-order model to a make-to-stock strategy. Blue Lotus' new plan was creating a small buffer of available product and backstock of containers. With this model, retailers and consumers receive fresh, high-quality chai when they need it.

Over 12 years of building a company based on quality product, sustainability, and commitment to the community, Blue Lotus hadn't yet had the time to create a strategic sales and marketing plan. During OMEP's engagement, we saw this opportunity and helped create a plan that points the business toward continuous growth. Working on manufacturing efficiency allowed Blue Lotus to reach close to 95% capacity utilization. To support ongoing growth, we recommended new equipment and facility upgrades – an investment of about \$75,000.

"Our mission is to change the way the world drinks chai, 1/4 teaspoon at a time, John Valachovic and OMEP were instrumental in helping us gain the efficiencies and capacity that are enabling us to expand to international distribution beginning with Canada. We couldn't do that without the improvements and strategy for continuous growth."

-James Mattravers, General Manager

RESULTS



20-30% increase in sales



25% expansion of retail partner network



Plans to expand distribution internationally starting with Canada



Now client is close to 95% capacity utilization



New equipment and facility upgrades – an investment of about \$75,000

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