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Viking Value

Call it Nordic or Barbarian barbecue, Erik the Red is a smorgasbord of meats and sides



**Dennis
Monroe**

IT'S NOT OFTEN YOU CAN WALK into a restaurant and instantly know it's going to be a success. Erik the Red, developed by Erik Forsberg out of the old Hubert's space in what is now being called the "East Town" area of Minneapolis, is one such restaurant. It's not just location, location, location—although a meat-centric, beer-heavy restaurant across the street from the new Vikings stadium has the color of money painted all over it. Erik the Red has all the components of a restaurant that can make some serious money: a sufficient number of seats, an eclectic menu, and enough upsides to capture both the bar crowd and serious diners from the stadium and nearby Hennepin County Medical Center. There is also new housing being built in the area, along with several hotels, which will attract the diner interested in some different fare (called Nordic barbecue, but already being nicknamed "Barbarian barbecue").

Décor and Return on Investment

Forsberg, who also owns Devil's Advocate and Dan Kelly's pub, said his rent for the space is reasonable. He put in approximately \$800,000 and still has some tenant improvement dollars coming from the landlord. Since it's an old building, Forsberg said he had unexpected expenses as they

encountered various structural issues that had to be redone. I believe they spent just enough to make the space attractive for the bar crowd and the private parties.

The décor is a typical minimalist approach with lots of TVs. When I visited in late October they were still waiting for the booths that will line the front window and a few other tables. When Erik the Red is finished, its versatile seating will sport about 220 seats, with 25-plus bar stools and more high-tops surrounding the bar.

One thing that intrigues me about the capital investment is the private dining space, which is a good share of the restaurant outside of the main dining and bar areas. The private dining easily seats 100 to 115 people. An outside patio can also be used for private events. Next year it may be used for a broader customer experience.

The adjacent parking lot is attractive for the diner coming to try out Erik the Red during a non-event time at the stadium. When there is an event, the parking lot is closed and they bring in a truck to create a tailgating party outside. They are looking to expand and improve this space. The stadium has already scheduled 300-plus events, making Erik the Red's space very much in demand.

Rating: 4 out of 4 stars. The return on investment is high.

Revenue

I always like to look at the various sources of revenue. In my mind there are three sources of revenue here: (1) the outside space for stadium events, particularly game-day events; (2)



Erik Forsberg sits behind his whitefish/smokes salmon appetizer.

private dining and parties; (3) main dining room and bar. Again, given the proximity of the restaurant to the Hennepin County Medical Center and the new Kraus Anderson building, the potential for revenue is tremendous.

I'm not sure how the revenue will look the first year because of the rolling start, which included not having all the tables in and working out a number of glitches. I think in its second year this could be a \$6 million restaurant without much trouble.

Rating: 3.5 out of 4 stars. The only reason I nipped the rating is that it is going to be difficult to coordinate all of these different opportunities and staff the restaurant.

Food and Beverage Costs

The menu is loaded with protein. Additionally, Erik the Red has a number of specialty items that can create quite

a bit of waste (particularly the gravlox, the spreads and braised lamb). The majority of the appetizers are high protein, except for the Roots & Cheddar, a fun twist on French fries. There's a good selection of interesting sides that might be slightly underpriced, except for the smokey mac & cheese (which may be slightly overpriced).

The overall menu runs the gamut from smoked meats to sandwiches to salads. The check average per person is in the high \$20s.

Forsberg partnered with Crazy Mountain Brewing out of Colorado to brew several beers, including proprietary ones that not only give Erik's something unique to draw in fans, but at a later date could be bottled and sold as a retail item. Wine and scotch menus are in the works. Trying to keep the food costs down to 30 percent is going to be difficult. My thought is it will settle nearer to mid-to-high 30s, which is OK if they can keep the alcohol and food mixture at a good percentage. Then the overall cost of food and beverage will probably be in the low 30 percent range.

Forsberg has germane experience with food costs from running his other

two restaurants and rolling out the beer program. I believe he'll get the food costs to a sustainable level.

Rating: 2.5 out of 4 stars.

Service and Labor Costs

It's always difficult to tell how much labor is needed in a new restaurant because management needs to feel their way around the big space, meet the needs of party-goers and figure out the bar crowd.

The servers we had the two times we dined were exceptional. Also fun to watch was how the staff all had an individualized way of wearing their black-and-red-checked flannel shirt. One guy ripped out the sleeves; a woman wore it tied around her waist; another wore it open over a T-shirt; others wore it as it was intended, as a button-down shirt, and one bartender tied it to bare her midriff, much like the servers at Twin Peaks, a franchised restaurant.

Forsberg admitted both the front and the back of the house were currently overstaffed, but that would adjust with time.

Rating: 3 out of 4 stars.

Overall Business Success

Erik the Red is going to be a business success. The reason the stars don't align (I give an overall rating of 4 out of 4 stars when I nicked two categories) is because it's premature to rate a restaurant that's still developing. I believe Forsberg, who is a smart restaurateur and businessman, will get the labor and food costs down. If he can drive the volume and keep quality food coming out of the kitchen, he should have a gold mine. His success has a lot to do with the location, attracting the millennials, and the stadium. Fortunately, it's not dependent on having a winning football team.

Rating: 4 out of 4 stars. [FSN](#)

Dennis L. Monroe is a shareholder and Chairman of Monroe Moxness Berg PA, a Minneapolis-based law firm specializing in multi-unit franchise finance, mergers and acquisitions, and taxation. In addition to this column, he writes a monthly column for the Restaurant Finance Monitor and is often quoted in industry publications. He was CEO of Parasole Restaurant Holdings from 2009 to 2011. You can reach him at dmonroe@mmlaw-firm.com.