

FOODSERVICE NEWS

Volume 28 • Issue 10

The News and Information Source for Restaurants and the Foodservice Industry

December 2017

www.foodserviceneews.net

Nolo's Kitchen

Experienced restaurateurs bring three dayparts and a fun basement bar to the North Loop



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Monroe**

WHEN YOU WALK UP TO Nolo's Kitchen and Bar in Minneapolis' North Loop, you're struck with the history attached to the building. It started out as a stately Maytag appliance store, then became a jam-packed hardware store and now radiates character as a restaurant and basement bar. Turning a hardware store into a restaurant is not an easy—or cheap—feat, but they've done an admirable job. The upstairs neighborhood-style restaurant serves all three dayparts in 120 seats. The cuisine is comfort food modernized. The basement, with its own outside entrance, hosts a quirky bar with an in-house food truck serving bar food. Something that I often write about is having two profit centers, and they are capitalizing on that idea.

The three owners—Marty Collins, Peter Hoff and Brett Johnson—have divided up the responsibilities for the business. Johnson is the businessman in the partnership with experience running a family-owned restaurant, The Hilltop, an institution in Edina for years. Together the three put together and execute the gameplan of this culinary spot for the North Loop. In transitioning a store into a restaurant, they tried to keep the building's character, and it does seem to fit a historic niche, much like The Freehouse down the street.



The breakfast menu is their strong suit. The price point is consistent with most breakfast menus in the area, including Moose and Sadie and the Hewing Hotel, down the street, and around the corner. The lunch menu follows the same price pattern with the dinner menu a little higher, probably around a \$30 check average. While it does have a lot of competition, it seems to be attracting diners, especially the weekend breakfast crowd. While there is parking close by, this is definitely an issue. However, it does seem like hungry consumers have a way of finding a parking spot.

Revenue

Johnson confirmed that with the 120 seats upstairs, a check average in the high teens and three meal parts, their first-year revenue upstairs should be around \$2 million and the bar action downstairs will be around \$1 million. Their goal is to bring the upstairs to \$3 million and downstairs to \$2 million. If they did \$2.5 million upstairs and \$1.5



million downstairs, I would consider that a very good start. If I dissect the menu, noting that the appetizers and the small plates are in the \$10 to \$15 range, the sandwiches in the same range and entrées in the \$20 to \$35 range, (and the beers being reasonably priced), I would put dinner's average check around \$40. The upstairs has a 70/30 food-to-liquor ratio, while the downstairs is reversed. The check average downstairs would be around \$25, with \$15 going toward liquor. Those kind of revenue numbers, given what we know about the rent structure and such, would still mean that the restaurant should do relatively well.

Rating: 2.5 out of 4. Room to grow to a 3 out of 4.

Food Cost

With the mix and ratios stated above, and since the food isn't dependent on protein, the initial food costs will be a bit higher than after things normalize. During my conversation with Johnson, he said figuring out food cost in the

beginning is tough, especially given some of the unique dishes they're offering as appetizers. However, food cost should settle in at the 30 percent range eventually.

Rating: 3 out of 4.

Labor Cost

When you have two venues, you are going to have a problem with labor because you have different kinds of servers and approaches for both locations. I would think that in order to adequately staff and serve the three dayparts upstairs with varying amounts of revenue and service, labor will be a challenge. The bar downstairs also will need a track record (which bands attract a bigger following, for instance) before it will be easy to predict the number of employees necessary. It will be tricky to control labor, which will probably be around 40 percent. I do think that eventually they could get it down to 30 percent. Fortunately, this team has experience in this.

Rating: 2 out of 4.

Return on Investment and Capital Improvements

I would guess there was a couple million

dollars spent, given the average \$150-\$200 per square foot, getting the upstairs and downstairs finished. They also chose nicer fixtures than needed, and probably could have gotten away with doing a little less. It took spending some money in the kitchen to convert a hardware store to a nice restaurant but they have achieved it. They could have probably spent a little more on the outside steps (such as add a banister). Overall, they have created a pleasant restaurant.

Johnson told me their investors were friends and family, so this gives them a little leeway by not using private-equity investors. Given everything involved, I think it will be awhile before they get a reasonable return on their capital investment, taking into account their original investments and the ramping up of the downstairs bar. The nice thing is that they'll pick up the tax losses early on and the FICA tip credit, assuming that it does not change with the new tax laws. These restaurants tend to grow slowly in the area but once they get going, they attract a loyal following.

Rating: 2 out of 4.

Overall Rating: 2.5 out of 4.

The owners' goal is that this restaurant becomes a neighborhood fixture, much like The Hilltop did, although the North Loop is more fickle than Edina. Parking will always be one of the main challenges until something is done with the space next door. That being said, there is plenty of street parking, especially around breakfast and lunch times. True restaurant people are involved and I think the long-term survival has a shot because of the talent involved. Overall, it is a great addition to the neighborhood, and since it's my neighborhood, too, I'm glad they're finally open. [FSN](#)

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