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Business as Unusual

How the combo of Boemer and Rancone go to market with winning, but different, concepts



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IF YOU OPEN A LOCAL OR EVEN national food periodical, you would be hard pressed not to see some comment about the success of Thomas Boemer and Nick Rancone. The chef-businessman combo brings a deep bench of talents and gifts to the Twin Cities restaurant scene. Their restaurants' food has received rave reviews, and deservedly so, but I also love their business sense. What intrigues me is they have four different kinds of restaurants with four unique business formats—all successful.

Their original, Corner Table, is a neighborhood fine-dining restaurant which has become an institution in South Minneapolis. It does reasonable revenue for a neighborhood spot with only 46 seats and employs an award-winning chef, Karyn Tomlinson. In addition to being a great restaurant, it also serves as a training location for their culinary talent.

The second concept is Revival, a southern cooking concept, on Nicollet, right in the heart of Eat Street. It was an instant phenom and, while it's slowed down (which happens to almost all restaurants that open to long lines), it is still a place to go, thanks to their special style of Southern cooking with emphasis on chicken. They serve only beer and wine, no full liquor license. Since it is a small space, it has to work hard

to drive volume, but with takeout and delivery through third-party services, the total volume is very respectable.

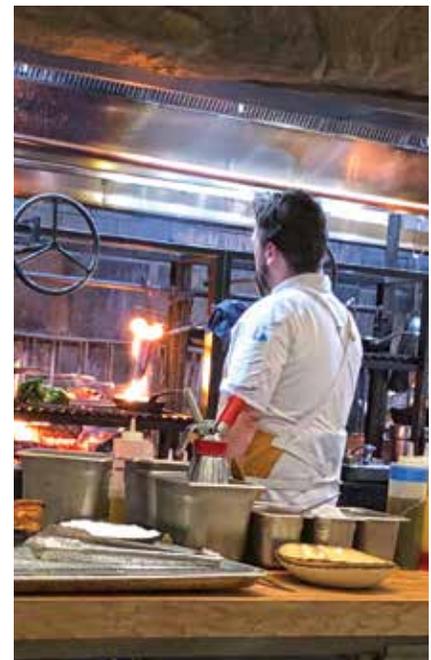
Boemer and Rancone opened a second Revival in St. Paul, and while it has a similar menu to Minneapolis (with the addition of BBQ plates), it is much more alcohol-centric, with a 60/40 food-to-alcohol split.

Each of these three restaurants has neighborhood appeal with good revenue. And even better from a business standpoint, the restaurants were developed by keeping capital expenditures down and securing reasonable rents.

The duo's latest project in the new Keg and Case Market development on West 7th Street in St. Paul consists of two restaurants: In Bloom, which just received the Minneapolis Star Tribune's Rick Nelson's pick as the restaurant of the year in 2018, and Revival Smoked Meats, a small counter-service space in an opposite corner of the market.

In Bloom, which has only been open a few months, is the larger restaurant with 85 seats, 15 at the bar plus another 40 to 50 seats and private dining. The concept revolves around a large open-hearth which, in my mind, looks like a huge capital expenditure. It's an exhibition-type approach, where hopefully the investment will be justified in light of the revenue. The menu is eclectic and unusual, such as Roasted Things (figs, grapes, lives, caper berries, Marcona almonds) and venison tartar.

In my trips to Revival Smoked Meats, the customers seem to line up outside the door, particularly on Saturdays. The beauty of Revival Smoked Meats is it has a broad menu and seems to hit all the food items consumers want, every-



thing from pastrami to their famous macaroni and cheese which they serve at other Revival restaurants. It's sort of a combination of deli and Southern cooking, but is missing the fried chicken, which is a result of the size of the kitchen, which doesn't allow for this specialty. Rancone gave me their strategy with the beverage menu. They have their own brand of tap beers as well as cocktails on tap, which keeps the liquor cost down and helps them get by without a full bar.

As Boemer told me, the food cost of both new restaurants is still a work in progress. Labor, particularly at In Bloom, is a work in progress. In Bloom has a large staff in the cooking area, but Boemer said they only need one or two skilled people, so as they master cooking on the open hearth, labor

costs should go down. Rancone said they expanded on private-label beers and the cocktails on tap. He made it clear their restaurants will continue to be innovators on the drink side. In addition, at In Bloom, one of the things that seems to be a real opportunity is, again, the bar program that Rancone is putting together. Once again, they have the private label tap beers and they are also developing a broad cocktail program which will go great with their outdoor dining when the patio opens in the spring. This restaurant will definitely continue to be an innovator on the drink side.

As to the business model for both new restaurants, based on my conversations with the owners I would estimate that Revival Smoked Meats is probably going to have sales in excess of \$2 million, and In Bloom, given its size, will do \$3 million to \$4 million. Also, I would think the check average at In Bloom is about \$70, where Revival Smoke Meats surprisingly has a

pretty robust check average, in the \$25-plus range. The full-service Revival's check averages are somewhere closer to \$35-\$45. These are great check averages.

In my mind, the challenge is the big investments. Even though In Bloom and Revival Smoked Meats had landlord contribution, the projects still required substantial investment. So to get a return on investment, they're going to have to perform on the higher side of profitability. The good news is they were able to do this with bank financing and just one investor. This lowers the pressure on return of invested funds.

If I was going to rate their overall businesses for profitability and investment return, I certainly would rate Corner Table as one of those neighborhood restaurants that you'd look at as a 2.5 out of 4 stars and that is just because it is hard to make money out of a 46-seat upscale restaurant (remember this is not a reflection on their food, but rather their business). Revival

Minneapolis has stabilized, and given its revenue and cost structure, is at a 3.5. Revival St. Paul, with its high liquor mix is also a 3.5. In Bloom is a work in progress with a big investment, but given Rancone and Boemer's track record, this should be at least a 3. If you appropriately allocate capital investment to Revival Smoked Meats, that's a home run so you've got a 4 rating as to the overall business success.

These are two very talented people who are doing a great job with developing different concepts and really look at the neighborhood more than just a concept for growth. They are great food and business people and they get my 4 stars. [FSN](#)

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