

FOODSERVICE NEWS

Volume 27 • Issue 5

The News and Information Source for Restaurants and the Foodservice Industry

June/July 2016

www.foodserviceneews.net

Third Year's a Charm

Nontraditional Kyatchi mixes Japanese cuisine and hot dogs in near-perfect harmony



**Dennis
Monroe**

Editor's note: Each month, Dennis Monroe reviews a new restaurant's business proposition, based on his years of being active in the restaurant industry both as a business attorney, an owner and operator.

THERE'S MORE THAN ONE reason hot dogs are on the menu at a Japanese sushi restaurant on Nicollet Avenue in Minneapolis. One, they're a welcome item on the kids' menu; two, Chef Hide Tozawa, who traveled on the road as personal chef for former Twins player Tsuyoshi Nishioka is an avid baseball fan; and three, they are deliciously nontraditional, including one topped with fried soba noodles and red ginger.

The pitch at Kyatchi, an authentic Japanese restaurant, is that it only features certified, sustainable fish. It was conceived for the Kingfield and Lyndale neighborhoods, a new mecca for foodies, by Kim Bartmann, Sarah Peterson, Sam Peterson, Tozawa and Anne Saxton (who just opened The Draft Horse in NE Minneapolis). The website says Tozawa is the "curator" of the restaurant, a nice thought.

As I continue my reviews of neighborhood restaurants, it's interesting to note that Kyatchi had a slow opening and, now in its third year, has taken off. I made reservations



The Yakisoba Dog with fried soba noodles, onion and red ginger, served with a side of Japanese potato salad.

on the three occasions I dined there, which was smart because there are lines out the door on the weekends, which can add up to a 45-minute wait.

Kyatchi's menu has a European feel to it with Japanese flavors. Only about one-third of its menu is sushi. The extensive menu includes soup and salad, small plates, rice, noodles, kushimono (grilled skewers), a hot dog section with four different versions, as well as a long sushi menu. On the beverage side, there's a saki selection, about 14 beers on tap and a reasonable wine selection (mostly whites). During our visits, guests ranged from a 6-year-old eating tofu with chopsticks to young couples to families and older people.

Here's how my formula pans out:

Revenue: Owner Sam Peterson didn't have the table-turn numbers at his fingertips when we talked, but said Kyatchi feeds about 700 people a week. The check average is \$25 to \$35. It's a small space with 48 seats inside, including a bar and sushi bar, and 18 to 20 on the street-side patio. Outdoor seating is a must in this neighborhood. It adds valuable seats and attracts people who might otherwise go somewhere else to enjoy a good meal and the sunshine. Peterson said they're "not too far from [being] a \$1 million restaurant."

Rating: I give 2 out of 4 stars. I only give this lower number because it is a tough proposition to make money at a restaurant doing \$1 million or less in revenue.

Ambiance and Capital Investment: Kyatchi has a fun ambiance, and you can see Kim Bartmann's influence. Bartmann (Bryant-Lake Bowl, Tiny Diner et al.) is a master at doing big things with minimal capital improvements to spaces. A large, wall-size mural incorporates the Japanese theme with pictures of fish and repeat images of Babe Ruth's bat replaced with a paper parasole. One big bolster wraps around half of the seating area in the back. Since the location was previously a restaurant space, the investment was quite a bit less than it appears—around \$200,000, according to Peterson.

Rating: 4 out of 4 stars, because of the capital investment. The ambiance is clever and fun, perfect for a neighborhood restaurant.

Service: Kyatchi's service is excellent. The times I dined there it seemed they were a little heavy on the servers (but I was there before the crowds). Because one of the missions of the restaurant is to educate diners on sustainability, additional

personnel may be needed. There's a prominent statement in the menu about pursuing a sustainability strategy as a partner with Monterey Bay Aquarium and its program, Seafood Watch. Weekends require three sushi chefs to keep up with the demand, Peterson says. Although, taking reservations is a pain, Peterson says they need to offer that service to reward their loyal customers. Plus, he adds, a reservation is a guaranteed sale. Labor costs run about 34 to 35 percent, because experienced servers are required and "sushi chefs are expensive," he says.

Rating: 3 out of 4 stars given the effectiveness of the table turns and everyone is working in multi-faceted rolls.

Food Costs: For a neighborhood restaurant that serves sushi and such, Kyatchi seems to have higher menu prices than most Japanese restaurants in the Twin Cities. But that's been explained by the higher priced fish required. Peterson says food costs are about 25 percent. Balancing that higher cost of fish is the

need for less protein in rice and noodle dishes. For instance, the ramen noodle dish (which are a staple of the Japanese diet) is \$12, with six pieces of pork. This has to benefit food costs. They have a generous happy hour, where you can get a number of items in the \$5 to \$7 range.

Rating: 3 out of 4 stars.

Overall rating: 3 out 4 stars. Because the restaurant has already survived two years of climbing sales to become a hit, I anticipate it will be around for the long term, nine innings or more. After all, they seem to have circled all the bases to serve memorable Japanese food. [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@mmblawfirm.com.