

The Bungalow Club

Neighborhood restaurant has the right touch of craftsmanship and craveable food



**Dennis
Monroe**

THE BUNGALOW CLUB IS WHAT I would call the prototype for a successful neighborhood restaurant. It's located at 43rd and Lake Street just before you cross over the bridge to St. Paul and occupies the place previously known for a number of years as The Craftsman Club. They have taken the existing space and used the fixtures and the tables and equipment and even small wares, but put a twist on it. It is owned by three individuals: Jeremiah Dittmann, who runs the bar and serves as general manager; Andrew Kraft, the chef; and Sam Rosen, an investor.

They were able to get into the restaurant at a very reasonable price, and although they wouldn't commit to the total investment, I would think it's in the \$300,000 to \$400,000 range.

The menus, from the food and wine lists to drink menu for a full bar, are all put together in the true neighborhood spirit. Wine pricings are in the \$40 to \$50 a bottle range, some cheaper. There is a \$98 bottle of Chardonnay, at the high end. The menu has everything from a burger to a really cleverly done daily smorgasbord selection at \$19. It can be shared as an appetizer or it can be an entrée.

The seating also seems to fit. They've got about 45 seats in the dining room, 20 at the bar and about 40 outside,



for a total seating capacity of about 100. However, 40 of that is seasonal. The outside seating is enclosed, with a lattice ceiling covered with vines, creating a garden environment. It's not terribly efficient in terms of serving, because the wait staff has to go through a door that the guests use, but they make it work.

Doors open at 4 p.m., so they can start getting people in early, but as Dittmann

told me, "everyone in Minnesota wants to eat at 6:30," so they are trying to encourage both earlier and later like every restaurant in town. During the week, they're getting one-and-a-half table turns and on the weekends, two-and-a-half, which is great.

They don't own the building, but from what I've surmised, they have reasonable rent, which leads to a strong chance of being a long-term success in that spot.

Now let's look at the specific components of the business.

Revenue

They are looking to do somewhere between \$1 million and \$2 million. I think \$1.5 million for the number of seats they've got is reasonable. Check average is about \$35 which I think will go up some, as they have the ability to raise some of their prices and to do some higher priced entrées. As long as they have the "safe harbors" as I like to call them, like burgers and chicken dishes, continue their vibrant bar program, \$1.5 million in revenue should be very doable and maybe conservative.

Rating: 2.5 out of 4 stars.

Food Cost

They don't have expensive protein on the menu, and according to Dittmann, they're keeping food cost at about 30% of sales, which is where you want it to be. I think the profitability is going to be strong on the food. If they do go with some higher priced entrees, it may even help their food cost.

Their alcohol-to-food mix is 70/30 which as a neighborhood restaurant could even be better in the future, maybe 65/35, which will increase their revenue and also will improve their food and liquor cost.

Rating: 3 out of 4 stars.

Labor Cost

They of course, have staffed up in the beginning to impress the customers and they've done a good job. The service is very good and the servers seem to fit the restaurant, they have hired experienced people and according to Dittmann they've been able to keep the labor cost around 35% of sales, which in today's Minneapolis market is pretty good. It's obviously going to run higher in the beginning, but I do think they seem to have a real understanding of labor cost.

Rating: 3 out of 4 stars.

Return on Investment


This is a place I believe they've really excelled. They don't have a lot invested. I think at a normal profitability percentage

and at \$1.5 million of revenue, with their kind of food and labor costs, they should be able to get a 25% to 30% return on investment. They will most likely have some additional capital improvements, but I would give them a 4 on return on investment if all goes well.

Rating: 4 out of 4 stars.

Overall Rating

This restaurant fits the prototype for a neighborhood restaurant. It has a lot of charm and appeal, a reasonable if not low capital investment, and the owners seem like they know how to run a restaurant, so I believe it's going to be a long-term place in the neighborhood and it will also attract people from other parts of the city and metro area.

Rating: 3 out of 4 stars. 

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