

# FOODSERVICE NEWS

Volume 29• Issue 7

The News and Information Source for Restaurants and the Foodservice Industry

September 2018

[www.foodserviceneews.net](http://www.foodserviceneews.net)

## Centro at Popol Vuh

Fast-casual eatery is bustling with fine-dining sister on its way



**Dennis  
Monroe**

**C**ENTRO IN NORTHEAST Minneapolis may call itself fast casual. It may even check off all the boxes for what consumers are looking for in that style restaurant, but it's the Cinderella at the fast-casual ball. It has scratch Mexican food—including some of the best ceviche and guacamole I've tasted—a hipster atmosphere, and a full bar that's the focal point of the room. A welcoming outdoor patio is walled in by some fun murals painted on the front of the building.

If you're not familiar with Northeast, the restaurant isn't easy to find, and the actual full name will be hard for Siri to understand: Centro at Popol Vuh. The fine-dining portion, the Popol Vuh, is still being constructed, and its guests will enter into Centro before turning right.

The large horseshoe-shaped bar seats about 20, and the total restaurant has about 80 seats, which is large for fast casual but allows the guests to arrive at that higher volume. In the back there's a walk-up window for take-out, another big trend. The décor is fun with three big TVs and a huge flowered needlepoint mural. The kitchen has a dropped ceiling, which is a nice touch because they've used Plexiglas, which helps achieve a sense of intimacy. The lights are of the Edison type, and there's a lot of industrial copper. All tables and seats

are hardwood, plus high tops that have three different sections. A server wasn't really clear about what the top of the table was used for, but they do look stylish.

Owner Jami Olson is an enthusiastic restaurateur with a lot of passion for this restaurant and creative ideas for Mexican food. In addition to Centro, they are planning to open a full-service restaurant next door with 67 seats, 12 to 15 seats at the bar and a \$50 to \$60 check average. Popol Vuh is the name of a Mexican book about drunken rabbits that keep reproducing, which is now being translated into English. And there is a rabbit motif to the restaurant.

This is Olson's first restaurant. Her partner, Ben Rients, is from Lyn 65, where she also worked. The chef, Jose Alarcon, is French-trained, and they have been able to build the restaurant around him.

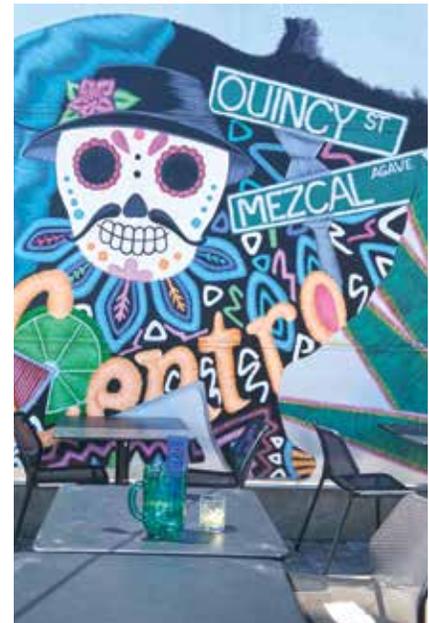
Let's look at how the restaurant measures up to the criteria I've been using in this column:

### Revenue

Olson is looking at generating upwards of \$3.5 million from Centro. I think that's probably a little high. But what makes this kind of revenue a possibility is the 50/50 split between food and alcohol, and a check average of \$30. For fast casual, these are great numbers and have potential for significant profitability. I give Centro a 3.5 on revenue. The only reason not to give it a 4 is that the kind of revenue they're anticipating is achievable by only about 1 to 2 percent of fast casual. Still, if anyone can do it, they've got the structure and bones to do it.

**Rating:** 3.5 out of 4 stars.

### Food Cost



**While the location may be hard to find for some, the mural ensures you don't drive by it.**

Food cost is running about 28 percent, according to Olson. I think they could lower it, but they do have some high protein items, such as ceviche, and some of the protein on the tacos, but overall the food cost still looks good. Mexican restaurants historically manage food costs quite well, and with the liquor mix, I'd give Centro's food cost prospects a 4.

**Rating:** 4 out of 4 stars.

### Labor Cost

Labor is another story. I don't think they've quite figured it out yet. They were overstaffed in the beginning, in response to the amount of preparation the food requires. The three times we visited Centro, we got food in a reasonable amount of time, but it still is a work in progress. On one visit, I

counted seven people standing around the order counter, talking to each other. (As a guest it's no big deal, unless you're a lawyer writing a business column.)

Olson says labor is running 36 to 38 percent. It should be closer to 30 percent, particularly for a fast-casual restaurant. They are going to have to get more efficient, which could get tricky because they have a large outside patio that has to be served by going in and out the front door. They are doing a high touch delivery of the food; it's not waiting in a queue to get delivered. To maintain that style of service, labor costs most likely will be on the high side.

**Rating:** 2.5 out of 4 stars.

### **Return on Investment and Capital Improvements**

There was a lot of money spent on this site, probably more than I would normally see. It is partly because the owners are building another restaurant next to Centro. If I had to make a guess, I'd say there was about \$2.5 million invested in Centro, although the figure Olson gave was \$1.8 million. There was a sort of beg-and-borrow approach to get the funding, with a 50 percent SBA loan and the rest through equity funding from family and friends and though "dialing for dollars" (Olson is

a pretty persuasive person). Even though the place is 5,300 square feet, the rent is reasonable.

The décor in the new restaurant—a David Shea design with a lot of input from the owners—is interesting but moderate and not excessively costly. Given the kind of volume Centro is generating and the kind of leverage they have, with somewhere around \$1 million of equity in, they should be able to get a 20 percent return. There is still some risk, however, since the owners are preparing to open another restaurant and still have a lot of other investments to make. With that in mind, I give it a 2.5.

**Rating:** 2.5 out of 4 stars.

### **Overall Rating**

I have to give Centro credit for touching all the bases. It has an impressive liquor-to-food mix and a good approach to food costs. Once the owners get the labor costs down, it's going to be a model restaurant. Quite aside from business considerations, Centro offers a novel approach to Mexican cuisine, and the products and the graphics are really cool. And once its sister restaurant is open, some other efficiencies can be realized.

**Rating:** 3 out of 4 stars.

### **UPDATES FROM PREVIOUS REVIEWS**

Early on in this column (March 2016), I reviewed Heirloom, which I thought could be a great addition to the restaurant scene in St. Paul. Unfortunately, they never achieved the volumes they thought they would. Chef Wyatt Evans' food was some of the best in the Twin Cities, and he and front-of-the-house manager John Jorgenson were featured in Foodservice News' 2017 Top Chef book, but revenue just wasn't there and it closed.

Additionally, much to my chagrin, Sweet Chow (April 2018) has elected to give up its fast-casual roots at night for table service. I think that may be short-sighted. While it may be an effort to attract a sit-down crowd, I think it also limits the kind of customer that's going to come in, so I think that they should hold true to the fast-casual format. And Sweet Chow just opened its adjacent ice cream counter. That should boost traffic as well. [FSN](#)

Dennis L. Monroe is a shareholder and chairman of Monroe Moxness Berg PA, a law firm specializing in multi-unit franchise finance, mergers and acquisitions and taxation in the restaurant industry. You can contact him at (952) 885-5999 or [dmonroe@mmbllawfirm.com](mailto:dmonroe@mmbllawfirm.com). For more information, please refer to [www.MMBLawFirm.com](http://www.MMBLawFirm.com).