

■  
**1**

Who is your customer?

■  
**2**

What do they want?

■  
**3**

What does your market look like?

■  
**4**

What is your core competency?

■  
**5**

What will your menu be?

■  
**6**

What are your volume goals?

■  
**7**

What will you need to execute your menu?

■  
**8**

Do you have inefficiencies?

■  
**9**

Are you delivering on your brand promise?

» Turn the page to explore the questions.

## Concept Decision Tree

### Sample Business: “The Alarm Clock”

University with 10,000 students, faculty and staff in a mid-sized Southern town. A 700-square-foot space has opened up, and the school wants Dining Services to take over the space.

- 1. Very diverse students, faculty and staff.
- 2. Situated around three classroom buildings and not far from fraternities and sororities, they want fast meals between classes, customization and variety, unique flavors and value.
- 3. Nearby student union has a food court with many national QSRs including coffee, burger, chicken and Mexican concepts.
- 4. Union has a kitchen that could be used as a commissary. No space for deliveries, so items must be shuttled from the union.
- 5. Area has no breakfast concept, so this location will focus on breakfast items—breakfast burritos and sandwiches, pastries, fresh fruit and yogurt. Nearby fraternities and sororities could also use a late-night option, so hours will be 10 p.m. to 10 a.m.
- 6. Initial volume goal of 60 transactions from 10 p.m. to 5 a.m., and 100 transactions from 5 to 10 a.m.
- 7. Two-urn coffee maker, two high-speed ovens, prep table with top rail and cooler drawers, toaster, open-air cooler, two-door warming unit for grab-and-go sandwiches and burritos.
- 8. Initial plan to transport heated product from union kitchen to store hurts labor and food quality; instead, transport everything cold, and make and heat sandwiches on site.
- 9. Students want customization, so make-line is run Chipotle-style: students choose bread (tortilla, English muffin, toast), protein (eggs, ham, bacon), cheese, vegetables and sauces, toasted to order in the high-speed ovens.

### Sample Business: “Chile Pods”

Ten-store Midwest grocer. Wishes to expand foodservice sales with a signature concept. Currently has a traditional deli with cold salads, fried chicken and other classic entrées.

- 1. Stores are in residential areas with a population of young professionals, ages 32 to 45. Busy people with growing families; well-traveled; health and wellness is a priority.
- 2. Customers have told management they want fresh, hot, convenient yet unique meals, particularly for dinner day-part.
- 3. Most stores are on busy thoroughfares with lots of QSRs. Area is saturated with sandwich concepts, so that's out of the question, but there aren't many unique Asian spots. Also, no other specialty grocers such as Whole Foods in the area.
- 4. High-quality foods and strong customer service.
- 5. Small pan-Asian menu of rice bowls, sautéed to order with choice of protein. Sides of eggrolls and dumplings.
- 6. Initial volume goal of 30 transactions for lunch, 50 for dinner.
- 7. Three induction woks, a prep table with top rail for ingredient storage, two rice cookers, two fryers, one cooler and freezer for storage.
- 8. Menu only needs one fryer; eliminate one. Reduce inventory overhead and order prep time by eliminating reach-in cooler and keeping all fresh items in prep table's undercounter drawers and rail.
- 9. For busy customers, add open-air merchandiser for heat-and-serve, take-home meals; add spring rolls for a more healthful side option; keep offerings to kid-friendly, familiar favorites, with one adventurous item weekly as a special.

The decision tree on the left serves as a roadmap for creating a successful foodservice concept. It can also be used to troubleshoot existing concepts. To help illustrate the questions, we've created two imaginary businesses (above) and walked through the decision tree ourselves. These are not real concepts and surely do not include all the details of a real operation. The article that follows dives deep into each part of the process.

# What Are You?

Critical questions for a successful foodservice concept

By **Abbie Westra**

Locali found success by filling a need in the marketplace. Simple as that ... more or less. Read about it on p. 20.





## What Are You?

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**Y**our momma's famous meatballs—the ones made not for money, but love?

Such memories.

How do we evolve those meatballs into a successful foodservice concept? Sadly, many operators arrive at the starting point with an idea, a passion, an emotion—and no due diligence to back it up.

So *Fare* enlisted four folks to help you create a successful concept: a site analyst, a design guru, a flavor expert and an industrial engineer. They will guide you through those nine questions on the opening pages, culminating with an answer to the big question: What *are* you?

But first, a reality check: Let go of the meatballs.

### **Letting Go**

Ross Kamens is a thoughtful, observant man. So if he tells you to drop your emotions, you better do so.

“People come to me with an idea, and they’re already super clear on what they want to do. So they try to develop something for the mass audience as opposed to understanding the market first. They

## Case Study: Locali

Filling a void in the marketplace

Greg Horos and Melissa Rosen's success can be traced back to one simple step: They filled a need.

Horos, with a background in marketing and business development, and Rosen, who has studied integrated nutrition, recognized their Los Angeles neighborhood could seriously use a healthy, socially responsible food shop. They opened Locali in 2009 as a "hybrid between Whole Foods and 7-Eleven," Horos says, and are now positioning themselves to open franchises across the country.

The neighborhood, Franklin Village, sees a lot of foot traffic, with many industry professionals, movie studios and highway 101 situated nearby. "There really was not a place—and still to this day there really is no other place—to get the type of offering that we have," says Horos.

The 700-square-foot store has a little more than half the space dedicated to retail, and the rest holds the foodservice offer—a robust menu of sandwiches and salads for all day-parts. Both the foodservice and retail products emphasize local, organic and better-for-you options, with a large selection of vegan and gluten-free items.

Rosen and Horos began work on the menu before breaking ground. Items include the Big Sur (roast beef, Swiss and arugula with horseradish spread on rye) and Franklin Phenomenon (turkey, Monterey Jack, spinach, tomato and



red onion with chipotle sauce on pretzel bread). Its vegan breakfast sandwich—vegan sausage patty, vegan Cheddar, chipotle sauce and maple syrup on a multigrain English muffin—has a cult following of its own.

The bulk of sales come from the deli, which is executed "lean and mean" on a convection oven and panini grill. "It's very small, so we have to be very creative," says Horos.

The biggest lesson learned at Locali has been the volatile commodity market. Horos advises fellow operators to be prepared for uncontrollables: "Take those numbers into consideration and know not only your market, but your limitations in terms of your financial stability."

The ultimate goal? To franchise Locali around the country to other markets with a demand for its "conscious convenience" niche.

develop the product before the actual need has arisen," he says.

And Kamens' point? "Don't fill the shelf, fill the need."

Inspiration often comes from an emotional connection, but, says Kamens, founder of revolutionary flavors LLC, Victor, Idaho, "you need to move it to a deliverable."

Michael Lawshe is less subtle.

"I don't care how much sizzle, fun and cool stuff you bring, if it's not what the customer wants and you do it poorly, you're going to fail," says Lawshe, president and CEO of design consultancy Paragon Solutions, Fort Worth, Texas.

"Sometimes operators are their own worst enemy. They base it on personal preference or some obscure thing. It's

not logical."

OK, are your dreams dashed? Passion squelched? Good—you're ready to start down the path, where you'll make decisions in four phases:

- ▶ Customer and marketplace;
- ▶ Menu;
- ▶ Format and floor plan;
- ▶ Quality assurance.

### Defining the Customer & Market

The first step is to identify your customer. If you're developing this concept within an existing location such as a supermarket, c-store or college, survey existing customers and create focus groups to determine what needs need filling.

If this is a new location, know the neighborhood: Are there schools nearby,

a business park, a hospital or a major thoroughfare? Are there weekend warriors, or night-shift workers? Who could your potential customer be?

And if you have the financial resources, invest in data on the purchasing behavior of your area and its demographics.

Once you have a sense of your existing and potential customer, take a look at the marketplace. Is it saturated with a particular concept? Is there a gap that needs filling?

"If you build it, they will not come," says Jim Fisher, our site-analysis expert. "You have to supply a want or vacancy that exists."

Fisher, founder and CEO of IMST Corp., Houston, measures success by

## Case Study: Munchy Mart

From shoebox to c-store

Hal Brown was given quite the challenge: Create a convenience store within a 750-square-foot space that once housed a FedEx/Kinko's in the University of Northern Colorado's University Center.

That was two years ago, and in that time Brown, director of UNC Dining Services on the Greeley, Colo., campus, gained a precious extra 500 square feet, and worked with architects, vendors and student groups to create the Munchy Mart brand.

"We wanted the store to be special," says Brown. "It needed to have curves, it needed the lighting to give it that retail feel because I didn't want it to have that gas station look. It has to look fresh and cool, because ... students expect that, and if it doesn't have that look and feel, they're not going to come."

Not that it was easy. First he had to work to get that extra square footage from the neighboring bookstore. Brown also had to configure around three columns that ran down the middle of the space. Security gates divided the store in half.

He solved the problem by eliminating a wall and closing off one of the entry points with a gelato case. Now there's only one area for customers to enter—improving security—while creating a point of differentiation: Munchy Mart's the only place in town to buy gelato.

Brown also had to create a foodservice offer that didn't



need a hood system, which wasn't possible in the space. So he focused on grab and go and home-meal replacements—pastries and breakfast "bearitos" (UNC's mascot is a bear), fresh fruit and entrées such as pad Thai and mac and cheese.

One of Brown's biggest takeaways is to always make sure floor plans translate accurately. His equipment vendor supplied cardboard cutouts of the gondolas for Brown to see what they'd look like in the space itself.

The exercise led him to eliminate an entire gondola so students didn't have to "dirty dance" down the aisle, and shift the remaining stands on an angle for better visibility and space.

"When you see it on a schematic, everything looks like you have all this room," he says. "But then as you start adding things in, all of a sudden two people can't even walk down the aisle."

how well you correctly identify the wants, needs and tastes of your customers. Get that right, and *then* they'll come.

Use this time to scout other successful concepts to see what works, what doesn't, and what can be translated to your operation. Use resources such as local best-of or industry awards. (*Fare's* sister magazine *Restaurant Business* has an annual "Future 50" of up-and-coming brands.)

"The greatest insight any operator can get is to go outside of their world and see what is out there," says Fisher.

### Making Your Menu

Know your customer and marketplace needs? Good. Time for Step 2: developing your menu.

Kamens recommends something called the Flavor Pyramid, which helps you understand the purpose and role of flavor in a dish, a menu, an entire brand.

The base of the pyramid, which of course supports everything above it, is not the five tastes as you might expect. Rather, it's emotions: childhood, travel, family, culture and past experiences.

Next is appearance—color, contrast, size and other things that define the phrase "eating with your eyes"—followed by aromas, then textures, sensations (cooling, spice, astringency) and finally the basic tastes—sweet, salty, bitter, sour and savory (umami).

Kamens, who was also the founding chef of Noodles & Company, used the

Flavor Pyramid as a business-building exercise at the fast-casual chain. "If I could connect a guest to a flavor that they craved or longed for, making this emotional connection for them, we would have customers for life," he says. "It was about building repeat business."

A look at Noodles & Company's menu exemplifies the Food Pyramid: with the simple base of noodles, each dish offers a different experience. Pad Thai—with the heat of peppers, the crunch of sprouts, the creamy peanut sauce—might remind you of a trip to Thailand, or the first time you experienced Thai food during a date in college. The emotions conjured by a bowl of its Wisconsin mac and cheese—well, that goes without saying.

So map out your menu, down to the last ingredient. It will drive the rest of the process.

### Format and Floor Plan

Did menu planning get you a little excited? Is the creativity flowing? OK, time for another reality check.

As you start thinking about how you'll execute this menu, take a good, honest look at your business' core competencies. What level of sophistication can you reasonably handle, and how does that relate to your positioning in the market?

The format itself—grab and go, deli, made to order—should be determined by asking yourself the following questions:

- ▶ Does the menu dictate a certain format or floor plan?
- ▶ Given the market and my customer, what is my goal volume?
- ▶ Given my volumes, the menu and the customer needs, what should my format be?

From there, balance food costs with labor. Take the example of a salad concept. Made to order will cost you more labor, but food costs will be lower. For a salad bar, labor will presumably be lower, but food costs will be higher. Gather the data to find your best fit.

Back to volumes for a moment. During this phase, you should go back to your initial market and customer research to answer the questions of day-part and volume. Based on what's in the area—schools, businesses, hospitals, hotels—what should be your peak traffic points?

Then, based on your food costs and sales goals, what is your volume goal? From there, work with equipment manufacturers to help determine the right equipment needs based on those volumes.

Juan Martinez, principal of hospitality

design firm Profitability, Miami, and our resident industrial engineer, recommends employing some practices from the engineering world to see the big picture and map out your best format:

▶ **Process mapping** documents all the steps to get something done, from when an order is taken to the customer walking out the door, food in hand (or stomach). The devil is in the details, so include everything from how it's packaged to whether or not to include a pickle.

▶ **Capacity analysis** documents each resource you have—fryers, coolers, number of seats, storage, drive-thru windows—and “right-sizes” it to make sure each resource is being used to its best capacity. The sweet spot, as Martinez calls it.

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“If you build it,  
they will not come.”

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He offers the simple example of storage: Give a manager 40 feet of storage, and he or she will fill it. In reality, you may only need half that storage space, so you should just be ordering half—keeping overhead low—while reallocating the floor space to something else that needs it more.

The sweet spot will change regularly; there are just too many unfixed variables. But you need to try.

“That's what capacity analysis will allow you to do,” says Martinez. “If it costs me more than \$1, then there needs to be more than \$1 in return. The more you have the more it costs you; the more it costs you the less you're going to be able to build. The less you build, the less planned growth there is.”

Is this making sense? We hope so.

Throughout this stage, always keep in mind two things: your core competencies and the guiding principles of the concept. How does a grab-and-go case reflect those things? Is there a time component? Is there a price-value component, or presentation? Every decision you make must go back to fulfilling that initial customer need.

### Inefficiencies Fixed, Promises Kept

The best part about this roadmap is it can be used throughout the life of a concept. Whenever something goes awry, go back to the initial steps until you find the problem.

Martinez has a painstaking yet invaluable exercise for finding inefficiencies in the food-prep process. It's called order delay analysis, and it essentially takes process mapping and assigns a time to every step. By seeing how long it takes for each step in the process, you can see where inefficiencies may lie—be it fryers that need calibrating or a topping located too far away from the make line.

“It's all about looking for those places that are wasteful,” Martinez says.

For Kamens, operators lost at sea should reflect on their positioning—within the neighborhood and within the business.

“You can run an LTO and it does not sell well because of the way it is positioned by marketing. But it could turn out to be the No. 1 selling dish on your menu,” he says. “How a brand positions itself [is how] you are delivering on your promise.”

Lawshe concurs: “I don't care what your food product is, but what is the brand? What's the perceived brand to the customer, how are you presenting it, and how do you make it work?” ■