

THE SEPPI FAMILY'S second generation looked to the bakery's French origins to formulate its future. The efforts included rebranding, restructuring the product line and renovating the retail store.



Retail
Bakery
of the Year

How Costeaux's roots inspired new growth

by Katherine Martin,
chief editor

What did Karl Seppi, a professional golf instructor, and his wife, Nancy, know about running a retail bakery? Admittedly, not a lot. But that did not deter the couple who saw potential in Costeaux French Bakery, a Healdsburg, Calif. institution since 1923. They purchased the bakery in 1981.

"Karl wanted to buy the bakery, and I thought he was crazy," Nancy says. The former owner, a French baker named John Costeaux, worked with Karl to teach him how to bake. It was a typical mom-and-pop shop—Karl ran production and Nancy, with only a couple employees, was in charge of the front of the store.

In 1989, they purchased the building next door and tripled the size of the bakery to 4,500 sq. ft. With the additional space, they added a deli. Karl and Nancy were involved in the day-to-day operations of the business until their son, William, came on board as general manager in 2004.

"After 23 years, we were ready for a new chapter," Nancy says. "We still have a role in the bakery, but we don't have to be here everyday anymore. Will came back and brought in new ideas."

Will, who earned an accounting degree from Villanova University and



■ *Opposite: William Seppi, general manager of Costeaux French Bakery; above: The bakery's redesigned display area with a reduced footprint to focus on more profitable items.*

had spent the years following college working in that field, knew the only option was to create a business structure that would allow the bakery to expand. "I assessed everything and tried to figure out where we needed to go," Will says.

Will's first task was to overhaul the bakery's product line, beginning with pastry. He hired a pastry chef, and they took a hard look at the products—improving or removing as necessary. The bakery had some core items that could not be removed from the menu,



■ Pastry Manager Mairin Rossi heads a team of four to produce the bakery's line of dessert cakes, decorated cakes, cookies, muffins and Danish.

such as the lemon curd tart, an English shortbread crust filled with scratch-made lemon curd; the caramel macadamia nut tart, toasted macadamia nuts embedded in scratch-made caramel and topped with ganache; and the triple chocolate mousse, a chocolate cookie crumb crust with three layers of mousse—dark chocolate, milk chocolate and white chocolate—topped with a handmade chocolate rose.

The pastry overhaul took about a year and new products included the princess cake, a three-layer chiffon cake filled with Bavarian custard, raspberry conserve and whipped cream enrobed in marzipan; and tiramisu, two layers of white chiffon cake soaked with espresso and Kahlua, filled with a mascarpone, rum and amaretto zabaglione and topped with whipped cream and cocoa.

Overhaul of cafe

The next step was the café, which serves both breakfast and lunch items. A new chef overhauled the café menu and processes. The only stipulation was that the quiche and French onion soup could not be tinkered with—all else was fair game. A sit-down service was instituted with customers ordering and being served at café tables instead of ordering at the counter as they had previously.

The new café menu items were created to showcase the bakery's bread as much as possible. "When the head cook and I sit down to do the menus, that's one thing we look at, the bread component," Will says. "For instance, you don't see pancakes on our menu, but we offer a very good French toast. We're cognizant of putting the right bread with the right ingredients and keeping the menu very simple."

The menu changes every four to six



Photo by Rick Tang

Costeaux FRENCH BAKERY *at a glance*

Location: Healdsburg, Calif.

Founded: 1923 (owned by the Seppi family since 1981)

Bakery's primary business: full service retail bakery café with wholesale operation

Website: www.costeaux.com

Store size(s): 4,500 sq. ft., retail; 6,500 sq. ft., baking facility

Market served: Northern California wine country (Sonoma and Mendocino counties)

Product line: breads, pastries, wedding cakes, cookies, muffins, lunch and breakfast items

Annual sales: \$2.5 million

Management: Karl Seppi, C.E.O./owner; Nancy Seppi, vice president/owner; William Seppi, general manager; Abby Whitenack, marketing and communication manager; Rebecca Walker-Cook, office manager; Armando Carrillo, baking manager; Mairin Rossi, pastry chef/manager; Margie Hansen, retail sales and service supervisor; Jason Neal, route sales and service supervisor; Morganto Perez, kitchen supervisor

Number of employees: 52, evenly split between production and retail

Production method: all scratch

Major equipment: vertical mixers, one 180-qt., two 60-qt., three 20-qt.; spiral mixer; bread divider, manual bun divider/rounder; automatic divider/rounder; reversible sheeter, baguette moulder; proofer, retarder/proofer; rotary rack oven; deck oven

Plans: convert mezzanine to private dining, grow wholesale accounts, expand packaged product line, grow wedding cake sales

Bakery supply distributors: Dawn Food Products, BakeMark, Pacific Coast Products, Marque Foods

months, and with its location in Northern California, Costeaux has access to an abundance of fresh ingredients to help keep product quality high.

The third step in the product overhaul was bread. Long fermentation breads were something the bakery wanted to produce, but simply lacked

the room. One of the plans Will made when he was brought on as general manager was to find a separate production facility, which would enable the bakery to expand its bread sales and wholesale accounts.

In 2006, all baking moved to a 6,500 sq. ft. facility about one-half mile from



the retail store. The building has a receiving door, which proved beneficial when the bakery had to switch flour mills and began buying flour by the truckload. It also allowed the bakery to add equipment. "I want to improve efficiencies and reduce labor costs, but only as long as it doesn't effect quality," Will says.

The baking facility houses a walk-in refrigerator and freezer, two divider/rounders—one for rolls up to 2 ozs. and the other goes up to 4 1/4 ozs.—a 350-lb. capacity spiral mixer, six vertical mixers, a baguette moulder, a three-door retarder, a proofer, a double rack oven (with the capacity for another) and a four-deck hearth oven with an oven loader. A separate room is dedicated to pastry production, where a staff of four makes almost all products, including cookies, from scratch.

Bread production begins at 4:30 p.m. with dough mixing and sour preparation. Costeaux has 12 employees on its bread baking staff. After mixing, dividing and shaping, long fermentation bread products are placed in bread boxes and retarded overnight. Then, products are proofed and baked the next day for delivery in the morning. Costeaux delivers six days a week in about a 100-mile radius with three trucks on the road. A fourth and fifth route will be added soon. Its full line of bread is available for wholesale accounts. Wholesale pastry products are limited mostly to cookies, muffins and Danish.

Renovating retail space

With production moved to a separate facility, the Seppi family had to decide how to best use the space in the retail location. They toyed with ideas for 18 months before beginning renovations in June 2008, coinciding with the bakery's 85th birthday year. The \$350,000 project was completed by October and featured additional café seating, a wedding cake consultation room, a mezzanine that currently houses office space, a new café kitchen and a redesigned product showcase area. The building's



Photo by Rick Tang

■ *The new production facility allowed the bakery to add equipment to improve efficiencies, but some production must still be done by hand to maintain quality.*

concrete walls were exposed and the skylights were opened up. A designer helped bring the cosmetic aspects of the space in line with the bakery's French roots.

With the renovation, the showcase space was actually reduced. "We cut our dessert case by a third and our cookie case in half of what it used to be because we either were making too much stuff just to fill the cases, or we didn't make enough and the cases looked empty," Will said. He and his staff made a conscious decision to limit the number of products the bakery offered in order to keep the quality up to Costeaux customers' high standards. The products that were not making money or were too expensive to produce were revamped or eliminated altogether.

"Just because you like something doesn't mean you need to be making it," Will says. "My favorite was a raspberry tart, but we had to spend \$12 for the fresh raspberries alone, which would come to about a \$50 tart. We're not going to make that."

"That's one of the things that Will has really improved—the pricing and break-down of numbers," Nancy adds.

With the smaller display footprint, front-end employees can keep the cases looking neat and full by pulling product from reach-in display cases

behind the retail sales counter. A bread rack behind the counter displays the six to eight varieties available.

On the pastry side, about a dozen different items with several varieties are available daily from a list of about 100 retail products. For example, six to eight cookie varieties are displayed daily, four different flavors of muffins, two types of croissants, four varieties of Danish, three coffee rings and eight to 10 tarts and cakes, many of which are offered in 6-in. and 8-in. rounds as well as by the slice. The retail store receives delivery of product from the production facility about three times a day.

The newly designed space also features several movable display shelves that hold the bakery's packaged products as well as teas, coffees and other items. The movable shelves afford flexibility in display configurations and can open up the space for parties.

The bakery remained open every day of the renovation, something that was taken into account when the contractors were hired. "It was important to remain open every day because people are creatures of habit," Will says. "And, we didn't want them to get into a new habit. If we had to close, it would have been like having to open a brand new business when we reopened." The renovation resulted in a sales increase of more than 10 percent.

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■ Top: Costeaux's dessert case; above: Triple chocolate mousse cake with layers of dark, white and milk chocolate topped with a handmade chocolate rose.

To help make the construction bearable and keep customers coming in the door, a special construction café menu was created. Costeaux's Marketing Manager Abby Whitenack led "hard hat tours" to show customers what was going on behind the scenes and engage them in the process. Sales staff wore neon-colored construction vests and hard hats, and the bakery even sold hard hats with the Costeaux logo on them.

"It was more difficult on our staff than our customers because we had two movable walls and everything was on wheels. They never knew where things were going to be when they went in to work that day," Will says.

Whitenack also developed a program for the bakery's first ever celebration of Bastille Day, June 14, the French independence day. The event's mission was two-fold: to bring in more customers during construction and to celebrate the bakery's French background. The event featured can-can dancers, pétanque (French street bowling), an Eiffel Tower cookie decorating contest and an actress portraying Marie Antoinette exclaiming "Let them each brioche." Bastille Day 2008 was an immediate hit, and it was the largest non-holiday sales day in the bakery's history up to that point. Events for future Bastille Days will focus more on bringing the bakery's products into the

Costeaux

FRENCH BAKERY

sampling
of prices

Lemon curd tart, 8 ins. \$25.00
4 ins. \$5.00

Triple chocolate mousse,
8 ins. \$38.00

Tiramisu, 8 ins. \$30.00

Caramel macadamia
nut tart, 8 ins. \$35.00

Princess cake, 6 ins. \$28.00
8 ins. \$38.00
slice \$4.00

Chocolate chip cookie \$1.00

Danish \$2.00

Éclair \$4.00

Apple fruit pie, 9 ins. \$15.00

Coffee cake \$10.00

Ciabatta, 11 ozs. \$3.50

Rustic baguette, 11 ozs. \$3.00

French country loaf,
24 ozs. \$5.75

Multigrain batard, 18 ozs. \$5.00

Sourdough rolls, 4 ozs. \$0.75

celebration, Will says.

As part of the retail renovation, Costeaux also introduced a new logo. Will began the process about three years ago. The bakery's logo was 26 years old, and he wanted a logo to better represent how the bakery had evolved. The new logo had to have three components: the red, white and blue of the French flag; the year of establishment, 1923; and more emphasis on Costeaux and less on French Bakery. The latter was important because Will felt it would give the logo more latitude as the bakery grew.

After a two-year process, the Seppi's selected a logo with the custard-yellow background and red, white and blue ribbon running under the Costeaux name with 1923 below. The logo helps tie into the bakery's packaging, which features white boxes tied with tri-colored red, white and blue ribbon. Will is incorporating the new logo onto employee nametags, and it is even featured on several café tabletops.



After getting the product offerings in line, Will turned his attention to improving the business side of the bakery. He knew he needed help with marketing and sales, so he looked at what his skills were and what he liked doing. He enjoyed meeting with the customers, so he figured he could handle the wholesale accounts for a while longer and decided to focus on marketing. In 2007, he hired Whitenack as a marketing and communications manager, a position unique in retail bakeries.

"I needed someone to get our packaging and logo squared away and get a consistent message out there to let people know we are here," Will says.

To get a better understanding of what customers wanted from the bakery, Whitenack conducted five focus groups last year. About 40 people, representing a cross-section of the bakery's customers from frequent to infrequent guests, participated in a

90-minute discussion on what they wanted from Costeaux. The bakery then hosted a reception for all focus group participants. During the reception, Will gave a short presentation on what changes had already been implemented, what suggestions would be acted on in the future and why the bakery had chosen not to address some ideas from the discussions. Participants also received bakery gift certificates for their time.

Sales and management

With marketing under control, Will turned to the sales side and hired Jason Neal as route sales and service supervisor to oversee existing accounts and scout for new ones. Wholesale accounts include cafes, restaurants and grocery stores. "Communication is key to great service," Neal says. "Wholesale customers speak to me once a week and I can introduce them to new products."

■ *Many of Costeaux's wedding cakes feature fresh cut flowers. Wedding cakes are an avenue the bakery hopes to grow in the future.*

The wholesale sales position was established just in time to minimize the effects of the economic downturn. Neal has been able to bring in new customers to make up for the decline in current wholesale accounts' orders.

Since Will came on board in 2004, the bakery has grown to 52 employees and \$2.5 million in sales. To keep things running smoothly he meets monthly with his nine managers to discuss the current product line, new products to introduce and how to keep improving the bakery. The management team also meets once a year off-site for a one-day discussion of goals for the upcoming year, then has a follow up half-day meeting mid-year to see how things are progressing.

The front of the house counter staff, servers and bussers also meet monthly. These meetings include the "3-minute Drill" where employees say whatever they think needs to be addressed. The topics are written down without discussion for the management team to look over and decide courses of action.

To help the staff learn the bakery's products, Will anointed 2009 as the Year of Tasting. At the monthly staff meetings, a different product is discussed and sampled. For example, Armando Carrillo, baking manager, did a presentation on multigrain bread. He brought in the raw ingredients, the dough and the baked loaf, so the retail employees could get a better idea of the product from beginning to end.

"My philosophy is you have to give managers the power to train their employees and set up processes," Will says. "Your legacy is how well you create ownership among employees." **MB**

WEBEXTRA

For additional information about **Coseaux French Bakery**, including more production and product photos,

go to www.modern-baking.com

