

Raw Food Cafes Have Slim Profit Margins But Rosy Outlooks as Healthful Eating Scene Blossoms

Three Vegan Cafés Make Inroads in Their Communities Thanks to Passionate Owners

by Brian Rossiter • www.fruit-powered.com

Arnold Finds the Way

Long before Arnold Kauffman declared it to be The Raw Food Capital of the World, Arnold's Way Vegetarian Raw Café and Health Center in Lansdale, Pennsylvania, should have been out of business.

Arnold breaks practically every conceivable rule in the book for running a good business. For the past year, as part of the café's 30-Day Raw Challenge, he's given to each patron who pledges to become a vegan as much as \$450 in free food. Part of the deal is that he or she attends classes and eats most meals at Arnold's Way, talking to others on the path as a way to build the Lansdale vegan community.



A Woodstock Fruit Festival pioneer, Arnold might have a heart of gold, but giving away all of these free lunches with 16-ounce Original Green Smoothies has dealt a blow to his business—at least this year.

"This is probably my roughest year in business," he said. "I didn't have the right help, someone who's passionate about the job. Those years when I had someone with passion, I made money." Raw food YouTube star Megan Elizabeth worked in the café during its "golden years," as Arnold refers to them.

Arnold estimates that he has made \$40,000 to \$60,000 most years running Arnold's Way since the early 2000s, when his daughter, Maya, revamped the menu and began packaging kale chips, banana bars and "bread." With Maya steering the ship, the business went from being in the hole for \$40,000 to profitable in one year. Arnold works 60 to 70 hours a week over six to seven days per week, and the 68-year-old has been working this much since 1992.

Arnold's Ironman-like endurance is not for the weak, and his slightly rounded back and neck show he's spent many hours over the years looking down at a counter while preparing Fruity Tooty Banana Whips and Toona Sandwiches, as well as washing dishes. His goal



is to transform the world to a disease-free place by first changing Lansdale, a town of 16,000 and located about 20 miles northeast of Philadelphia.

Arnold's business is unique because it's a café, serving 101 menu items, plus a health food store, stocking nuts, seeds, spiralizers, books and other products. For a time, Arnold's Way sold lots of Vitamix blenders, Kalso Earth shoes and CDs, but as consumers have bought increasingly more goods online, sales of many products have dried up. Early on, the 30-Day Raw Challenge was a sales driver for products in his store, but lately, this hasn't rung true as much. More than 500 have taken the Challenge since it started with a group of 30 in December 2012.

"You have to reinvent yourself," he said. "I'm constantly reinventing myself and am also going for my highest truth. ... I am taking one person at a time and changing their diet."

Running a brick-and-mortar raw food business is not an easy way to make truckloads of money, especially when considering the high cost of fruits, vegetables, nuts and seeds. A pizza joint marks up pies several times the cost of ingredients, but sell a freshly made juice to someone for a comparable markup, and you'll be out of business in weeks because few would drop \$20 to \$25 for a juice. Arnold, whose rule of thumb is to double food costs in determining café menu prices, insists that he makes no money from smoothies, juices, appetizers and entrées; he makes his profits from selling packaged foods and store products, including his self-released nine books and seven DVDs.

From a Nucleus, a Raw Food Café Expands in a Small Town

In Luzerne, Pennsylvania, a small town in the Scranton-Wilkes Barre area, Dan McGrogan has helped change the look and feel of Main Street with his café Nucleus Raw Foods. When he opened his business in February, 2014, Dan positioned several stools for customers to face out the window, raising the profile of the café and catching the attention of passers-by. Other shopkeepers in this town of 3,000 took notice and began sprucing up their storefronts, he said.

Like Arnold, Dan, who lost 100 pounds and triumphed over alcohol addiction by going raw vegan in fall 2011, breaks some business rules. Nucleus Raw Foods does no advertising—save for a Facebook business page—and boasts an old-school sign that's all of one square foot and contains one-inch tall letters.

Can a raw food café in a town this size and located 100-plus miles from the closest major city survive, let alone thrive? Can this kind of business produce enough



income for the owner to support—or at least help support, in the case of dual-income providers—a family? Indeed.

After being open for just a month and sensing tremendous demand for his menu selections, Dan made the call to knock down walls, almost tripling the size of Nucleus Raw Foods. Nucleus Raw Foods also expanded its hours to better serve the dinner rush and opened an additional day a week. Now, Dan is leasing a second building, where staff are making “bread” and snacks for sale in seven area supermarkets.

“There’s money to be made over a volume of people,” Dan said. “If you’re having a slow day, it can hurt but not to the point where you have to close your store. ... We are still a new concept to the public. We’re not doing the volume of a McDonald’s.”

To reward loyal patrons, Nucleus Raw Foods features a secret menu that staff divulges over time and includes Buffalo Sauce and twists on regular menu items such as Bruschetta Pizza. Most Nucleus Raw Foods guests are on the standard American diet, Dan said. This reality excites the owner because it signals that the vegan and raw vegan messages are penetrating the mainstream.

Some Nucleus Raw Foods items generate a 400% markup, and other items such as juices command no more than



100%, Dan said. “If someone comes in and grabs a juice and a cookie, and my cookies have 200% to 300% mark-ups, then we’re good. This isn’t like a pizzeria where they can mark up 400% to 500%. There is a lower markup.”

Nucleus Raw Foods meals were once quite large and sold without any cost calculation—a “terrible, terrible” business practice, Dan said. He is refining recipes to ensure satisfying but not overwhelming amounts of food are included in dishes and to ensure his café is sustainable as an enterprise. Nucleus Raw Foods uses only organic ingredients, whose prices are especially susceptible to spikes.

A Gangster Goes Vegan and Connects with His Hometown

Vinnie DePaul made millions of dollars selling T-shirts but lost everything when the drugs-fueled, rock-star lifestyle he was living in Los Angeles, California, made him crash, leaving him homeless. He began doing inner work during this time, in 2010, listening to God and clearing out that which no longer served him, while walking 10 miles a day. While walking, a new restaurant kept “calling me,” he said. One day there, he ordered a yogurt parfait but also got to sip his first freshly pressed orange juice.

“It spun me around, man,” he said. “It really did something to me in that moment.”

Vinnie returned daily for juices—sometimes two or three of them—and said he was finding mental clarity. “The juices gave me life, and they led me down a road to veganism, which, to me, I thought was the craziest thing ever,” he said.

Vinnie, who later discovered a raw food diet, returned to his hometown of Norristown, Pennsylvania, also in the Philadelphia suburbs. There, in late 2014, he launched Gangster Vegan in neighboring West Norriton after selling juices out of a friend’s house for a year. The eatery specializes in takeout items, especially juices and entrées, and also serves smoothies, one or two cooked vegan meals a night and desserts. With his hip-hop sensibility, Vinnie is finding success reaching an underserved demographic in the vegan and raw food worlds.

Gangster Vegan offers juice cleanses, but Vinnie also said that the markup on juices leaves little room for profit. “But for me, it’s important because how I started my journey was through a juice,” he said. “I think it’s easier for people to start with juice, and when they try it a few times, they’re ready to try the food. A customer earlier



today told me, ‘I love your juices and smoothies, but I’m scared to try the food.’”

Gangster Vegan hasn’t crunched food costs to the quarter-teaspoon, Vinnie said, adding that produce costs fluctuate enough to throw off precise calculations. Even so, he has put into place “guestimates,” which provide a base for ingredient measurements based on average costs.

It’s possible to make a living running raw food cafés such as Gangster Vegan, said Vinnie, who practices “sacred commerce,” a phrase he learned at Café Gratitude’s downtown Los Angeles location.

“The money goes back to my workers’ families, the money goes back into my community,” he said, adding that he’s speaking at schools and passing out smoothies to kids. “I’m not buying cars; I’m not buying luxury houses; I’m not out at the game. A lot of people do that. For me, it’s ‘What do you do with the money?’ I get it and put it back into the community as fast as possible. For the most part, it runs on love and the community.”



“Have no fear,” he said. “If you have fear, that will stop you. Once you find out your path, your whole being will change to make it work.”

Vinnie has his eyes on expansion with physical locations as well as food trucks. “The possibilities are endless,” he said. “But right now, I’m here pumping out juice, and I’ve got to put my love into it.”

Arnold, who has provided guidance to several raw food entrepreneurs in recent years, including Dan, advises those dreaming up plans to open raw food cafés and those struggling with raw food businesses to believe in what they’re doing. He also suggests a café-store model to create additional revenue streams.

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