

Just Desserts' next course — wholesale

Chain to close 3 of 10 stores, move HQ out of City

By Victoria Colliver
OF THE EXAMINER STAFF

A day after its 25th birthday, Just Desserts announced Monday the biggest restructuring in its history, changes that will shift the

bakery's focus from retail to wholesale, close three of its 10 stores and move its headquarters out of San Francisco.

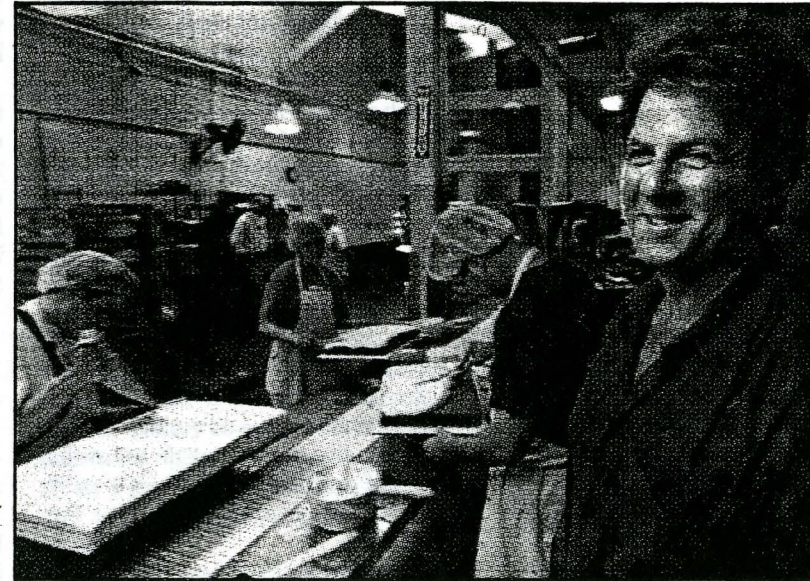
While the company has yet to select a site, founder Elliot Hoffman seems confident it will be one of two locations: a 63,000-square-foot building in San Leandro or a 50,000-square-foot space in an undisclosed city also in the East Bay.

The eastward move will add Just Desserts, which has been producing its cakes, croissants and

bear claws out of its Carroll Street bakery since 1985, to a growing list of companies moving not only from The City, but also from San Francisco's poorest neighborhood, Bayview-Hunters Point.

G & G Foods, formerly on Revere Avenue, recently moved to Santa Rosa, and Swiss American Sausage Co., on Williams Avenue, heads to a new plant in Stockton next week.

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EXAMINER/CRAIG LEE

Just Desserts founder Elliot Hoffman at his bakery on Carroll Avenue

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The 51-year-old Hoffman, sitting in the garden behind the bakery that employs former jail inmates and drug addicts, said he had wanted to stay in the Bayview as well as in San Francisco. But he had been unable to find a site within the past year.

Save \$250,000 annually

"There are just no buildings set up for food production in San Francisco that can compare to the amenities and facilities in the East Bay. It's also a big cost reduction," said Hoffman, adding that he could save at least \$250,000 a year on a comparable site in the East Bay.

Hoffman hopes to complete the move in the fall and be in the new location by early next year.

This Saturday will be the last day for three of his company's stores that were losing a combined \$300,000 a year: the College Avenue store in Berkeley's Elmwood district; the Solano Avenue site, also in Berkeley; and San Francisco's Cole Valley store, which has continuously housed a bakery for the last 100 years.

Hoffman said he hoped to be able to offer employees at the stores other jobs within the compa-

ny, which will continue to operate five stores in San Francisco, one in Oakland and one in Palo Alto.

In discussing the closures, Hoffman said his company's retail operations no longer drove the business. While Just Desserts focused on these neighborhood bakery stores, Starbucks and other fast-serve coffee places were changing the way people bought coffee and desserts, Hoffman said.

"We were slow on the uptake. We didn't keep up, and it hurt us," said Hoffman, who supplies pastries for Starbucks. "It's become a game of convenience. People are working so hard — they just want to make one stop. (Starbucks) made it very easy for you to go in, get a cup of coffee and move on."

Shut bread business

The privately held company had leveled off at about \$13 million in sales from 1993 to 1997, when it lost an undisclosed amount of money the next two years. This year, the company shut down its Tassajara bread business, which it had purchased in 1992.

Hoffman said the company had become profitable again this last fiscal year ending in June, increasing revenue to \$16 million.

Instead of trying to compete head-on with the Starbucks of the world, Hoffman decided to shift the business toward wholesale, the source of its recent boost in profits.

Just Desserts currently partners with Andronico's, Costco and other restaurants, hotels and retailers to supply desserts.

Once the company makes the move to its new, larger plant, Hoffman said, he plans to contract with grocery stores and other businesses to extend Just Desserts nationwide. He projects revenues will reach \$23 million in fiscal year 1999-2000 and hopes to exceed \$30 million the next year.

Most recently, Just Desserts joined with Webvan Group Inc., a Foster City-based online grocery operation that Friday announced a partnership with the Bechtel Group to build \$1 billion worth of automated warehouses throughout the United States.

Expands Web site

Just Desserts Monday also expanded its Web site (www.justdesserts.com) to permit corporate customers to order desserts for events and functions online. The company has had its Web site up and running, but online orders had been limited to non-corporate customers.

The bakery has added event sales to its wholesale division to take advantage of events at the Moscone Convention Center and other venues. Event sales are expected to reach 5 percent of the company's overall sales.

In addition, the company plans to open small, kiosk-like stores in the new Metreon shopping and entertainment complex as well as the

international wing under construction at San Francisco International Airport.

Hoffman described the company's changes as a "re-birthday," but employees at least one of the soon-to-be-closed stores were anything but pleased.

A supervisor at the Cole Street location, who refused to give his name, described the mood at the store as melancholy.

"We're all pretty disappointed and sad that we weren't told earlier and a little angry we're losing our jobs," he said, adding that he was planning to leave the company.

Mix of idealism, capitalism

A mix of '60s-style idealism and capitalism, Hoffman has become well-known in San Francisco for his community activities. Hoffman donated land behind the Carroll Avenue bakery to ex-offenders and substance abusers, where they cultivate a garden that provides herbs and some vegetables to high-end restaurants.

Hoffman said he planned to focus on the business for the next three years, but would like to continue socially responsible business activities wherever he moved.

He said San Francisco officials were so eager to keep him in The City that they had discussed offering him a 100,000-square-foot site at the Hunters Point Shipyard at no or low cost.

He declined: "I decided Just Desserts making muffins in a Superfund site wouldn't go over well."