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Family Business Prepares for the Future

Pasta manufacturer poised for growth with help from the SBDC

Barbara Luboff and her son Kevin combined their expertise to launch Cucina Della Cucina, a family-owned manufacturer of ravioli and related pasta products for fine-dining restaurants. Cucina Della Cucina now distributes products nationwide through a network of wholesale distributors and direct sales to customers.

Challenges

In 2010, Kevin's father, an investor in the business, met SBDC Business Advisor Ben Tenn at a social event. As they discussed the family business, which then had sales of \$2 million, Tenn suggested the SBDC could offer advice to help the company grow which then led Kevin, his son to visit the Small Business Development Center hosted by the College of the Canyons.

Best Advice

The Luboffs always strove to improve their business, but Tenn showed them how to make it even better. They learned how to better manage inventory and adjust production runs to cut costs and increase profitability. Tenn also encouraged them to create financial projections, and advised them on adjusting their product line and pricing. Finally, Tenn showed them the value of investing in marketing and in experienced employees who could help grow their business. "Ben has been a sounding board [and] a phenomenal influence on us," says Kevin.

INDUSTRY

Food

CHALLENGES

- Customer concentration
- Growth planning
- Aging equipment

SOLUTIONS

- Cost and pricing assessment
- Inventory and production review
- Equipment analysis
- Financial projection and client diversification planning

CLIENT IMPACT

- Obtained \$400,000 loan for equipment
- Created six new jobs
- Increased profitability 141% year-over-year



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“[The SBDC] helped give us ideas for the present and ways to move forward. Had we not met [SBDC Business Advisor Ben Tenn], we wouldn’t be where we’re at today and ready for the future the way we are now.”

–Kevin Luboff, co-founder, Cucina della Cucina LLC



Manage Inventory

Prices of food ingredients change daily, making manufacturing a challenge. Tenn helped the Luboffs manage their inventory and manufacturing schedule more efficiently. “We had figured out that larger [manufacturing] runs were more profitable,” Kevin explains.

However, large runs meant less-popular products often sat in inventory for a long time. Instead, Tenn showed the Luboffs they could do two or three small runs of slower-moving products in a day, still make the same revenues, and have less money tied up in inventory.

Hire Strategically

Tenn convinced the Luboffs to use some of their freed-up cash hiring experienced employees. When two employees chose to leave, Tenn encouraged Kevin to “hire strategically [and] find people that can help us get to the next level.”

A new marketing director with “extraordinary graphics abilities” is already proving to be a huge asset to the company. Another recent hire is a former regional corporate executive chef who previously oversaw six Hyatt hotels. “Bringing him on, with all his experience and contacts, added value to the company,” says Kevin.

Plan Ahead

Tenn helps keep the Luboffs thinking ahead. Three years ago, the family took a hard look at their infrastructure and manufacturing equipment. “Had we not done that, we probably wouldn’t be in business today,” Kevin says.

Realizing they needed to upgrade their equipment to stay competitive, the Luboffs applied for and received a bank loan of over \$400,000, which they used to retrofit the company with state-of-the-art manufacturing equipment. They performed an analysis on every piece of equipment before purchasing to make sure it would provide a return on investment by the time the loan was paid off.

“We were able to have a return on investment in about three years,” says Kevin. “We now have 200 percent more capacity, and the investment has almost paid for itself. Ben really helped us with that foresight.”

Diversify Your Customer Base

Cucina Della Cucina faced a challenge recently when it lost one of its biggest customers. Through hard work, the company won the customer back. However, the experience taught the family not to put all their eggs in one basket. Tenn had the Luboffs create an evolving P&L statement with projected sales to help them plan for the future.

Since then, “we’ve worked hard to diversify,” says Kevin. “We’ve taken on a new distributor who will sell to DC, among other areas. We’ve also hired a new salesperson for areas where we have lots of distributors but they need help making sales.”

Sounding Board

Tenn’s most valuable role in the Luboffs’ business has been as a sounding board. “Having an outside person confirm what you think is the way to go is one of the most beneficial things Ben has done for us,” says Kevin. “He’s almost like a therapist. He also tells us, ‘If you haven’t done these things, those are things you need to do.’ I [don’t have] a business degree. Ben has been able to fill some of that void with his expertise. And when we run into bumps, he’s always had a source to refer us to.”

Client Impact

Sales have increased from \$2 million in 2010 to a projected \$3 million-plus for 2015. Profitability is up 141 percent year-over-year, and the company has hired six new employees, with plans to add more salespeople in the coming year. Kevin is working to build Cucina Della Cucina into a \$5 million business within five years, purchase their own building and expand into direct-to-consumer online sales. His next area of focus will be revamping the company’s marketing materials—with Tenn’s help, of course.

