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## How one East Bay business shifted gears to avoid shutting down during the coronavirus pandemic

Rather than shut down until August, school lunch provider Choicelunch leveraged its supply chain to serve a broader market

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PUBLISHED: May 10, 2020 at 7:00 a.m. | UPDATED: May 11, 2020 at 10:03 a.m.



DANVILLE, CA – APRIL 23: Choicelunch CEO Justin Gagnon is photographed outside their facility in Danville, Calif., on Friday, May 1, 2020. (Jose Carlos Fajardo/Bay Area News Group)

In mid-March, Justin Gagnon was faced with the very real prospect that the coronavirus pandemic — and the shelter-in-place orders California issued in response — would cripple the business he spent decades building.

With two college friends, Gagnon founded Choicelunch, a business that contracted to prepare and deliver meals to schoolchildren across the state. As campuses shutdown, first in the Bay Area and then across the state, the company's revenue stream suddenly dried up, likely until fall at the earliest. Faced with the very real threat of having to lay off his 200 employees and shut down the business, Gagnon instead pivoted the company's business model entirely.

Taking advantage of the fact that Choicelunch's distributors now had excess supply because of the drop off in restaurant business, the company began selling groceries and meals at designated drop-off zones in the Bay Area, as well as at senior living communities. In Southern California, they've also contracted with homeless shelters, preparing hundreds of meals, seven days a week, for some of the state's most vulnerable residents. The move saved 40 jobs at Choicelunch.

Gagnon's parents were in the catering business, and he swore as a child he wouldn't work in meal prep. But after graduating from University of Notre Dame, in Indiana, he founded Choicelunch with Keith Cosby and Ryan Mariotti, two fellow members of an a cappella group called The Undertones, evolving the business from his parent's Danville catering company. In the pre-coronavirus world, Choicelunch delivered meals to 250 schools across California.

**Q: So, COVID-19 hit, and schools were shut down indefinitely. What was your initial reaction when you realized this was happening to your business?**

**A:** Well, it water-falled, from schools running at full-bore to no more lunches in three days. And what was really interesting was that I think the prevailing opinion at that time was, 'Ok we're gonna shut down for two weeks while the virus passes us by, and then we'll be back to business as usual.' Whereas, we were doing a lot of research about how other countries were faring [with the virus] and sort of overlaying our situation in California and we pretty quickly came to an understanding that we weren't coming back to schools here.

Our first inclination was that if we had to make it through to August, maybe the best thing to do was go into full hibernation mode — essentially, reduce the company to zero heads. That's one of the options we considered. The big challenge I had with that was obviously we've got a lot of people who rely on our company. That just didn't sit to me, to go into a cave until August.

We were also taking a look at what was happening at the stores, with there being empty shelves everywhere. My brothers were texting me saying, 'Hey can you get me a chicken through your suppliers?' or, 'Is there any way you guys could get cheese?' It was kind of getting clear to me that people didn't want to go to stores. And the supply chain in retail was really unreliable.

**Q: How did you craft this new business model and how much time did you have to do it?**

**A:** We had an all-hands meeting with our team where we told everyone, 'We're gonna need to take all our salary people to hourly and reduce hours and we're going to try and lock it down. But we're gonna do everything we can to keep everybody here and get back to work.' Over the course of the next few days, we were able to start a contract with Orange County, to do breakfast, lunch, and dinner [for homeless residents], seven days a week.

We were able to put that together to keep 10 people working. At the same time, we started reaching out to counties out here. When we weren't getting any traction there, that's when I started hearing from families, and we started looking at Safeway.com or Instacart. Items were sold out and deliveries were 10 days out. So my partner Keith checked on our suppliers, and we found a lot of them had stocked up the week before all this started happening. We put together a website, and brought it live, and it just kind of blew up from there.

We started up with three lanes [at our Danville location] and we just place each person's order in their trunk and let them go on our way. When it worked well in Danville, we set it up at our San Jose kitchens as well. Then we got a call from Rossmoor [in Walnut Creek], and started setting up mobile offerings. From there, we launched another mobile location in Lafayette. We're starting to branch a little bit more into prepared foods as well. We have a Mother's Day package coming up, we're trying to do things to make peoples' holidays a little bit better.

**Q: How were you able to have a ready-made supply chain so quickly, given how high demand for produce became?**

**A:** This is all product that would normally be in the food service supply chain, but you saw food service demand just decrease across the board. One of the things we've heard from our customers is, 'This is incredible, you need to do this more when the shelter in place is lifted because the quality is amazing.' This is product that would normally be in restaurant stockroom for a bit, going direct to the consumer's hand. So the freshness and quality is something people have been really excited about.

My instinct tells me this supply line will remain intact but it is also fragile and we're going to need to be patient. A great example is we had mandarins listed on our website, they were easy to get, but then all of a sudden my partner told me, 'Mandarins are off the table. We can't get mandarins anymore.' So I think those are the types of things we'll continue to see, slight disruptions here and there that may lead to limited selection, compared to what we're used to having.

**Q: Has COVID-19 brought about an increased demand for homeless shelter services? How was it that Orange County came to reach out to you around the same time as the shelter-in-place?**

**A:** It's very interesting how that happened. The office of emergency management kept calling me and asking if I ran another business. I got multiple calls in one day from different people in Orange County. It turned out, it was a business that was in our old Huntington Beach kitchen. So I asked them, 'What are you guys looking for?' They told us they needed someone to do prepared meal delivery for a few homeless sites. I said, 'Well, actually, that's kind of what we do.' It was a crazy twist of fate, actually.

**Q: Do you see a light at the end of the tunnel? And how will things change when schools finally return?**

**A:** We've already been preparing for that. For 16 to 17 years, we've operated with a lunchroom type concept where the parent pre-orders the entree and the student can select from a variety of snacks and fruits and vegetables. We've gone through the process of seeing what a COVID-19 cafeteria looks like, and we're looking at the concept of having all our schools migrating to an online, a la carte program, where you can essentially operate without a lunchroom. You can have kids picking up their lunch in a socially-distanced fashion, or lunches pre-packed and delivered direct to the classroom.

**Justin Gagnon**

**Position:** CEO of Choicelunch

**Previous jobs:** Caterer

**Education:** University of Notre Dame

**FIVE THINGS TO KNOW ABOUT JUSTIN:**

- Visited 25 National Parks on an 8,300-mile trip throughout the Western US and Canada in an RV with his wife and their four kids
- Started Choicelunch with two friends from an a cappella group, The Undertones, at the University of Notre Dame
- Accomplished tenor, who sings in the San Ramon Valley Chorale.
- Travelled from Denver to New York 27 times in an 11-month span to visit his now wife
- Once meditated for 600 days straight after a friend challenged him. Upon breaking the streak, he stopped meditating entirely.

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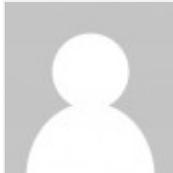


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