

Chain Leader®

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Information

June 2007

INSIGHT FOR RESTAURANT EXECUTIVES

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Fatburger's debut
TV ad offers a new
first impression.

PAGE 20

Kitchen flow and
new products define
food safety at Chick-fil-A.

PAGE 42

On TAP

Yard House CEO Steele Platt
is poised to roll out the barrels.

PAGE 36

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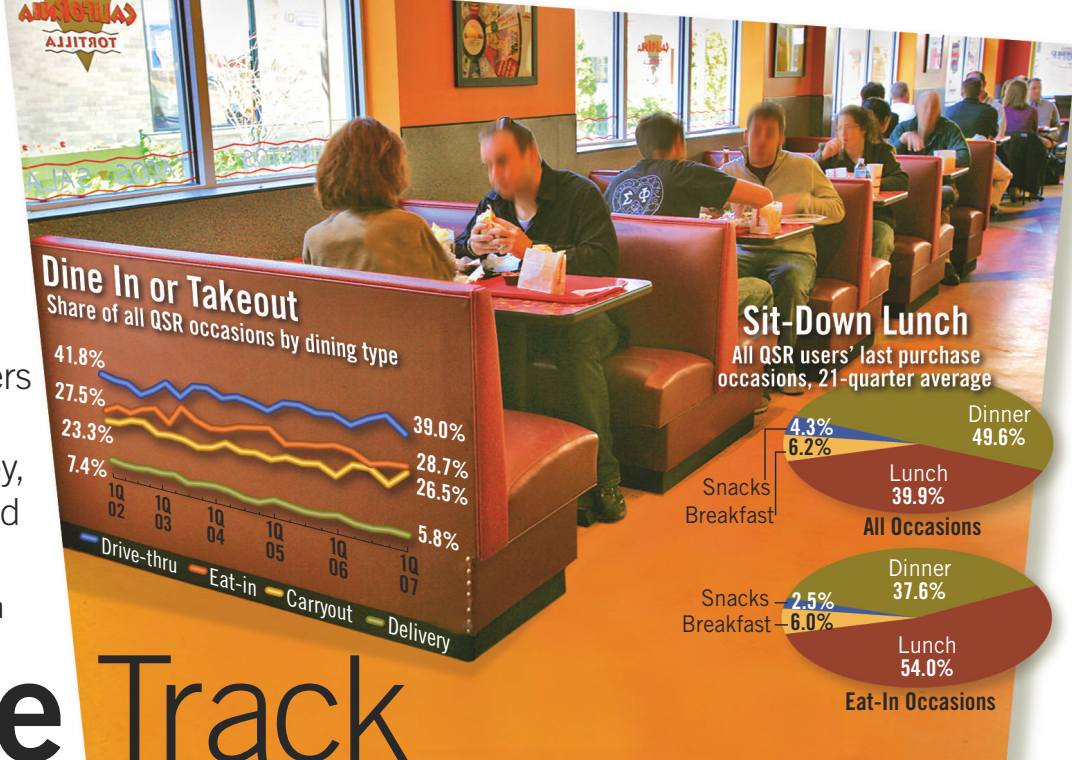
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Fast-food customers who eat in tend to spend more money, ordering drinks and side dishes.

By Mary Boltz Chapman

Inside Track



Guests filling the tables at fast-food restaurants spend more than the average user, according to Quick-Track, a quarterly survey by San Clemente, Calif.-based research firm Sandelman & Associates. QSR customers dining in the unit on their most recent occasion spent an average of \$5.32 per person vs. \$4.91 for all users' last purchase occasions, a 21-quarter average shows.

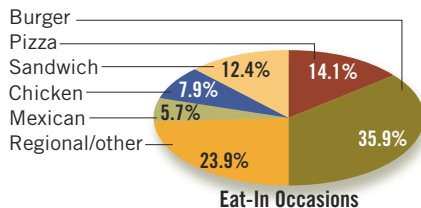
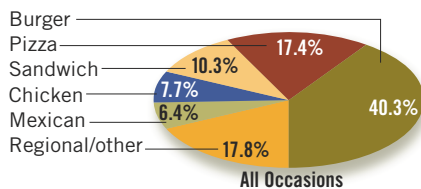
- Fully 95.4 percent of fast-food customers dining in the restaurant on their last occasion had a beverage (vs. 77.7 percent of all users). 48.7 percent of those eating in had cola or diet cola and 11.3 percent had water.
- According to a 21-quarter average, 67.2 percent of guests dining in on their last visit had a side dish. 57.2 percent of all fast-food users did.
- Those eating in were less likely to use a special deal or promotion (15.2 percent vs. 20.8 percent).
- Eat-in comprises 29.8 percent of all fast-food occasions, a 21-quarter average shows.
- While lunch makes up 39.9 percent of all QSR users' most recent

purchase occasions, it makes up 54.0 percent of eat-in occasions. Dinner is 49.6 percent of all occasions and 37.6 percent of eat-in occasions.

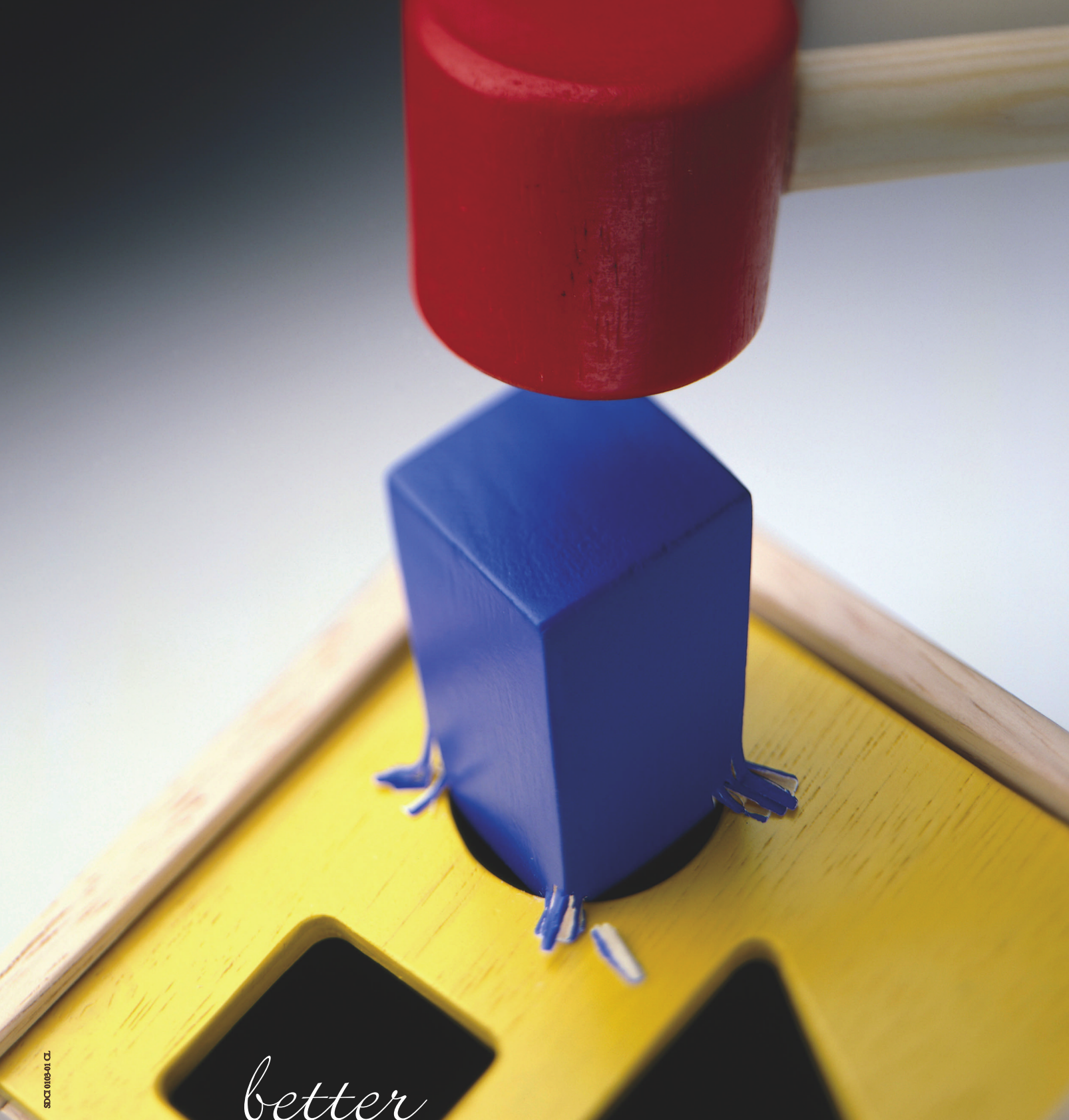
- Eat-in patrons are more likely to dine with friends (22.7 percent vs. 17.3 percent of all QSR users) and less likely to dine with their children (24.8 percent vs. 27.2 percent), according to 21-quarter averages.
- 26.2 percent of fast-food customers dining in on their last visit ordered hamburgers; 21.1 percent had chicken, submarine or other sandwiches; and 16.0 percent bought pizza. Of all users, 23.8 percent had burgers; 17.8 percent, sandwiches; and 24.4 percent, pizza.
- Compared to all-occasion averages, the only segment that gets a measurably greater share of eat-in occasions is the sandwich segment, which comprises 12.4 percent of purchases of those who ate in the restaurant on their last visit vs. 10.3 percent of all occasions. Regional/other chains captured 23.9 percent of eat-in occasions and 17.8 percent of all. ■

Segment Share

Share of past-month purchase occasions, 21-quarter average



Methodology Customer trend data is based on the quarterly Quick-Track survey by Sandelman & Associates, a San Clemente, Calif.-based research firm. Quick-Track queries a nationally representative sample of 600 fast-food customers on a host of demographic and usage questions. The firm defines "QSR eat-in users" as those who have purchased meals for eat-in from a QSR chain at least once in the past month. Most-recent purchase data is based on all QSR users whose dining type was eat-in on their last purchase occasion.



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INSIGHT FOR RESTAURANT EXECUTIVES

Vol. 12, No. 6/June 2007



■ cover story

On Tap 36

CEO Steele Platt is preparing 16-unit Yard House, a 10-year-old upscale casual-dining concept, to compete with the country's highest volume brands. He has revamped its menu, turned its trendy-looking units into eating-and-drinking emporiums that lure an affluent crowd, and made it an attractive catch for lifestyle-center developers. Now he's seeking private equity to recapitalize the company.

By David Farkas

■ storyboard

First Impression 20

As it morphs from a QSR to a fast-casual concept, Fatburger has embraced new tools and techniques for selling its new self. In April, the chain began airing its first TV ads and shelled out serious marketing dollars for food photography.

By Margaret Littman

■ restauratour

A Literal Translation 24

Hamburg, Germany-based Vapiano made its U.S. debut in April in Ballston, Va., making few concessions to American tastes. The spare, contemporary interior features an olive tree emerging from the center of a communal table, potted herbs, black-and-white photography and a 40-foot cooking line.

By Lisa Bertagnoli

■ menu strategy

Getting Down 31

To increase traffic, T.G.I. Friday's launched its Right Portion, Right Price menu in March, featuring dishes that are one-half to one-third smaller than regular entrees and priced between \$6.99 and \$8.99.

By Monica Rogers





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■ food safety

The Extra Mile 42

Chick-fil-A has several food-safety initiatives that work together to protect customers from foodborne illness. The company blast-freezes chicken, keeps raw product away from prepared food, and provides sanitized hand wipes and table mats to customers.

By Mary Boltz Chapman



Correction In the May 2007 issue, *Chain Leader* identified Michelle Leo as 19 years old in “Calm, Cool and Collected,” Page 79. Leo was 19 years old when she started as a server at Pizza Antica, but she is now 24. We regret the error.

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ON THE NET

Web Exclusives

- CEO Steele Platt elaborates on Yard House's expansion strategy
- Our *Best Places To Work* supplement is too big for the magazine alone
- On his Road Trip with *Chain Leader*, Cameron Mitchell shares a few good stories behind four restaurant concepts we visited
- President Kim Lopdrup expands on the changes in store for Red Lobster

Cover Society Podcasts

- Frank Day discusses challenges for Rock Bottom and its segment
- How Frank Guidara differentiates Uno in a tough casual-dining market

How to Grow to 100 Units

- Web-exclusive content and related articles on growing concepts
- Video coverage of *Chain Leader's* “How to Grow to 100 Units” roundtable
- California Tortilla's Pam Felix on the trials and joys of growing her spunky concept

Plus

- Senior Editor David Farkas muses about the restaurant industry in his blog, Dave's Dispatch
- Daily news
- Franchise opportunities
- Topic-specific pages on marketing, expansion, operations and more

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CONSTANT Feedback



Mary Boltz Chapman
Editor-In-Chief

The spring conference season is coming to a close, a chance to look back at the highlights of the speakers and workshops. Even with the number of events we have in this industry, new ideas still flow and “aha” moments often pop up. One highlight for me was at the Elliot Leadership Conference in May. Geoffrey Colvin, senior editor-at-large at *Fortune* magazine, a long-time observer of and writer on business, leadership and management, gave a compelling keynote speech about the four traits of successful executives and companies in today’s business environment.

Leadership Lessons

First is they understand that their real business is people—attracting, developing and evaluating people. The scarce resource isn’t money, it’s human traits, culture and relationships. Second, successful leaders know when to change their business

model to accommodate changing consumer trends and their increased knowledge and choices. They look at real wealth creation, not just the market cap but what investors put in at the outset. And they execute every day.

What stuck out the most in my mind from Colvin’s presentation was his discussion on evaluating people. He said almost everybody dreads evaluations, but they need to be ongoing rather than once a year. It’s like exercise, he said. If you did it just once a year, you’d put it off, it would hurt, you would hate it. But if you exercise all the time, you feel the benefits, start to enjoy it and feel bad if you *don’t* do it. Colvin said constant evaluation is what separates the winners from the losers.

Getting Better All the Time

Continuous evaluation leads to continuous improvement in more areas than people development. I spoke to Dr. Hal King, who oversees food and product safety at Chick-fil-A, for the Food Safety story, “The Extra Mile,” on Page 42. I asked him about auditing the chain’s suppliers and was surprised when he told me it’s more informal than, say, an annual recertification. King explained that he and other

Chick-fil-A employees visit their suppliers all the time, working together on new products and quality improvement, which is more valuable to them than a yearly checklist. Sure, the plants are audited regularly, but the foundation is the shared goal of better quality.

This issue also features T.G.I. Friday’s Right Portion, Right Price menu (“Getting Down,” Page 31). Another example of ongoing evaluation, Friday’s menu made news when low-carb items were added to appease Atkins dieters, and again when portion sizes shrank. Following the fads? I don’t think so. I think it’s a timely reaction to what customers are asking for. It takes a commitment to constant assessment for a company of that size to move quickly. When consumers move to the next thing, the chain will again respond rapidly.

Here at *Chain Leader*, we’re learning another method of ongoing improvement. Our parent company, Reed Business Information, has rolled out to all of the editors a “dashboard” of our Web sites’ metrics. We’ll be able to see what the users at www.chainleader.com are reading and find useful, allowing us to add more relevant content and steer users to information that will help them in their jobs. The goal is to serve your needs better and faster.

When it comes to the magazine, we’ll still rely on your input to continually evaluate ourselves, so keep telling us how you use *Chain Leader*, what you find useful and what you’d like to see more of. ■

I welcome your constant feedback. Contact me at
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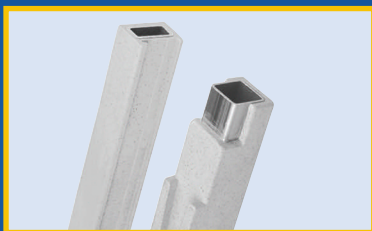
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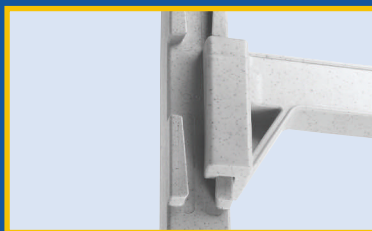
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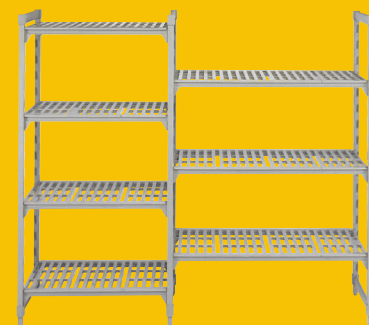
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Getting to **KNOW** You



How one restaurant analyst gets acquainted with her companies.

By David Farkas

Ever wonder how restaurant analysts pick the stocks they cover? We recently grilled Senior Research Analyst Amy Vinson of Avondale Partners in Nashville, Tenn., who is in the midst of expanding coverage, on what she looks for in a restaurant company.

What metrics have to be there for you to consider covering a company?

I look at the industry in its various pieces before looking at specific names. High-end, specialty casual, casual, fast casual and QSR. I look at valuation metrics for each group and what the consumer is doing. Are gas prices high, making a case for trade-down from casual dining to QSR highly probable?

Do you ever rely on your gut?

After coming up with a thesis and a reason to investigate, I look to see if there are any names that have compelling stories, new management teams, new franchise programs or new menu revamps. This is where gut reaction or instincts come into play. A lot of times I have to use what I know about the industry and often speak to the private players to double-check.

Say you do come up with a name.

Then I try to find a means or an excuse to meet with management informally, like at an industry conference or a trip through town. The endgame being to validate the management team.

“I look at **valuation metrics** for each group and what the consumer is doing.”

Once you decide to visit a headquarters, whom do you talk to?

It's my goal to see as many people as possible and obviously as many of the Cs as possible—CEO, CFO, COO. I also want to talk to heads of marketing, food and beverage, and franchising, if that is important to the story. The vice president of real estate or development is always a good person to have a dialogue with.

What do you ask the CEO and the CFO?

Who is the customer? Who do they want the customer to be? How fast do they want to grow the concept? Who do they view as their most problematic competitors? A lot of people will ask, “What keeps you up at night?” This is not one of my favorites because the answer is always as cute as the question. I try not to use the meeting with a CFO to go through the minutia of the financial models. I prefer to ask about their goal or vision for growth in, say, revenue, cash flow and capital expenditures. I'll ask under what scenario they'd be willing to spend more cash and what scenario they'd rein in spending.

What red flags will cause you to pass on a company?

First, a management team that doesn't seem to understand who their customer base is. Two, disappointing channel checks with real-estate people or suppliers. And three, a management team, particularly the CEO or CFO, that doesn't seem willing to recognize faults and flaws with the company or operations. There's another, and that's a company in an overcrowded segment without any discernable points of difference. ■

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Sporting Chance

Rivals Sports Kitchen seeks to cross demographic lines by taking its sports-themed concept beyond beer and Buffalo wings. **By Maya Norris**

Robert Parks is confident that his new sports bar and restaurant can appeal to more than just the sports enthusiast. Set to debut in July in Estero, Fla., Rivals Sports Kitchen will accommodate families, kids and professionals as well sports fans by combining upscale-casual fare in an interactive sports-themed environment, he says.

"If my mom and dad want to come in to Rivals, the quality of the food is going to be there that they're going to feel like it's a nice casual-dining restaurant with a fun atmosphere. When I come in with my wife and kids, there's the video games and the children's movies playing," says Parks, a former general manager for Romano's Macaroni Grill and former chef-owner of The Twilight Café in Sanibel Island, Fla. "But then I can also come in with my buddies and watch the 64-inch TV. We can watch our game."

Moving Up

A self-taught chef, Parks developed the menu to go beyond typical bar food. Although the menu stays true to some items such as the Chicago hot dog and Philly cheesesteak, most of the dishes take an upscale twist. For example, the concept's version of mozzarella sticks are the \$9.50 Housemade Mozzarella Cigars, mozzarella cheese rolled in pasta sheets and coated with Italian-seasoned panko bread crumbs. Other offerings include Strawberry Salad, \$8.95 and \$10.50 with chicken: mixed greens tossed with a citrus vinaigrette and topped with strawberries, macadamia nuts and fried goat cheese croutons; and Pork

Chops, \$13.50, grilled and glazed with bourbon and green apple reduction.

Rivals' sports-venue look features boxing ropes and tennis nets separating the three dining areas, basketball-court flooring, and sports memorabilia. An announcer's booth will host radio broadcasts. Televisions are throughout the restaurant, but the focal point is a basketball scoreboard equipped with three large flat-panel TVs.

"The restaurant is designed to be a restaurant first, but then at night time and on sporting days, it has the atmosphere of just the coolest sports bar you've ever seen," Parks says.

Keeping Score

At 9,000 square feet and 300 seats, the first unit will cost about \$2 million, which includes research and development expenses. Future units of a similar size will average between \$1.2 million and \$1.7 million. But Parks believes the concept is versatile enough to fit in a wide range of locations. Rivals plans to open units as small as 4,500 square feet, which will focus on lunch and dinner only, to flagship restaurants as large as 20,000 square feet, which will have a bowling alley, basketball court and golf course.

Parks expects the first unit to ring up \$4.5 million in sales with an average check of \$14 without alcohol and a 65-35 food-to-alcohol sales mix.

Rivals plans to open a second unit in Cape Coral and a third in either Tampa or Orlando in 2008. It hopes to open 10 more in Florida and other Southeastern markets such as Atlanta and Durham, N.C., in 2009 with a managing-partner program in which investors will buy an equity stake in a unit and a smaller rate of equity in the corporation. "I very much believe a managing partner who owns a percentage of their store operates differently than just a regular manager," says Parks.

After 2009, Rivals will consider franchising or licensing. It expects to have 100 stores nationwide in 10 years. ■

Rivals Sports Kitchen is looking for endcaps in shopping centers near colleges and sports arenas, where the household income is at least \$75,000.

SNAPSHOT

Concept

Rivals Sports Kitchen

Headquarters Estero, Fla.

2007 Systemwide Sales

\$2 million

(company estimate)

2008 Systemwide Sales

\$10 million

(company estimate)

Average Unit Volume

\$4.5 million

Average Check \$14

Expansion Plans

1 in 2007, 2 in 2008

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Family PLAN

Johnny Rockets looks for locations full of families having fun together.

By Mary Boltz Chapman

Johnny Rockets attracts families with upbeat music played from nickel jukeboxes, dancing servers and an “all-American diner” atmosphere. So the company’s real-estate strategy targets families where they play, including cruise ships, amusement parks and sports arenas.

The Lake Forest, Calif.-based concept’s first agreement with Royal Caribbean International was for five ships, the first of which debuted in 2000. Both companies were happy with the arrangement, according to Mimi Somerman, senior vice president of marketing for Johnny Rockets Group Inc., so a new development agreement added at least six and up to 12 more locations. The eighth restaurant opened in February on a refurbished cruise ship, the Majesty of the Seas, and another is under construction.

The restaurants, operated under a licensing agreement, are the same size as an average Johnny Rockets, seating about 85 guests. The menu is simplified, in part to speed up operations and to help people get in and out quickly, Somerman says, but also to limit the number of SKUs required on board. On some ships, customers pay a \$3 or \$4 fee above their all-inclusive costs to eat Johnny Rockets’ hamburgers, fries and shakes.

Extending Vacations

“For Johnny Rockets, it’s less about the volume and it’s more about the exposure and a marketing partnership that we have with them,” Somerman says. “We get regular comments from people saying what a wonderful time they had on the cruise ship, and they can’t wait to go to Johnny Rockets on land.”



Already operating in Cedar Point in Sandusky, Ohio, Johnny Rockets will open in 26 Six Flags parks within three years.

Families vacationing on eight Royal Caribbean cruise ships can stop in for Johnny Rockets’ burgers, fries, shakes and other “all-American” fare.

Somerman says the family fun of a cruise ship fits well with the 205-unit hamburger chain’s experience, and taps the relationship in marketing. Last year, Johnny Rockets created an online game in which customers could win cruises, restaurant gift cards or branded gear. This summer’s promotion has not been finalized, but will again cross-promote the brands.

Working at Play

New parent RedZone Capital Fund II, which acquired Johnny Rockets in March, brings another family event to the table: amusement parks. It owns a portion of Six Flags Inc. and plans to open 26 Johnny Rockets in the parks over the next three years, including five or six this year. The concept is operating in a few amusement parks now, including Cedar Point in Sandusky, Ohio.

Expansion plans call for the chain to have 850 to 1,000 units operating in five years, Somerman says. Some of those units will also appear in sports arenas, another place families gather, she adds.

Johnny Rockets has also been working on a prototype for an express unit, with a footprint averaging under 1,000 square feet and requiring about half the capital investment, \$300,000. A variety of floor plans will help the chain’s aggressive expansion, enabling it to fit into many spaces. ■



SNAPSHOT

Concept Johnny Rockets

Headquarters

Lake Forest, Calif.

Units 205

2006 Systemwide Sales

\$207 million

Average Unit Volume

\$1.2 million

Average Check

\$8 to \$10

Expansion Plans

29 by year-end, including 5 or 6 in Six Flags, 1 on Royal Caribbean ship



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"Big. Juicy. Tasty. Now, that's a Fatburger."

Length: 30 seconds



1. Voice-over: It has come to our attention that some people just cannot get past the name Fatburger. We've asked several of our fans what they might call us instead.



2. Woman: It's my Fantasy Burger.



3. Man 1: It's a Bring It On Burger.



4. Man 2: It's a Blow Your Mind Burger

FIRST Impression

Fatburger's first TV spot shows off its new look and helps the chain say **"GOODBYE"** to its QSR days.

By Margaret Littman

You can't say that Fatburger is afraid of change. In the last nine months, the 55-year-old concept has shed its well-known and well-loved fast-food persona. As it morphs from a QSR to a fast-casual concept, Fatburger has embraced new tools and techniques for selling its new self. In April the chain began airing its first television ads and shelled out serious marketing dollars for food photography for the first time in company history.

"We were delivering fast casual, delivering fresh food to the table," says Vice President of Marketing Elaine Patel. "Our shakes are made with handmade ice cream. We already had all these cues; we decided, 'Let's go all the way.'"

"All the way" meant a new store design for new units (existing stores will be retrofitted over the next several years), a new color palette, menu design and menu items.

Fatburger toned down the colors in the restaurants and collateral to subtler shades of red and gold. It replaced the chain's iconic line drawings with high-quality food photography. The team shot more than 30 menu items in different contexts, resulting in a library of 60 photos that can be used in

future marketing efforts.

"The yellow, red and black colors that they used were almost primary colors. They were very QSR," says Bil O'Neill, creative director at honestmechanics, the Costa Mesa, Calif.-based ad firm that became Fatburger's agency of record four years ago.

This is potentially scary stuff for franchisees, particularly when accompanied by changes to the advertising-fund structure. Stores outside of Los Angeles saw an increase from 0.4 percent to 2 percent of sales. In 2006, the chain spent \$165,000 for media placement in Los Angeles. In 2007, it will spend \$155,000 on production of TV and radio spots and \$875,000 on media placement. But Patel says, "[Franchisees] request-



5. Voice-over: [Laugh] Our burgers are big, juicy and cooked right in front of you. In fact, we use fresh, 100 percent pure lean beef.



6. Don't let the name scare you.



7. Try our new Saucy Burger or Maui Banana Shake. Now for a limited time.



8. Man 3: It's burgerlicious, son.

ed TV spots, food photography, and they wanted out of QSR. They have been waiting for this for years."

Fat Is Phat

One of the challenges of rebranding Fatburger was the name. While it had devoted fans and claims to sell one of the leanest burgers in the business, those who were new to the concept didn't know that the name referred to the size of the sandwich, not the fat content.

"The name Fatburger leads you to think of something that pushes you away before you have the opportunity to try it," says O'Neill. "This was one of the most challenging assignments our agency has ever had."

Honestmechanics strove to create a campaign that was "100 percent about the burger," O'Neill says. The commercial features real Fatburger customers as well as actors reciting lines provided by customers in the course of research. To get that customer response, Fatburger held eating contests and other events to bring people to the restaurants and comment on their meals.

The response was better than Patel expected. In one case, a customer was participating in the Triple King challenge, in which he ate a certain number of the three-patty burgers. When the creative team started asking him questions, he had a worried look on his face—he was concerned that his burger was getting cold. Other customers talked about why they felt so strongly about Fatburger and suggested alternative names for the chain. The new tagline for the campaign underscores all those opinions: "Big. Juicy. Tasty. Now, that's a Fatburger."

"For all the changes," Patel says, "we stayed true to our core product."

Meaty Messaging

Fatburger launched the TV commercial after Easter. The thinking was that those who had been observing Lent would have refrained from eating beef for 40 days and would be ready to sink their teeth into a juicy burger. The rebranding launch was teamed with limited-time offers: the Saucy Burger and Maui Banana Shake.

For the initial launch, the team created just one 30-second TV spot and a handful of radio ads. The spot is running in Los Angeles and Las Vegas on cable networks such as ESPN and MTV to attract the chain's 22- to 44-year-old male target audience.

Honestmechanics also created a director's cut, a compilation of outtakes, that it will post on Web sites such as MySpace and YouTube. "During a taping you always get really fun and crazy outtakes, especially when you tell [people] to just say anything that comes to mind," O'Neill says. Outtakes include one customer describing Fatburger as a "disco in your mouth." Another describes Fatburger as what a burger would be like if "Godzilla and King Kong were to make a burger."

The online presence will help Fatburger as it moves into three new markets in 2007: Michigan, Washington, D.C., and Hawaii. A total of 200 franchise agreements have been signed for the next few years.

Sales figures reflecting any impact of the new campaign have not yet been calculated, but the company estimates 2007 sales will increase 10 percent over 2006. Adds O'Neill: "The domino effect [of the ads and the online outtakes] will only help the brand." ■

on the web: To watch Fatburger's first television commercial, visit www.chainleader.com.

SNAPSHOT

Concept Fatburger
Headquarters Santa Monica, Calif.
Units 35 corporate, 52 franchised
2006 Systemwide Sales \$68 million
2007 Systemwide Sales \$75 million (company estimate)
Average Unit Volume \$750,000
Average Check \$11
2007 Ad Budget \$1 million
Ad Agency honestmechanics, Costa Mesa, Calif.
Expansion Plans 12 corporate, 16 franchised in 2007

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—Adam Baird, Vice President of Food/Beverage



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SNAPSHOT

Concept Vapiano

Location Ballston, Va.

Designer Matteo Thun & Partners, Milan, Italy

Architect The Heiserman Group, Bethesda, Md.

Opening Day
April 26, 2007

Area 4,474 square feet

Seats 150

Average Check \$13

Unit Volume \$3 million
(company estimate)

Expansion Plans 3 this year, 1 or 2 in 2008

1. A communal table at Vapiano is built around an olive tree, the Italian symbol for long life and good luck.

2. The European-style bar has no stools, just room for customers to stand.

3. Vapiano's bar area includes a lounge equipped with club chairs and low tables.



A Literal TRANSLATION

Germany-based **VAPIANO** opens in the States with few concessions to American tastes.

By Lisa Bertagnoli

Ballston, Va., got a touch of international flair in April when Vapiano, a European cafe and bar, opened across the street from Ballston Commons mall.

Ballston is the first U.S. location for Vapiano, a Hamburg, Germany-based chain that bills itself as “fresh casual,” offering made-to-order Italian food in a stylish cafe and bar setting. The name, a contraction of the Italian phrase *va piano*, or “slow down,” is taken from the saying *chi va piano, va sano e va lontano*, which translates roughly as “slow and steady wins the race,” says Kent Hahne, president of McLean, Va.-based Vapiano International, the company’s U.S. division.



The spare and contemporary interior, designed by Matteo Thun & Partners of Milan, Italy, features white ceilings and intense yet diffuse lighting. Plants provide focal points: A huge olive tree, the Italian symbol for long life and good luck, emerges from the center of a communal table, and shelves full of potted parsley, basil and other herbs line a wall.

Few decorations interrupt the clean lines. Black-and-white photographs of Italian street scenes hang here and there, and a wall in the lounge area is covered with smaller framed photos. Deep-red walls and red leather lounge furniture add color to the room. So does a vast chalkboard mural, with food and flower drawings and witty sayings like “never trust a skinny chef,” that hangs above the cooking line.

The heart of the concept is that cooking line, a 40-foot-long affair holding eight stations, where salads, antipasti, pastas and pizzas are made to order. (A bakery in Baltimore supplies breads and some desserts.) The menu is “100 percent from scratch, but we don’t want to advertise it,” says American-born Hahne, who was McDonald’s first franchisee in Germany. “We want people to see for themselves.”

Buildouts, American-Style

Vapiano hired Heiserman Group, a Bethesda, Md.-based architecture and design group, to transplant Vapiano from Europe to the United States. It imported most of the equipment and fixtures from Germany, including the furniture and millwork, which are made from specially treated oak. The resulting product has an aged, whitened look and feels slightly rough to the touch.

Transplanting the concept was “taxing,” says Principal Herbert Heiserman. One issue: translating metric measurements to American measurements, no small matter considering the volume of millwork and furniture for the 150-seat restaurant. Another challenge: translating assembly instructions from German to English.

A design signature, black-shaded lamps





4. Black-and-white photographs of Italian people and street scenes are among the only decorative touches.

5. A handmade chalkboard mural hangs above the serving line, where pastas and pizzas are made to order.

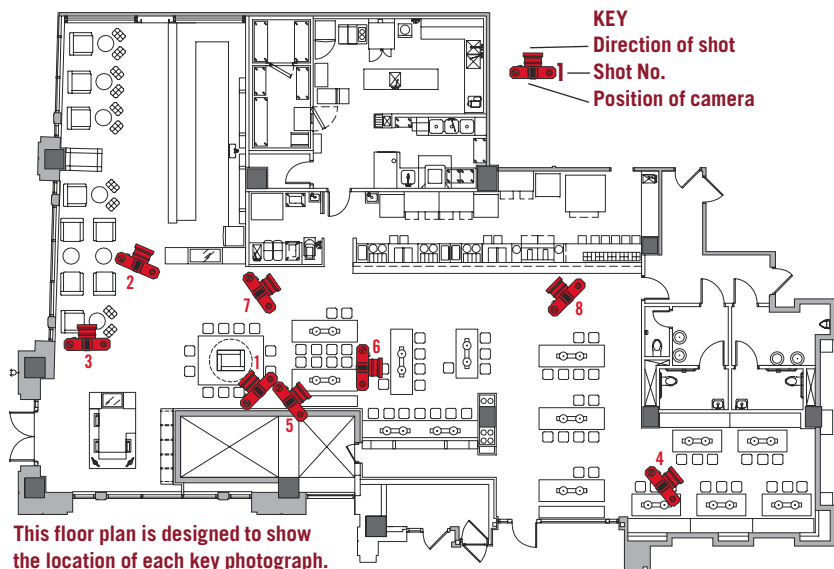
6. Marble planters on the table hold potted herbs. In Europe, customers pinch leaves from the plants and add them to their food.

Vapiano's communal tables, equipped with backless leather stools, seat nine people.

hardwired into each table, also presented a design challenge. "The way you wire things is done differently in the States," Heiserman says. Plus, the lights required a different UL listing because they are technically part of the table.

Making the restaurant compliant with the Americans with Disabilities Act also presented issues. The height of the counter at the serving line and table heights had to be lowered to be wheelchair friendly. Vapiano also built restaurant-level restrooms; in Europe, restrooms are on a lower level. Heiserman says that future Vapiano locations, on M Street and in Chinatown in Washington, D.C., will include both restaurant-level and lower-level bathrooms.

Vapiano encountered home-grown challenges as well. For instance, the entryway



This floor plan is designed to show the location of each key photograph. Shot numbers correspond with numbers in select photos.



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MENU SAMPLER

ANTIPASTI

Bruschetta (pictured): roasted ciabatta bread, tomatoes, garlic and olive oil, **\$3**

PASTA

Pesto: basil pesto, olive oil and pine nuts, **\$6.75**

Pomodoro e Spinaci: tomato sauce and spinach, **\$7.75**

Tacchino Piccante: turkey breast, orange-chili sauce, bok choy and bell peppers, **\$8.75**

Salsiccia Calabrese: spicy Italian sausage, white beans and sun-dried tomatoes, **\$9.75**

DOLCI

Panna Cotta: cooked cream and vanilla beans with strawberry sauce, **\$4.50**



7. Fresh pasta, which cooks in about 90 seconds, is made on site.

Portions are small, with pasta servings averaging 180 grams, or about 6.5 ounces

8. The 40-foot cooking line holds eight stations, where salads, antipasti, pastas and pizzas are made to order.

Vapiano's interior was shipped to the United States from Germany.

had to be relocated three times. Arlington County prohibited the first entry, on Wilson Boulevard; the second did not comply with ADA regulations. The entrance is now located in a courtyard just off Wilson Boulevard.

The total investment for the Ballston store was about \$2.1 million, higher than expected because of the various challenges Vapiano dealt with. Hahne expects future locations to range between 5,000 square feet and 8,000 square feet, with buildout costs of \$1.5 million to \$2 million.

Minimal Changes

While Vapiano made changes to comply with local building requirements, the concept itself remains basically unchanged. Portions are still small, with pasta servings averaging 180 grams, or about 6.5 ounces. That's big for Europe, "but not Cheesecake Factory portions," Hahne says.

Vapiano is also keeping recipes the same as in Europe, focusing on light, Italian cooking. Hahne says it will not adapt to the bolder flavors to which the American palate has become accustomed.

The concept is also retaining its European

service style. Charges are loaded onto a magnetic-strip card, and customers pay for their meals upon leaving the restaurant. The service style is convenient for customers, who don't have to wait for the check, and also encourages add-on sales, because customers don't have to fumble with cash if they want dessert or another drink.

Vapiano, however, will make two changes to suit the U.S. market. First, the restaurant will offer takeout. "We're going to have to," Hahne says, noting that in Europe, takeout accounts for only 2 percent to 3 percent of sales. And, while European locations sell only beer and wine, the Ballston bar will offer a full martini menu.

Hahne expects Vapiano to attract a 25- to 55-year-old demographic, including businesspeople, ladies who lunch and two-income couples. So far, he says, sales are exceeding expectations. He expects the unit to post \$3 million in sales.

That is crucial, as the greater D.C. area will test Vapiano's viability in the States. "It's one of the big food markets," says Hahne. "If we can make it here, we can make it somewhere else." ■

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T.G.I. FRIDAY'S promotes smaller, lower-priced Right Portion, Right Price menu items to drive repeat traffic and attract new guests.

Getting DOWN

By Monica Rogers

Sweet heat—like that found in T.G.I. Friday's Dragonfire Chicken entree—is a flavor that scores well with both casual-dining and high-end guests.

Indulgent Right Portion items include the Half-Rack of Baby Back Ribs, pork ribs char-grilled and glazed with barbecue sauce, and served with onion strings and fries.

Featuring Shrimp Key West in different sections of the menu attracts different diners. Some choose the dish because it's one of Friday's Better for You items, which have less than 500 calories. Others select it from the seafood section for sheer grilled appeal.

SNAPSHOT

Concept T.G.I. Friday's
Parent Company

Carlson Restaurants
Worldwide, Carrollton,
Texas

Units 586

2006 Systemwide Sales
\$2.7 billion

Average Unit Volume
\$3.6 million

Average Check \$13.68

Expansion Plans
35 in 2007

On a bright red plate as cheery as the signature stripes on T.G.I. Friday's awnings, the serving doesn't look small. "It's ample," my dining partner decides, twirling his fork in a tangle of Alfredo-sauced noodles and tilting his head sideways to get a better view of the glazed and grilled chicken breast on top. "They certainly didn't skimp on the noodles."

This Right Portion, Right Price version of T.G.I. Friday's Jack Daniel's Chicken Alfredo has one-third less chicken and costs \$7.99, one-third less than the regular-sized \$11.82 offering. It's one of 10 Right Portion entrees the chain started promoting in March, all priced between \$6.99 and \$8.99 and half to one-third smaller than regular entrees.

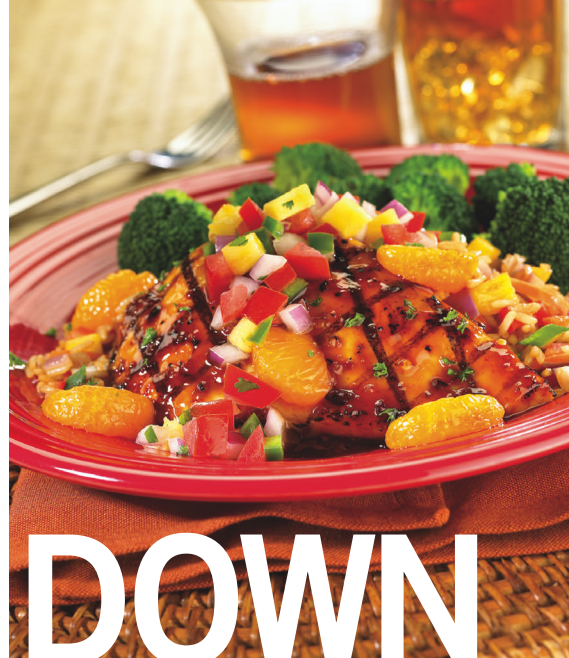
Despite knowing that it would lower the check average, Mike Archer, president of T.G.I. Friday's U.S.A., believes Right Portion has the potential to drive traffic. "We're hoping Right Portion gets existing guests in more often and attracts new guests who used to veto Friday's because it was 'so much food,'" he says.

Whether Right Portion items will increase traffic enough to offset anticipated dips in check averages has yet to be determined. But five weeks after launch, 15 percent of guests were ordering Right Portion options. "Which is exactly where we hoped sales would be," says Archer. "We're also seeing that people are finishing all of their food." He adds that guests ordering Right Portion entrees are having dessert slightly more often, but exact percentages are not available. Friday's also anticipates increased appetizer sales with Right Portion orders.

Range of Reasons

"Right Portion is a big idea with a lot of longevity," says Phil Costner, vice president of research and development for the Carrollton, Texas-based chain.

Costner started digging in to Right Portion development about six months ago. He says Friday's



Right Portion
MENU SAMPLER

ASIAN-GLAZED CHICKEN ON FIELD GREENS:

chicken breast glazed with spicy Asian sauce, sprinkled with toasted macadamia nuts and cashews, served over field greens tossed in cilantro-lime dressing with red peppers and cucumbers, **\$6.99**

BISTRO SIRLOIN SALAD:

USDA Choice sirloin sliced, sauteed and served warm on a bed of field greens tossed in house vinaigrette, topped with grape tomatoes and sweet corn, **\$7.99**

HALF-RACK OF BABY BACK RIBS:

pork ribs, char-grilled and glazed with tangy barbecue sauce, served with onion strings and fries, **\$8.99**

BRUSCHETTA CHICKEN PARMESAN:

panko-crusted chicken topped with Roma tomato-basil salsa and shaved Parmesan cheese, served on a bed of angel-hair pasta tossed with marinara sauce, **\$6.99**



guest studies showed people were interested in smaller portions, not strictly for health benefits but because they had shifted the way they were eating. “It was much more about offering choice within a range of smaller-portioned items,” says Costner. “Bigger, bolder flavors across the board, some indulgent items and some better-for-you options.”

Friday’s first 10 Right Portion options include indulgent items such as the Half-Rack of Baby Back Ribs, \$8.99. The Jack Daniel’s Chicken Alfredo also falls into that category with char-grilled chicken breast drizzled with spicy Jack Daniel’s sauce, served on fettuccine Alfredo with bacon, grape tomatoes, sauteed red onions and mushrooms.

New items include Cedar-Seared Salmon with Pasta, \$8.99, salmon pan-seared with cedar seasoning and served over pasta with lemon-infused Alfredo sauce, bruschetta tomatoes and roasted zucchini; and Asian-Glazed Chicken on Field Greens, \$6.99, chicken glazed with spicy-sweet Asian sauce and served with a sprinkling of toasted cashews and macadamia nuts over field greens with cilantro-lime dressing.

Items marketed under the Better for You banner have fewer than 500 calories and 10 grams of fat. For example, Dragonfire Chicken, \$7.99, features marinated chicken breast with Kung Pao sauce, Mandarin oranges, pineapple pico de gallo, stir-fried brown rice and cilantro-lime-seasoned broccoli.

Underscoring the idea that guests order the smaller options for a variety of reasons, Friday’s lists several dishes in multiple locations on the menu. Diners gravitate to the Shrimp Key West, \$8.99, seasoned shrimp, skewered, grilled and served with citrus sauce and mixed vegetables, listed on the seafood section, for example, as frequently as they pluck the dish from the Better for You list. “We’re thrilled about this,” says Costner.

Sweet Heat, Smoky Flavor

Creating the Right Portion lineup, Costner looked at upscale and casual-dining restaurants. He found sweet-heat and hardwood-

Five weeks after launch, 15 percent of guests were ordering Right Portion entrees.

smoked flavors resonated in both arenas.

Cedar-smoked salmon does well in white-tablecloth restaurants, he says. To duplicate that flavor without actually using wood, Costner selected a seasoning with a smoky flavor that scored well with guests.

Costner used chilis with honey or other sweeteners to achieve “very trendy sweet heat” that worked well for the Asian dishes in the Right Portion lineup.

Aggressively Smaller

To determine portion size, Archer and Costner looked at how people eat at home and noted a change in attitude about leftovers. “Mom used to cook enough for three days and people assigned value to leftovers from those meals and from restaurant meals.” But today, Archer says, guests in Friday’s surveys suggest that they rarely eat restaurant leftovers.

Friday’s tested portion sizes with guests, starting with half the size of a normal entree. “If the surveys came back saying, ‘I just wish I had a few more bites,’ then we adjusted accordingly,” Costner says. The majority of guests agreed that most Right Portion dishes should be one-third smaller than Friday’s average entree.

The decision to showcase Right Portion entrees on red plates was serendipitous. During a tasting one day, Costner sent out a test portion of one of the Right Portion entrees on a red plate he just happened to have in the kitchen. Archer recalls, “It had so much impact, we said, ‘That’s it,’ and decided right then the Right Portion entrees would all be served on the red plate.”

While it’s too soon to say which of the Right Portion entrees will stay and which will be replaced, Costner envisions the menu section as one that will continually evolve. Archer agrees: “We’re still studying what guests are ordering, what they say they like, what they want more of.”

One good guess: Right Portion appetizers and desserts will likely emerge. “It’s reasonable to say that other categories of the menu would work with this,” says Archer. ■

One of Friday’s top-selling Right Portion entrees is the Cedar-Seared Salmon with Pasta, salmon pan-seared with cedar seasoning and served over pasta, with a lemon-infused Alfredo sauce, bruschetta tomatoes and roasted zucchini.

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Worldwide



Phil Hickey
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RARE Hospitality



Phil Costner
VP of Food and
Beverage,
T.G.I. Friday's U.S.A.



Riccardo Scicchitano
VP of Food and
Beverage,
Corner Bakery Cafe



Jon Luther
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A photograph of three men in a bar setting. In the background, a man in a dark suit (Steele Platt) stands behind a bar with many beer taps. To his right, another man in a light-colored jacket is also behind the bar. In the foreground, a man in a dark pinstripe suit is sitting on a bar stool, smiling at the camera. The bar has a wooden ceiling and many beer taps with various handles.

On TAP

CEO Steele Platt's upscale **YARD HOUSE** is poised to roll out the barrels. By David Farkas

Begin in San Diego in a sprawling restaurant called Yard House on the corner of Broadway and Fourth. Jokingly ask a young bartender if she uses her wristbands to wipe away the sweat that collects on her brow from hard work. She laughs and shakes her head. "They cover my tattoos," she says, lifting one to reveal the ink.

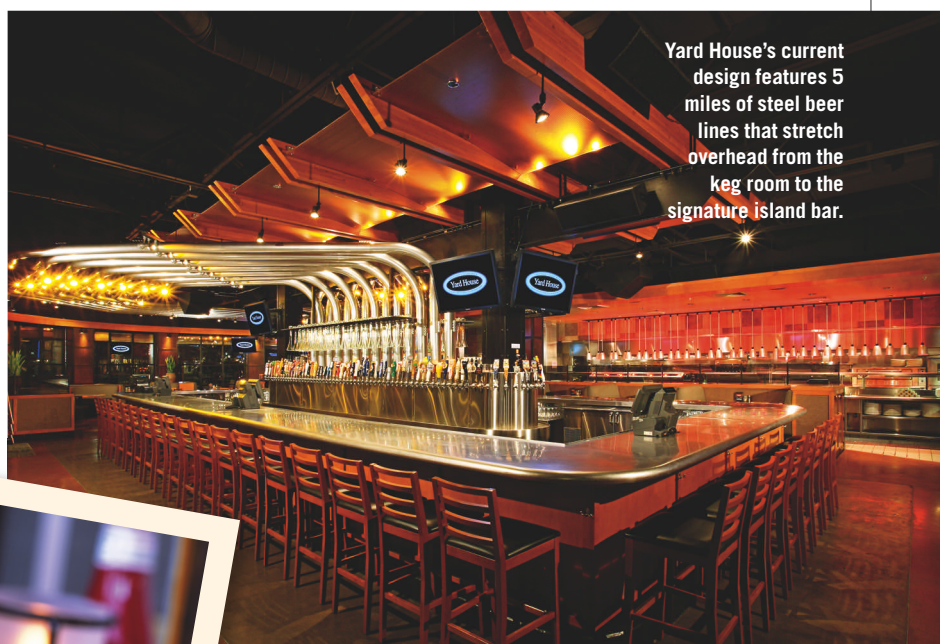
End up a couple days later in Irvine, Calif., in the office of Yard House USA CEO Steele Platt, who co-founded the growing concern that operates 16 premium casual-dining restaurants, each with annual sales ranging from \$5 million to \$12 million. Listen as he explains the policy: "There are two ways to go. You can hire for personality and experience, or you can have a corporate structure where you create consistency in the hamburgers, the beer, the music and the service." In other words, you ban visible tattoos.

The 10-year-old concept, which features 130 beers, is all about consistency in an attempt to gobble up market share alongside the country's highest volume brands (see sidebar, Big Money: Ranking High-Volume Chains, Page 39). It has revamped its menu, turned its trendy-looking units into eating-and-drinking emporiums that lure an affluent crowd, and made itself an attractive catch for lifestyle-center developers. Says CB Richard Ellis' Peter Moersch, an Anaheim, Calif.-based real-estate executive who represents developers: "Beer bars can get a blue-collar crowd or a white-collar crowd. Steele Platt got a white collar one—and the menu and decor had a lot to do with that."

So far this year, a new outpost debuted in Waikiki and two more are scheduled to open, in Newport Beach and Riverside, Calif., in September and November, respectively. Officials expected a Las Vegas opening in November but pushed it back to January '08. Four more units are slated to open next year including Yard House Bar & Grill, a test of a freestanding prototype that's smaller than the typical 10,000-square-foot Yard House.

Big Box, Big Business

The big-box Yard House has performed well in larger markets. The concept has two big draws: a full menu featuring both eth-



Yard House's current design features 5 miles of steel beer lines that stretch overhead from the keg room to the signature island bar.

nic specialties (Cuban sandwiches, poke salads) and contemporary grub (Porcini Crusted Halibut, spicy tuna roll), and a large bar area with 130 beers on tap. The keg room, a cavernous glass-enclosed and refrigerated space lined with hundreds of beer barrels, is also meant to grab attention.

"These are big and interesting restaurants," marvels

Lowell Petrie, vice president of marketing for Mimi's Cafe, headquartered in nearby Tustin, Calif. "There's usually a nice flow in the bar, which creates energy. It's sort of like the old days of T.G.I. Friday's."

Last year, beverages including wine and spirits accounted for 44 percent of sales, down several points from the late '90s when Yard House's reputation was mostly as a watering hole. Since then, Executive Chef Carlito Jocson has added trendier dishes to bring in a dining crowd that includes families with kids. Platt boasts the chain served a million kid's meals last year. (Because Yard House USA is a private company, numbers cannot be independently verified.)

Platt also claims several Yard Houses ring

The Classic Cheeseburger (\$9.75) is one item among 110 dishes that run from burgers to Porcini Crusted Halibut (\$22.95).

Beer buds: CEO and co-founder Steele Platt, President and COO Harald Herrmann and Executive Chef Carlito Jocson have turned Yard House into a restaurant for the upscale masses.

SNAPSHOT

Company Yard House USA
Headquarters Irvine, Calif.
Units 16
2007 Systemwide Sales \$140 million (company estimate)
Average Unit Volume \$8.5 million
Average Check \$14 lunch; \$22 dinner
Expansion Plans 4 in 2007, 6 in 2008

"Investors just own cash flow. The money is in the Yard House name." —**CEO Steele Platt**

up \$1 million annually after 10 p.m., mostly on weekends when most customers are drinking. Peering into a flat computer screen, the 48-year-old entrepreneur reels off recent late-night sales figures: "Here's Waikiki, ten grand on a Friday night. Long Beach, ten grand. San Diego, nine grand. Glenview [Ill.] is only \$1,800, and Lakewood [Colo.] is \$1,200."

Location, Location, Location

Those are the two suburban markets Platt picked four years ago to demonstrate the concept could travel. Wringing sales from the 11,000-square-foot boxes has been a challenge; the two rank as the lowest volume producers in the system. Platt says volumes have grown from \$4.3 million to almost \$6 million in Lakewood. Last year, the Yard House Glenview rang up just \$5.3 million (break-even is about \$4 million). A Yard House costs about \$5 million to open, including \$500,000 in pre-opening costs.

Platt blames the low output on the less-than-ideal locations he had to settle for. "Back then [in '03 and '04], those were the only sites offered to me," he says. "Developers asked, 'Who are you? You only have three restaurants in California.'"



Platt had opened five Yard Houses by the time he ventured outside the Golden State, according to a company document. Since Glenview opened in June '04, the company has built six more units outside of California, in Phoenix, Palm Beach Gardens, Fla., and Kansas City, Kan. "None of these stores has ever had a negative cash flow," he maintains.

Still, the company is counting on the less costly 6,300-square-foot prototype to produce better returns. The first unit opens in Chino Hills, Calif., an affluent city of 78,000 about 30 miles northeast of Irvine, in May '08, the second in San Clemente later in the year. Despite a smaller footprint, menu (50 items instead of 110) and bar (60 draft beers instead of 130), Platt expects the Bar & Grill to produce sales volumes similar to its larger sibling. "I would have built this in Glenview and Lakewood," he says.

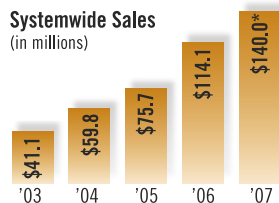
Given the volumes and same-store sales—up 5.4 percent year to date and 4.3 percent

Yard House cooks like to toy with tradition, whipping up a California Roll without a seaweed wrapper.

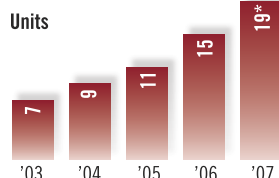
Build-outs don't come cheap at roughly \$305 per square foot. Lucky for Yard House, lifestyle-center developers have been willing to bear some of the cost in the form of tenant incentives.

Gaining Yardage

Systemwide Sales
(in millions)



Units



*company estimate



for the first quarter—Platt is searching for a private-equity partner to fund Yard House's future. Platt has opened restaurants with the help of 120 investors; until recently one was his aunt. According to Platt, a \$15,000 stake in 1995, the year he began raising money for the Long Beach unit, is now worth \$495,000. In 2002 Platt raised about \$24 million in a private placement that provided capital for six new restaurants.

Capital Goods

"This is how I grew the company without getting banks involved to this point," he explains. "I have no debt." Platt owns a 22 percent stake in Yard House USA, as does co-founder Steve Reynolds; the two are estranged and Reynolds is no longer an officer in the company. President and COO Harald Herrmann and Jocson each own roughly 5 percent. About 100 employees and the original investors own the remaining shares.

Should a significant infusion of private equity recapitalize the company, Platt estimates Yard House USA could be operating a dozen units among Boston, New York and South Florida within five years. Platt's East Coast strategy is simple: "Boston talks to Florida and Palm Beach talks to New York and Boston," he says, meaning he's hoping New Englanders who visit his Palm Beach outpost will embrace the Yard House in Dedham, Mass. Platt recently signed a letter of intent for a spot in a proposed lifestyle center in the Boston suburb.

A private-equity firm will have to meet Platt's "magic number," a figure he won't reveal except to say the company may be worth from 12 times to 18 times income "depending on how you look at it." He may be onto something. Financial buyers have been particularly active in the restaurant industry recently, showing a willingness to pay for profitable fast-casual and upscale casual-dining chains. Both segments are demonstrating an ability to maintain healthy same-store sales compared to most QSR and



casual-dining concepts.

"I wouldn't rule [the multiples] out," says financial strategist Jim Parish of Parish Partners, who recently joined the board of McCormick & Schmick's Seafood Restau-

rants. "Yard House is a good brand. They have paid attention to food and decor."

As of mid-May, however, private-equity players hadn't come close to Platt's number. "It's mind boggling how private-equity people are," Platt says. "They are more interested in their return than they are in your return. Right now [the offers are] way out of whack."

Mark Saltzgaber, a former investment banker who now advises private-equity firms about restaurants, also likes Yard House. "It's smartly positioned in the upscale-casual niche. That's not a bad place to be with the macro factors affecting mainstream casual-dining chains," he offers.

CEO and co-founder Steele Platt, who wants to recapitalize the company, believes Yard House may be worth 12 times to 18 times earnings—a startling multiple some observers suggest is entirely realistic.

Last call: Officials claim Yard House books an annual \$1 million in sales on Friday and Saturday after 10 p.m. Beverages account for roughly 43 percent of per-unit sales.

Big Money: Ranking High-Volume Chains

Concept	Units	Average Unit Volume	Cash Investment
The Cheesecake Factory	125	\$10.7 million	\$7.2 million
Smith & Wollensky	14	\$9.9 million	\$6.8 million
Maggiano's Little Italy	37	\$9.4 million	\$9.4 million
The Capital Grille	26	\$8.2 million	\$4.6 million
Yard House	16	\$8.1 million	\$5 million*
McCormick & Schmick's	66	\$5.4 million	\$2.8 million
BJ's Restaurants	55	\$5 million	\$4 million

Source: company filings; *includes pre-opening costs of \$500,000

“When you look at food-and-beverage splits, remember we’re doing \$5 million in food. It’s not like we are this bar.” —*Yard House CEO Steele Platt*



Colorful beer taps—130 in all—have helped soften Yard House’s image as a bar. Bottles of liquor are kept below the taps, visible only to drinkers.

Second Bite

Saltzgaber believes Platt and a private-equity firm could resolve their differences if principal shareholders such as Platt and Reynolds reinvested a “meaningful portion” of their stock into the company. “It does two things,” he explains. “It provides the sellers with significant, immediate liquidity and gives them a second bite of the apple. That way, if they believe the purchase price is not a full one, the cost basis and potential upside of the second bite is better for them.”

“What he says is spot on,” Platt says. “But I still need to have a satisfying front side to take the risk on the back side—and to get me to hand over my baby to someone else.”

Developers have been more amenable to Yard House, chipping in \$1 million to \$2 million in the form of tenant incentives of

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the roughly \$5 million build-out. Platt says Yard House's cash allocation is about \$3.5 million per project. Annual rent runs about 6 percent of sales, acknowledges Herrmann. "At that rent rate, [developers] are making their money back," says real-estate executive Moersch. He adds that popular concepts like Yard House give other tenants the chance to thrive "on a different level."

"The demand for Yard House outstrips supply," boasts Platt, who opened his first business—a Hawaiian-themed restaurant—shortly after graduating from Denver University, where he majored in hotel, restaurant and tourism management. "I probably have 18 projects to choose from. I get to pick six." Even better, the capital required to open them won't vary. "The real-estate cost is exactly the same no matter where I go because I dictate it. I say, 'This is what I



pay. If you don't do it, this [developer] will," he declares.

You could argue Platt's track record at Yard House gives him room to brag. "Here's a

guy who hit two home runs right out of the gate," Moersch recalls. "He turned Long Beach, which was in a failing district, into one of the highest volume restaurants anywhere, and he made a good strategic move when he took over Triangle Square mall [in Costa Mesa]." The question now is, can he recapitalize the company and turn Yard House into a consistent power hitter? ■

"Yard House demographics skew male and younger," observes a restaurant marketing executive. "Whenever I go in, males are sitting at the bar watching sports."

Cooks add banana slices to crème brûlée before torching the top.

on the web: To find out more about Yard House's expansion strategy, visit www.chainleader.com.

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The Extra MILE

Chick-fil-A builds kitchens, processes and standards to keep its customers safe from foodborne illness and from each other's germs.

By Mary Boltz Chapman

Chick-fil-A's sandwiches, nuggets and other chicken items use fresh product delivered daily to the stores, but they are blast-frozen to protect it from organism growth.

SNAPSHOT

Concept Chick-fil-A
Headquarters Atlanta
Units 1,307
2006 Systemwide Sales
 \$2.27 billion
Average Unit Volume
 \$2 million
 (freestanding units)
Average Check \$6.50*
Expansion Plans
 About 70 in 2007
*Chain Leader estimate

If Dr. Hal King, manager of food and product safety at Chick-fil-A, could have one wish, it would be for customers to understand what goes into serving their food.

"We could have the chicken pre-breaded at the manufacturer, processed and par-fried, and then all we would have to do is bring it in the restaurant frozen—obviously a frozen state is a whole lot less risk—and just drop it in the oil and cook it," says King. "But we feel like the best product, and what makes the Chick-fil-A product so valuable to the customer, is the way we're doing it. It would be very hard for us to let food-safety risk supersede it. We would just say, find a way to make sure it doesn't. We're going to make sure we can provide the customer fresh chicken."

This from a man whose resume includes investigating epidemics at the Centers for Disease Control, teaching and studying emerging African diseases at Emory University, and consulting with the U.S. military on infectious diseases. Such vast experience has come in handy for King. Since joining Chick-fil-A in April 2004, King has continued to implement food-safety initiatives that

work together to protect customers against foodborne illness.

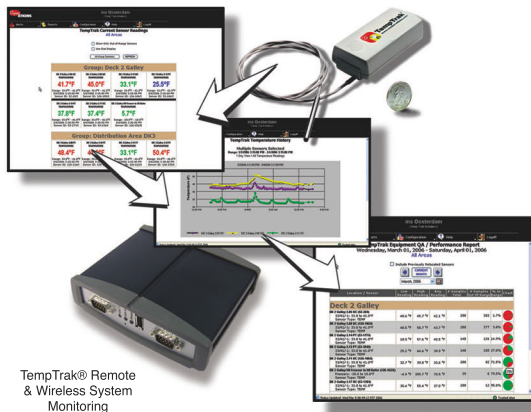
Safer Systems

Chick-fil-A's sandwiches, nuggets and other chicken items use fresh product delivered daily to the stores. It is blast-frozen to protect it from organism growth, then thawed, filleted, breaded and cooked in the stores.

"When you're talking about delivering chicken on trucks all around the country, there's always the potential for a truck to go down or the opening and closing of the doors to change the temperature in the truck," King says. "So we just feel more comfortable with blast-freezing it before it leaves the poultry supplier."

The challenge comes at the store level. King says thorough training helps keep raw product away from prepared food. But more importantly, kitchens are designed to keep chicken prep separate. Frozen chicken enters the freezer in the back of the restaurant. It moves from there to the thawing cabinet, to the filleting and breading table, toward the cooking process, and finally to the finishing and packaging.

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Chick-fil-A's Table Toppers are table mats that adhere to the surface, so kids can eat right off the table.

Chick-fil-A rolled out sanitized hand wipes and table mats to drive confidence with customers, especially parents.

"There is a lower risk of having someone working with raw chicken in the same area where they might be making salads," King says. "Their focus is on the food, but you build into the system the process that restricts them without them even thinking about it."

Hands Down

King is working on a new program in the 175 units in Georgia using yellow gloves as a means to identify those who are handling raw chicken. He calls it a cultural change. "Most people who work with gloves think that the gloves are there to protect their hands from getting dirty from the chicken or greasy from the food," he explains. "We found it to be very effective to teach them,

when I've got yellow gloves on, my gloves are dirty."

The gloves also enable managers to spot an employee in the wrong space or touching the wrong surface. The manager can then take corrective action. King says their reaction has been positive, and that managers and operators appreciate anything that helps them build confidence in their business.

Chick-fil-A is testing the gloves now with plans to roll them out to the rest of the chain over the next year.

Diner to Diner

A safety method meant to drive confidence with customers, especially parents, is Chick-fil-A's January rollout of sanitized hand wipes and table mats.

The company researched which form of sanitizers worked best. It decided that par-

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■ food safety

Chick-fil-A is testing a program that uses yellow gloves to identify those who are handling raw chicken.



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ents liked wipes over liquid because they actually wipe off dirt, and Chick-fil-A can co-brand on the wipe wrapping, too. Parents appreciate the reminder to clean up before eating, especially for those whose kids have been in the play area, according to King.

The Table Toppers adhere to the surface, enabling young children to eat right off the table. The mats feature educational games that moms and dads can play with their kids, as well as information about Kid's Meal items. Again, King says parents appreciate the sanitary surface, which he equates to a clean plate on a clean table. "And we get the benefit of reduced risk," he says, adding that the risk of illness is not just from the kitchen but also from the high-volume use of the tables and other customers.

Culture Based

Regardless of the kitchen flow, special gloves and other ways to protect customers, King says the foundation is culture and leading by example. "We have incredible depth of documentation," he explains. "We have a foundation of task sheets for everything that is done in a Chick-fil-A restaurant. That builds to our team member-development process that includes hard-copy stuff they have to read, watch DVDs, then take a certification exam. That gives them the foundation of this is what we expect.

"But we have the oversight of an operator who we spend a great deal of time selecting, and that operator takes a great deal of time selecting team members," King adds. "So buy-in comes from watching the managers and the operators doing the right thing." ■

Franchise Developer

Going Green, Part II

Last month we looked at an overview of becoming a Certified Green Restaurant. This month, we take a look how the process worked for one multiunit operation.

If you're a multiunit franchisee or area developer who's interested in greening your restaurants, you may find some bottom-line benefits.

When The Coffee Bean & Tea Leaf (CBTL) first considered becoming a Certified Green Restaurant in 2003, Chief Operating Officer Mel Elias was dubious. "It seemed like a sensible program that would fit into our social-responsibility vision, but we had no idea whether it would really work," he says.

CBTL decided to give the program a shot. It joined the Boston-based Green Restaurant Association, and in consultation with GRA Executive Director Michael Oshman targeted four initial areas for change, each of which has generated savings for

the restaurants in addition to helping the environment:

- 1) Buying mugs for employees who used to use disposable cups saves about \$2,430 per store annually.
- 2) Installing high-efficiency spray valves saves \$614 per unit annually in energy, water and sewer costs. Plus, CBTL got the valves for free through a California program called Rinse & Save, recommended by GRA.

- 3) New energy-efficient lighting has resulted in an annual net savings of about \$1,100 per store. The stores now use light bulbs that use 75 percent less energy than regular light bulbs, Elias estimates.
- 4) Cost savings from a new recycling initiative are harder to calculate because they vary from location to location, but the program received very good customer response, Elias says.

Green and Growing

CBTL started with 10 pilot stores in San Diego, then expanded the program to 64 stores, and this spring brought all 200 U.S. corporate-owned stores on board. Soon the program will be opened up to franchisee-owned units.

Green certification has exceeded CBTL's expectations, from team-member and customer buy-in to its fiscal benefits, says Elias. The savings in disposable cups alone across the 200 stores for the first five years is projected at \$2 million.

"This program is a win-win morally, socially and financially," Elias says. "It's turned out to have a very positive impact on our bottom line, and it helps us fulfill our commitment to community and the environment. We'll be making the world a better place to live in, one store at a time."



The Coffee Bean & Tea Leaf is going green with corporate-owned stores.



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ROSY RETREAT

Whataburger's Wendy Beck heads to her rose garden to relax and unwind.

By Maya Norris

Whataburger CFO Wendy Beck and her 2-year-old son, Ashton, fertilize the rose bushes with brewed coffee grounds, which help strengthen the trunks.



Wendy Beck doesn't mind getting her hands dirty even after a long day at the office. The chief financial officer, senior vice president and treasurer of Corpus Christi, Texas-based Whataburger always looks forward to tending to her rose garden as a way to unwind from a hard day's work.

Beck spends about 15 minutes in the evenings and two to four hours on the weekends taking care of her 30 rose bushes and hundreds of roses, as well as her other flowers and fruit trees. She finds nothing more relaxing than clipping spent blooms, weeding, and watering and fertilizing the soil.

"It gives me time to think and pray and destress," Beck says. "I love the fresh air. It's the opposite of a fast-paced day confined within a building. I love the breeze. I love the sun. It's really the antithesis of the office."

Coming Up Roses

Beck took up rose gardening in 2001 when she and her family moved into their home in Corpus Christi, which came with a rose garden.

Although she had planted vegetables previously, this was her first time working with roses. The finicky nature of roses proved to be a daunting challenge initially. But through trial and error and advice from garden houses and other

rose gardeners, Beck eventually learned that roses need only three essential ingredients to thrive: fertilizer, pruning and a pesticide to prevent mold. "Once you figure that out, you have this gorgeous garden that's like a haven," she says.

Beck also credits another factor for her healthy garden: brewed coffee grounds. Grace Dodson, a longtime rose gardener and an assistant at Whataburger, told Beck that used coffee grounds make great fertilizer.

"I really got engaged with my rose garden when I found out that coffee grounds are extremely good for roses," Beck says. "I was absolutely shocked with the growth in the trunks of the rose bushes. I have rose bushes now that the trunks look like grapevines—very thick. That really kind of bubbled up my love for gardening with the roses."

Family Matters

Beck shares her love of rose gardening with her 21-year-old niece, Christa, as well as her four sons: Trey, 10; Chase, 8; Dalton, 6; and Ashton, 2. They often help her water the garden, prune the roses and fertilize the soil with the used coffee grounds. Or the boys will play with their toys and ride around the garden on their bikes while she tends to the roses. Her husband, Basil, will even help her plant rose bushes occasionally. "So it's just kind of a fun, relaxing time that we enjoy being out there together," she says.

Now that she has mastered rose bushes, Beck is ready to take on climbing roses, which she wants to grow on her arbor. She's also going to try vegetable gardening again by planting tomatoes and herbs this summer. But whether she succeeds or not, she's not going to stop gardening any time soon.

"Living a hectic-paced life as the wife of an entrepreneur and as an executive and mother of four young boys, gardening helps me to stop and smell the roses," she says. ■

on the web: Tell us how you spend your time "Off the Clock." Visit www.chainleader.com/off-the-clock.

A kitchen scene with a white subway tile wall. On the left, a metal shelving unit holds several pots. On the right, a round clock with a black frame and white face is mounted on the wall. A large kitchen knife with a black handle is stuck into the clock's face, with the blade pointing towards the 12 o'clock position. The clock hands indicate a time around 10:10. In the foreground, a white bowl is filled with a dish of risotto, garnished with diced red and yellow bell peppers, red onions, and fresh green herbs. A piece of grilled chicken is visible on the left side of the bowl.

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