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Thriving Operators Share Survival Tips During NRA Keynote Panel

Fine-dining to fast food, restaurateurs are focusing on service and costs.

By David Farkas, Senior Editor -- Chain Leader, 5/18/2009 5:36:00 PM

A seven-piece, tuxedoed band that looked as if it popped out of the '40s warmed up the crowd before four restaurateurs marched on stage at McCormick Place to talk about survival strategies. This was a change.

Not the music, mind you. The operators. And the shift was duly noted by National Restaurant Association Chairman Michael Kaufmann, who conceded the Keynote Executive Panel was a first in the show's 74 years. Typically, he said, the NRA invites a celebrity from outside the industry to speak to attendees. This year, however, given the severity of the recession, the association figured advice from operators weathering the downturn was in order on Sunday, May 18.

Topics ranged, but pricing came first. "Organic products cost more," said panelist Steve Ells, founder, chairman and CEO, Chipotle Mexican Grill, responding to a question about raising prices 6 percent in the fourth quarter of last year. "We're still behind our direct competitors [in price]."

Chipotle, he added, posted a 2.2 percent increase in comp store sales in the first quarter.



Something different: The Keynote Executive Panel was a change of pace for the NRA

The panel, moderated by Chicago-based food journalist Steve Dolinsky, also included Joseph Bastinich, partner, B&B Hospitality Group; Daniel Boulud, chef-owner, Dinex Group, and Sally Smith, president and CEO, Buffalo Wild Wings.

Smith, whose company also posted positive sales results in the first quarter, noted that twice a year senior executives crowd into a room off-site and "debate" price hikes. "We always consider what the commodities are doing," she added.

Unlike Bastinich and Boulud, who operate a handful of eateries, Buffalo Wild Wings wasn't able to make snap judgments. "We always have to be looking a year out," she said.

Pricing's cousin, discounting, wasn't far behind. Bastinich, a partner of celebrity chef Mario Batali, reacted quickly, accusing operators who discount of "bringing the industry down" all for a couple of minutes of fame with an "improbable business model."

Old School Service

Instead, his restaurant staffs have concentrated on returning to time-tested methods to improve the customer experience. "We've gone back to the roots," Bastinich said.

Ells suggested that today, given the economy, the type of service provide "makes or breaks" a restaurant. "There's a heightened awareness that things need to be perfect," said Ells, before mentioning Chipotle's "Restaurateur" program, a grading system that promotes the most skilled

managers into a select group.

"There is a huge gap between the best managers and the average managers," he added.

Chef Boulud said he uses grading in his nine restaurants to boost productivity. Managers post the sales figures of servers "up on a wall."

Smith protested she couldn't tell what the average check in her restaurants was, but that to raise sales by, say, \$300 a day, managers have to get specific with servers. (There an interesting example of such specificity [here](#).)

Panelists also addressed the issue of managing costs, food in particular. Boulud admitted it was necessary for his restaurants to hire a "food controller" to handle purchasing. He maintained this allowed his chefs "creative freedom."

Vendor Choice

B&B Hospitality permits chefs to pick their own vendors. Bastinich admitted doing so "cost us a little more" but allowed chefs to feel in charge of their kitchens. "We don't force vendors on them," he declared.

Smith, on the other hand, suggested restaurants practice "trade outs." When Dolinsky pressed for an example, she described a barter arrangement involving discounted catering between a general manager and his linen supplier.

She also advised empathy toward vendors. "Suppliers are in the same position [as restaurants]," she said, "Identify your top seven to 10 and talk to them about how you'll all stay in business."

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