

## JOHNNY ROCKETS

Streamlined operations give a fresh spin to the chain's classic diner fare and dancing servers

By Sonya Moore



**D**on't call it a comeback, but a callback to basics, say Johnny Rockets officials now that the 188-unit Americana-themed chain's retro diners and dancing servers are hopping again.

Caught in a downward trajectory in the late 1990s, Johnny Rockets had a revolving door in its executive suite and was nearly \$16 million dollars in debt by the end of the decade. Now, Lake Forest, Calif.-based The Johnny Rockets Group, Inc. is looking at its fourth consecutive fiscal year of double-digit growth, officials say. The privately held company just opened its largest location to date at Knotts Berry Farm in Buena Park, Calif., and other franchise deals are in the works domestically and internationally. Johnny Rockets units can be found in 28 states and nine countries.

All of the changes that chief executive and chairman Mike Shumsky put into effect when he came on board six years ago hinged on simplifying operations and keeping the 20-year-old brand, which was conceived as a place where patrons could escape from the present to a simpler time, as much the same as possible.

"The brand itself has always been a strong consumer brand, so there wasn't a lot of strong fixes necessary," Shumsky says. "It was really infrastructure, cost and systems."

Shumsky, whose experience includes being president of Oklahoma City-based Sonic Corp. and divisional vice president of Irvine, Calif.-based Taco bell, put a stop to all corporate and franchise development upon his arrival at Johnny Rockets to help restructure the company. "It was pretty obvious that our resources were allocated to growing restaurants," he says. "It really was a 'stop the bleeding' mentality."

Officials continued to plug the leaks by downsizing staff 15 percent to 20 percent and studying food and labor costs. Rents in office buildings and at other locations also were part of the complete line-by-line reviews conducted to make the company more efficient.

After trimming the fat, the company needed to step back into the ring. New locations began opening again in 2002—initially all of them were franchised.

"When we started redevelopment, we started to franchise markets exclusively," Shumsky says. "The refranchising strategy was important for us to move on."



Shumsky says the focus now is on having a very small corporate staff that provides support and maintains great relationships with franchisees.

"Before they had a lot of turnover in the top management ranks, so there wasn't consistency at the top," says Max Pine, a former chief executive of Johnny Rockets, board member and still a minor shareholder. Pine currently is president at Aries Associates, a New-York-based consulting company.

"They weren't as committed to franchising as they are now, and I think they are doing a better job of site selection both for their company restaurants and franchisees," he says. "They've gotten the formula down. It's the quality and the stability of the management team."

In this sense, the company's best bet remained its retro image. The company has maintained artwork reminiscent of the 1940s and 50s, but moved toward creating original artwork that depicts the diversity of the marketplace. The JohnnyRockets website links to iTunes, where people can purchase the nostalgic music that plays in the restaurants. And the chain's Johnny Rockets Rocket Kids program helps children get active by teaching them new activities, such as the twist.

"They were one of the first companies to understand the role that music plays in engaging the guests into the experience, one of the first brands to understand that how design and decor immersed the guest," says Arlene Spiegel, president of Arlene Spiegel and Associates, a New York-based restaurant consulting firm. "It's a terrific brand that really has differentiated itself and still has the power to be extremely competitive in any arena in which it decided to operate. That overriding strength and clear vision of the brand's value proposition, that's absolutely No. 1."

**Johnny Rockets servers dancing in the restaurant is one of the signature touches in a guest satisfaction plan drafted by the chain's chairman and chief executive Mike Shumsky and senior vice president of marketing Mini Somerman.**

