

Arlene Spiegel
on Business
Transformation



A four-star rating is great, but smart restaurants can find other reasons to brag.

FINE DINING RESTAURANTS LONG HAVE LIVED and died by the stars. Not the movement of heavenly bodies, of course, but the ratings assigned by food critics.

What captain or chef hasn't sweated the publication of a review of their establishment in the local newspaper? Less than two stars and you're in trouble, three or more and you're in hog heaven, even though the rating is a highly subjective assessment of the restaurant at a particular moment in time.

There are the more-democratic rating systems, such as Zagat or the Mobil Travel Guide, which apply standardized criteria ranging from air quality to how long it takes a server to refill an emptied wine glass. Those rating typically stand for a full year, during which the operators can flaunt their positive ratings, letting their stars shine along with their chefs. With such a rating in hand, patrons have a benchmark against which to assess the restaurant and decide if they want to dine there. Likewise, members of the press have a benchmark when they want to cover the establishment in their publications.

But what about the pizza place on the corner? What about the pub down the block or the taco joint waving the flag of a major chain? How can consumers and the media determine the standings of those restaurants? Other than word of mouth – again, a highly subjective source – no method exists to rate these types of operations.

Given that most Americans spend the bulk of their dining-out dollars in quick-service, quick-casual, casual dining and family restaurants, a standardized rating system for such eateries is necessary. ▶

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► This is because consumers and the media need to understand basic points of differentiation between restaurants and how these operations stack up against competitors in their own categories. Just as one can find a four-star white tablecloth steakhouse in any city in the country today, so should the hurried consumer hungry for a cheeseburger be able to find a four-star burger restaurant.

A few foodservice industry organizations and trade publications do indeed recognize excellence in categories other than fine dining. Some of these awards are the result of consumer surveys, others are from assessments by industry professionals. However, those “stars” don’t necessarily have meaning to the consumer or restaurant critic, who may not be familiar with the organization issuing the award.

Some major newspapers, including *The New York Times*, now publish reviews of less-expensive eateries, but again, subjectivity reigns. City guides, both published and online, sometimes offer ratings of area restaurants, but the criteria involved likely are not explained or standardized, making it difficult for the reader to assess the assessment.

Some mainstream consumer magazines offer recognition of non-fine-dining restaurants from time to time, and savvy operators are able to parlay that into positive communications with consumers. Ruby Tuesday, for example, got great mileage out of its 1998 “Best Family Restaurant” award from *Parents Magazine*, highlighting the honor on placemats, menus and promotional pieces.

REACH FOR THE STARS

Until a widely accepted rating system for restaurants in the quick-service, quick-casual, casual dining and family dining categories is devised – or perhaps in anticipation of such a system – operators should simply take stock of themselves.

To that end, I’ve developed what I call “Reach for the Stars.” This standardized evaluation tool enables operators to gain insights into how their restaurants are being perceived both by consumers and the media.

In a two-day on-site assessment, we benchmark the operation against others in that category, allowing the operator to identify the key DNA of the concept – those elements that make lasting impressions and create points of differentiation in the mind of the guest.

Reach for the Stars measures the restaurant against nine drivers, comparing the concept with others in the industry sector for best in these attributes:

Brand – Day-part dominance such as best breakfast, lunch, dinner, late-night, bar/lounge scene; best value/price point; best gender (male/female) experience; best celebrity hang-out.

Menu – Unique culinary point of view, food philosophy and trademarked items, as well as presentation; best wine bar; most wines by the glass; best Sunday brunch.

Category – Best hot dog, hamburger, salad, steak, Latin American, Asian, American, bar/lounge, hotel restaurant.

Experiential – Best experience for kids under 12, young adults, seniors, business people or lounge hounds; best music; “come as you are” dress code.

Rising Stars

To see how “Reach for the Stars” works in the real world, we spoke with a couple of clients of Spiegel & Associates. One of them reports it found new value in its corporate history; the other says it is better prepared to open additional stores.

Betsy McAtee is director of purchasing for Dreamland Holding Co. LLC, operator of Dreamland Bar-B-Que, a small chain of restaurants based out of Alabama (www.dreamlandbbq.com).

Opened in 2000, New York City’s F&B (www.fandb.geomerx.com) describes its menu as “European-inspired street food.” (F&B is pictured on page 14.) Nicholas Type is F&B’s co-founder.

FAD: Against which benchmarks did you measure your restaurants?

McAtee: Arlene used a variety of benchmarks to measure our restaurants,

with an emphasis on regional industry standards for labor, cost of sales and expenses. One particularly enlightening experience we used involved “sitting” in each seat within the restaurant and observing our brand from a guest’s perspective. This particular exercise demonstrated to us how we were merchandising many brands but failing to promote our own.

Type: We selected existing competitive business models and compared concept attributes. We looked at service, menu day parts, menu and products, operating systems, corporate procedures and unit economics.

FAD: How did the process help you to better understand your businesses’ strengths?

McAtee: In an era when very few restaurants have longevity, we pride ourselves on the fact that we have been around a while. The guests in our Tuscaloosa and Birmingham (Ala.) locations are more

aware of our tradition. We saw an opportunity in our Mobile (Ala.) and Atlanta locations to increase the awareness of the brand and its history.

The Dreamland brand has a very rich history and a real story. Our original location in Tuscaloosa has remained relatively unchanged since 1956. We still cook our ribs over a traditional open pit fired with hickory wood in all locations, using the same secret barbecue recipe developed by Mr. Bishop.

We have many customers who return to our restaurant to share memories of the Dreamland experience with their children, grandchildren, friends or colleagues. We have been mentioned during televised Southeastern Conference football games on ABC, CBS, ESPN and others. We were named the *Southern Living* Readers Choice Award for 2000.

Type: Self-analysis revealed strengths and weaknesses. Obviously, we wanted to play up our strengths and correct our weaknesses. We understood what we needed to do to lay down the founda-

Organizational – Best neighbor; environmentally sensitive; food safety supporter; community events and teams sponsor; offers rewards and scholarships.

Marketing – Best new products rollouts; customer relationship management programs; incentives; frequency/reward programs; licensing partners; broadcast savvy.

Design – Most cool, hip, real, comfortable; best music; user-friendly environment.

Operational – Best table service, counter service, merchandising, grab-and-go service; drive-through, pick-up/delivery, catering; speed of service.

Reliability – Consistency; continuity; accessibility.

By focusing on how the concept performs against these drivers vs. others in a particular category or segment, the restaurant operator sees the operation through the eyes of the consumer or the restaurant reporter or critic.

From that assessment, the restaurateur creates a singularly focused message that articulates points of differentiation and value proposition to the consumer and the media. When the restaurant delivers a comprehensive experience that lives up to or exceeds that message, it earns a “star” rating in the minds of the diners.

For example, today’s busy lifestyles allow a savvy operator to market the typical “downtimes” in restaurants with compelling offerings. The morning and afternoon hours – in-between meals – are ripe with opportunity. As seen at coffee-centric concepts, customers see exotic coffees and desserts as rewards for their stressed-out lives. Take a hard look at your coffee,

tea, ice cream and dessert offerings and see whether they are distinctive. In this way, you can create a memorable experience for your guests.

IT'S THE EXPERIENCE

In today’s ultra-competitive environment, consumers certainly don’t weigh the cost of a product in isolation. Your product is an experience, no matter what category you play in.

The diner’s understanding of your value proposition takes into account every aspect of the operation, from the external signage to the cleanliness of the service counters, from the volume of the music to the temperature level of the air conditioning, from the friendliness of the server to the portion size, presentation and quality of the food offering.

As political pundits like to quote, “It’s the economy, stupid.” In this context, “It’s the experience, stupid,” and that experience is multifaceted, whether the restaurant in question is a high-end steakhouse or a quick-service hamburger concept. It’s imperative that you know how your customer rates that experience.

So don’t wait until a nationally accepted, standardized method of rating restaurants in your category is implemented. Conduct your own assessment and start earning your own stars for being best in class – your class. ☺

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tion to become a multi-unit business.

Our strengths include a unique concept, elegant and simple design, Euro-centric menu, high customer-service standards, wide demographic appeal, positive press and reviews, attention to detail, commitment to quality, low cost of build out, cult following and branding.

FAD: What did you learn about your food, service, customers, etc., that you hadn’t been aware of?

McAtee: We welcome feedback, and anytime you have the opportunity for a second set of eyes to evaluate your business proves to be a valuable experience. We challenged our typical ways of food prep and holding, menu development, merchandising, guest relations and server training. We developed ways to increase awareness of our signature item – ribs – and to educate our servers about our history.

Type: Most of our initial challenges were a direct cause of limited funding and our inexperience in the restaurant business.

We raised more capital to make necessary improvements and prepare to operate on a multi-unit level.

There were other lessons – we learned to be less intellectual! It became apparent that the general public wants things simple. Initially, our menu was very detailed with complete descriptions and ingredients. Due to budgetary constraints, we had exceedingly limited graphics and food images.

Today, our menu is communicated through exciting food shots and simple text. We eliminated menu items that were complicated and time consuming – or at least for this scale of operation. We also simplified our food processes and flow. This reduced training time and increased output. Our speed of service has greatly improved due to upgrades in equipment. We have built a superior network of vendors to secure top-quality prepared foods. This has reduced labor costs and training.

FAD: What message did the process help you to articulate, and how has your

restaurant changed as a result?

McAtee: We are more aware of our customer service, food quality and the Dreamland brand. We placed an emphasis on our food quality, consistency, the uniqueness of our menu and our history, which has created the Dreamland experience for our guests.

Type: Our message has always been the same: chic and quick. We were successful with the chic part, and struggled with the quick part. The latter has been rectified and is constantly being improved upon. Our patrons know that when they enter F&B, they can expect delicious, quality food at reasonable prices in a clean, fun, congenial environment served by a welcoming, service-oriented crew.

My partner, Till Horckenbach, and I come from the luxury end of the hospitality market where guest service was crucial. We bring these service standards to our business and this has separated us from our competitors. –John Krukowski