

# CRAIN'S

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REPORT | SMALL BUSINESS

## Luger's success is matter of habit



**CIRCA 1900:**  
The interior remains largely the same.

Famed eatery's business is great, but making changes is hard

BY VICTORIA RIVKIN

RESTAURANT OWNER Marilyn Spiera has it made. She never has to worry about a slow day, much less a slow week. Year in and year out, she serves almost 400,000

customers—and turns a nifty profit in the process. She even owns the building. There's only one little rub.

"We can't make any changes to the menu or the restaurant," she says. "Our customers and waiters would notice right away and strongly object."

Fact is, the restaurant that Ms. Spiera and her family own isn't just any old place, but

119-year-old Peter Luger Steak House, arguably the city's most famous steakhouse. The venerated culinary landmark is a place where change is fine as long as no one—not staff, customers nor the 11 family members with whom Ms. Spiera shares ownership—can see or, heaven forbid, taste it.

Lunches and dinners are served, as always, in a high-ceilinged space reminiscent of a German beer hall, on white-oak tables worn smooth by decades of use. Payment at the 160-seat spot must be either cash or house credit account—no plastic, please.

Ms. Spiera's father, Sol Foreman, ran the restaurant until his death in 2001. He learned quickly that his control over the establishment, which he had bought from Mr. Luger's children in 1950, was less than absolute. Customers and staff complained bitterly for months when Mr. Foreman installed air-conditioning and added a fish entrée.

### Holy cow

SINCE THEN, short of adding a few items, including an \$8.95 Caesar salad in 2004 and a \$7.95 ice cream sundae called the "Holy Cow" in 1996, the menu is basically un-

changed—except of course for the prices.

"The \$75.90 porterhouse for two, the beefsteak tomatoes with onions, the creamed spinach and the home fries are what more than 90% of the customers come for," Ms. Spiera says. "And that's what they are given."

The 30-person waitstaff is the first line of defense against any change, says Jody Storch, one of three family members who run the operation. If they try to add a dish that the staff doesn't approve of, the waiters simply fail to mention it to customers, thus ensuring few if any orders.

Behind the scenes, Sol Foreman's family is trying to do what most small business owners do—increase profits. About nine years ago, Peter Luger Inc., which is estimated to have more than \$10 million in annual revenues, computerized its receivables.

More recently, it has used the Internet to market the restaurant. Its famous steak sauce is now sold on the Web and is marketed wholesale to stores like Costco and ShopRite in the tristate area, and Publix in Florida.

The push beyond the restaurant business, which includes a Long Island eatery, has paid off. Sales of prime beef and steak sauce now account for 10% of the company revenues. That figure should increase

now that the small plant in the Brooklyn restaurant's basement has been moved to a family-owned property across the street and expanded to 4,000 square feet.

### Rivals are poised

PETER LUGER'S boldest project will be unveiled in about a year: a 60-seat dining room in the building (also family-owned) next door. The kitchen, which strains to serve up to 10 tons of beef a week, will double in size, to 2,000 square feet.

The moves have already been cleared with the wait staff and family; next will come the public's verdict. Competitors, including upscale chains like Ruth's Chris and Morton's, not to mention Wolfgang's and Ben & Jack's—two steak joints started by former Peter Luger's staffers—are sharpening their knives. But Ms. Spiera is confident her customers can digest the revisions.

Meanwhile, she says, no rent, no loans and no advertising costs means she can put her money into making sure that the quality of Peter Luger's food is second to none.

"They are the gold standard in New York," says restaurant consultant Arlene Spiegel. "They have built a product that is a particular experience people have come to expect. Why change?"

COMMENTS? [smallbiz@crain.com](mailto:smallbiz@crain.com)

## Hotels, union look headed for showdown

Little progress is made in opening round of talks; July 1 deadline

BY LISA FICKENSCHER

CRUCIAL TALKS between New York City hotel executives and union leaders started last week, but the

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