



# DO OVER!

When and How to Reconcept Your Restaurant

By Phyllis Ann Marshall

The holidays are winding down and it's time to reflect, recharge and plan on changes we want to make in the year ahead. This is especially true if your restaurant is showing sure signs of trouble, from aging infrastructure to shrinking customer count and bottom line.

In the current economic environment, when diners eat out less and revenues reflect that difference, restaurateurs need to keep all options "on the table," so to speak, to keep their

businesses viable and tables filled. One option worth considering, when conditions warrant it, is the "reconcepting" of your restaurant.

### Reconcepting Defined

A restaurant's "concept" is the sum of its parts and then some. This includes its style (full-service, casual, quick-service), the kind of food it provides, its design and ambience,



and the experience that the restaurant provides its guests. Add on to this list the emotional elements: its position in the marketplace, reputation, history and the power of its brand in the minds of the community.

“Reconcepting” literally means discarding the old business model and creating an entirely new one, starting with a new name, a new image, a new style and a new business plan. It is a serious and complete top-to-bottom change. The proof that the reconcepting is successful is the shifted perception of the public and the press — the ability to attract new clientele to achieve profitability.

Reconcepting is not a remodel, renovation or simple makeover. It is an extreme makeover that must start with changing the name (not just the tagline), a dramatic eye-catching change to the exterior of the building, a matching change to the interior, new menus, new style, new culture, new ambience, new energy, and don’t forget the bathrooms.

We interviewed dozens of restaurateurs on this subject. All agreed that a major shift in thinking was necessary to achieve the level of change required for a true reconcepting. Preparation for such an endeavor requires extensive travel and research, which helps make the connection and inspires confidence that your ideas can become a reality.

## Are You Ready?

Read “Checklist: To Reconcept or Not to Reconcept” on Page 29. If after reading this list with an honest, objective eye, you feel that reconcepting your business is warranted, your next step is creating a reconcepting business plan.

A comprehensive, well-thought-out and researched business plan will be the cost/benefit analysis, blueprint and budget to successfully see the reconcepting from start to finish. The business plan is necessary to determine if this is the best course of action and will provide the return on investment you need.

1. Do you have a restaurant CPA and restaurant professional who can help you pull your numbers together?

2. Have you done a thorough competitive analysis to study what is hot in your area and in other culinary hot spots?
3. Are there any major construction projects in the area that will affect your business? Is there a new airport, a new mall, a new university or a new housing development?
4. Have you done homework regarding competition, economic climate, demographic, growth, etc.?

### Lucille’s Rib Shack

#### Reconcept Stats

Conversion cost: About \$1 million.

Down time: Three months.

Check average: Nearly the same.

Trade-offs: Breakfast business for p.m. bar business.

First-year projected volume: \$3 million.

Current volume: Four times old concept.

Seat count change: None.

New equipment: Lucille’s Mighty Smoker with Impinger for speed.

Square footage: 6,000.

Clientele: Interested in a neighborhood restaurant.

5. Have you hired an objective third-party resource to do a man-on-the-street survey to audit your brand and measure your restaurant’s image with the dining-out public?
6. How courageous, determined, prepared and committed are you in terms of energy and resources (including financial)?
7. Remember to provide a budget for opening, training, marketing and ongoing fine-tuning with a commitment to making it work no matter what ... and be willing to fine-tune.

Drafting a business plan is beyond the scope of this article, however, there are resources on RestaurantOwner.com that can assist you in this process, including: **Restaurant Business Plan Template** [www.restaurantowner.com/public/510.cfm](http://www.restaurantowner.com/public/510.cfm)

#### How to Prepare a Restaurant Business Plan:

Financial Section [www.restaurantowner.com/public/509.cfm](http://www.restaurantowner.com/public/509.cfm)

### Two Cases in Point

After considerable research, as well as interviews with restaurateurs and other

professionals, here are two case studies that we believe offer different styles of successful reconcepting.

**Lucille’s Rib Shack, Long Beach, California.** Craig Hofman, president of Brand Associates, is a successful, second-generation Southern California restaurateur. His father, Harold Hofman, started Hofburgers in the 1940’s on the beach in Long Beach for 15 cents a burger. In 1951 the family opened the

first Hof’s Hut, a coffee shop-style restaurant chain that specializes in comfort foods and baked goods. It grew to 18 stores at its peak.

Hofman seized an opportunity to introduce a new innovative southern barbecue concept to Southern California. He traveled throughout the South visiting all kinds of barbecue restaurants to bring home a fascinating story and awesome barbecue concept that California could call its own. In 1999, Craig launched Lucille’s Smokehouse Bar-B-Que, his new from-the-ground-up concept that grew alongside the sister company, Hof’s Hut. Today there are 13 Lucille’s and 10 Hof’s Huts.

During the growth process, Hofman built a team of experienced professional restaurant creatives (e.g., architect, designers, executive chef) that have worked with him over the last decade to research, develop and refine the reconcepting of some Hof’s Huts into Lucille’s.

In August 2009, Craig closed an old but still profitable Hof’s Hut. He had a vision for a “Mini-Lucille’s” and chose

an older, successful, but still profitable Hof's Hut in Orange, California, as the perfect site to launch this prototype. He owned the property and the building needed repair, which made it a perfect window of opportunity for this endeavor. The vision became Lucille's Rib Shack, an express, fast-casual restaurant version of the popular Lucille's Smokehouse BBQ. He experimented on the process of smoking and barbecuing by adding the latest equipment to speed the process and preserve the quality. He topped it off with a bar/lounge that has a separate attitude, and large flat-screen televisions to target a younger demographic.

Hofman told me he had lots of fun with this project. For years he had been thinking about how he could do a quick-service barbecue/minisports bar, and now he's achieved something that exceeded his expectations.

**Cucina Urbana, San Diego.** Tracy Borkum, owner of Urban Kitchen Group, is a successful San Diego-based restaurateur born in London with a passion for San Francisco-style restaurants. Borkum is a highly involved, popular and respected leader committed to community causes. She opened Kensington Grill in 1995 in a popular San Diego neighborhood. Guests speak highly of the well-executed, rustic comfort food with strong world influences. In 2004, she bought Laurel, a formal French fine dining restaurant, located in the Banker's Hill neighborhood of San Diego. Five years later, due to the economic downturn, this white-tablecloth, fine dining, special-occasion restaurant was floundering.

"The last couple of years at this particular location ... it was a financial hardship every month," Borkum says. "I was putting money in instead of taking it out. It was a little bit depressing to work in a restaurant environment where you feel like you're doing a great job — and it was — beautiful food, beautiful service — but [failing] due to the location and the economy."

Borkum had a vision of opening an Italian restaurant in a high-rent neighborhood, but due to the unfavor-



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## Case Study:

### Lucille's Rib Shack - Long Beach, California

BEFORE



AFTER



Craig Hofman's family opened the first Hof's Hut, a coffee shop-style restaurant chain that specializes in comfort foods and baked goods. It grew to 18 stores at its peak. In 1999, Craig reconcepted selected units of the long-time San Diego chain to Lucille's Smokehouse Bar-B-Que, a new from-the-ground-up concept that grew alongside the sister company.

## Case Study:

### Cucina Urbana, San Diego

BEFORE



AFTER



In 2004, Tracy Borkum bought Laurel, a formal French fine dining restaurant, located in the Banker's Hill neighborhood of San Diego. Five years later, due to the economic downturn, this white-tablecloth, fine dining, special-occasion restaurant was floundering. She reconcepted Laurel into Cucina Urbana, a California-inspired Italian Kitchen and Wine Shop in the heart of Banker's Hill.

able lease situation, she passed on the opportunity. When it became obvious that something was needed to help the Laurel location, this image was still fresh in her mind. Her Italian concept was a great fit for that location, a perfect fit for the times and an ideal fit for the attitude she wanted to create. In an “aha moment,” Borkum knew this vision was the reconvert Laurel needed.

She created Cucina Urbana, a California-inspired Italian Kitchen and Wine Shop in the heart of Banker’s Hill. In the end, she reconverted a formal French fine dining restaurant into a casual Italian Trattoria and wine shop and retained her chef, key servers and bartenders. The new concept provides multiple venues for a number of dining experiences on a regular drop-in basis. It allows diners to have a nontraditional experience and sample a variety of enticing new flavors. No dish is more than \$20 and many are positioned to be shared. Tracy has the touch for creating a popular neighborhood restaurant with uptown food at affordable prices that garner excellent reviews. As part of the new culture, Borkum wants her team to not simply talk with the guests, she wants them to laugh with the guests. She has successfully taken the formality out of the concept without losing any of the quality of food or service.

The design process, lead by Borkum, is a true testament to the success of collaboration between a few very talented friends, designers and artists. The result is an eclectic collection of reclaimed materials from local sources that provides for a juxtaposition of contemporary elements and vintage artifacts.

“It can’t just be the food, the décor or the service — it’s a stage, right? It’s an experience that people have to have,” says Borkum. “If it’s subliminal, even better!”

### It Takes Guts, but With Planning it is Possible

As you can see from the above examples, the keys to a successful reconvert are to build a team of experts with

## ✓ Checklist To Reconvert or Not to Reconvert

The following are key indicators that reconverting could be beneficial for your restaurant and you might be more ready than you think:

- ✓ Sales at my restaurant have been trending downward.
- ✓ Dining areas feel empty and have low energy.
- ✓ The only way to build traffic is to do deep discounts.
- ✓ I am bored and/or have exhausted options for this concept.
- ✓ I see no real growth on the horizon.
- ✓ I own the real estate, but the value has declined.
- ✓ I have a good long lease and a supportive landlord on board.
- ✓ The direct competition is ruling the market.
- ✓ We are not making enough money to justify our efforts.
- ✓ Potential benefits are clear and could outweigh the financial risks.
- ✓ My business has become highly devalued and I don’t think I can sell.
- ✓ Restaurant has fallen off the public’s “mental Rolodex.”
- ✓ Feedback from guests is often mediocre to negative.
- ✓ We have minimal exposure in the media or on the Web.
- ✓ It’s difficult to hire/retain quality employees.
- ✓ Everyone has an idea of what I should do and the ideas all sound like Band-Aids.
- ✓ The next generation continually reminds me that I’m behind the times.
- ✓ Visions of a new concept dominate my thoughts and dreams.
- ✓ Developing another or better start-up business plan actually sounds like fun.
- ✓ I have a clear new restaurant start-up plan and the budget to make it happen.
- ✓ My CPA keeps reminding me that I am out of depreciation.
- ✓ My current concept does not fit the location and demographic, but my new concept does.

### Cucina Urbana Reconvert Stats

Conversion cost: \$300,000.

Down time: Four weeks.

Check average: Was \$65, now \$35 to \$40.

Trade-offs: Private dining for open architecture; special occasion for neighborhood regulars.

First-year projected volume: \$3 million.

Current volume: Six times old concept.

Seat count change: None.

New equipment: Pizza oven with bar.

Square footage: 6,500.

Clientele: Interested in a neighborhood restaurant.

restaurant experience and an outside, objective point of view. Then, you need to flush out your business plan, do a pro forma budget, lay out a timeline and be

committed, courageous and unwavering while keeping your eye on the goal despite the many challenges and risks that reconverting will present. **RS&G**