Part One: The Early Days

This is Not the Restaurant Business **I Grew Up In**

By Paul G Fetscher CCIM CRX CLS, President Great American Brokerage

Like many other American teenagers, my first paycheck job was at a hamburger stand. That was just two years after Ray Kroc had purchased the development rights from Mac & Dick McDonald. Burgers were 15 cents, a shake 20 cents and just 12 cents for great fries. All in all, a great lunch for 47 cents. All transactions were cash. I used to get tips when I worked at the window.

I cut my teeth working for Carroll's Hamburgers. It was a 1,168 square-foot building with a basement. That's where I had to go to get the 50-pound bags of potatoes. I carried them upstairs, peeled them, cut out the eyes, sliced them into a sink filled with water. Then I got up to my elbows stirring them up to rinse off excess starch. Cooking them was a two-step process. First, they were par cooked for about three minutes. Those par cooked potatoes needed about another two minutes to finish them off to a golden brown. Our competition wasn't McDonalds since there weren't any in New York. Instead, it was Wetsons, Burger Chef and the newly opened All American Burger.

I went to college and majored in civil engineering. I got to work on everything from solidifying the soil under Subways in Brooklyn, up to working on building the first nuclear power plant in the Carolinas. But I wasn't having fun!

An opportunity opened up. I visited a recruiter. He asked, “What do you think about real estate?”

“I know they’re not making any more of it.” And off I was in commercial real estate.

About three years later, a requirement came in for restaurant real estate. And I was off to the races. I read that Marriott purchased Big Boy. I loved their strawberry pies. I wrote to Marriott to suggest I could find sites on Long Island for Big Boys. A Tennessee gentleman, Bill Killpatrick, from Marriott, wrote back to me.

“We’re not interested in bringing Big Boys to Long Island. But we just bought a chain, Roy Rogers. We would be interested in growing that chain.” It was my start in restaurant site selection.

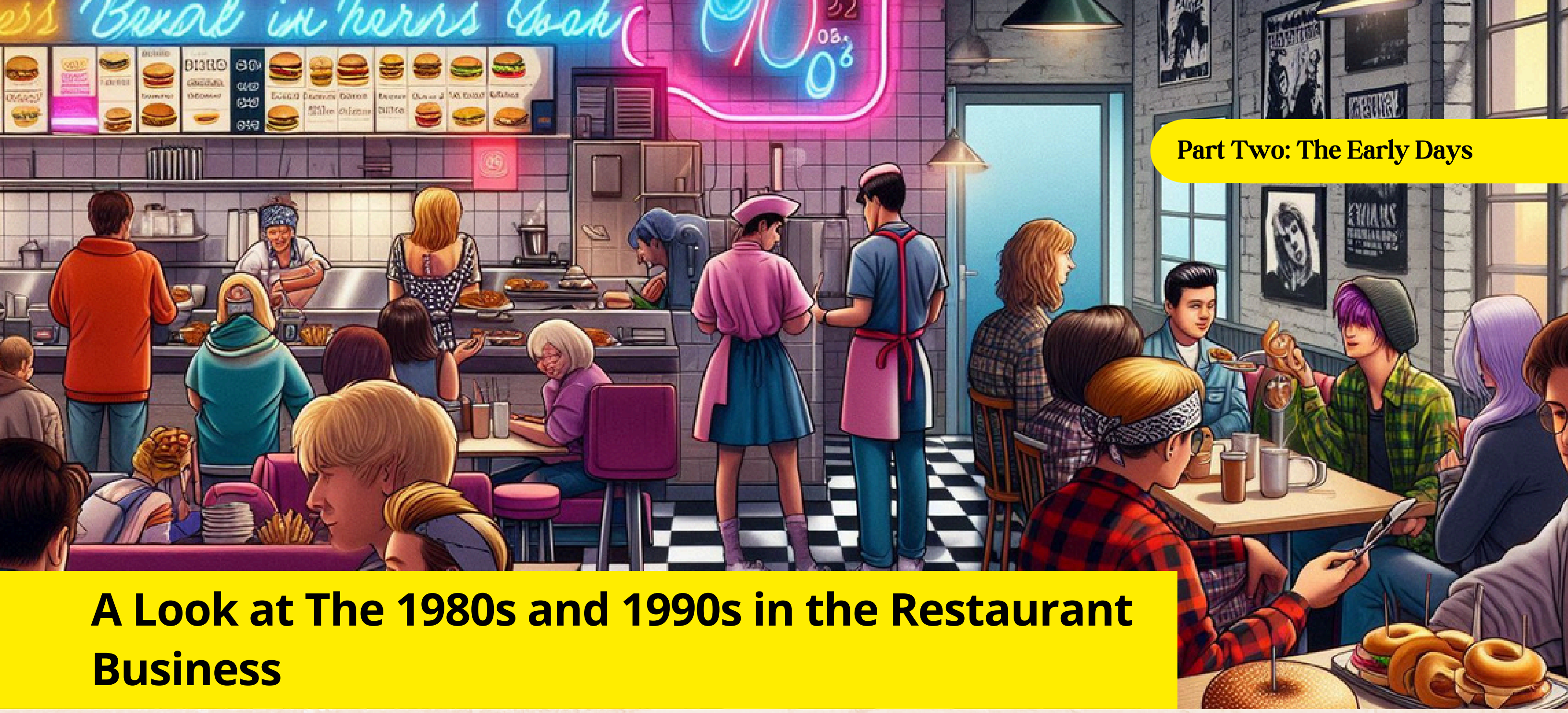
After spending two years finding locations for Roy Rogers, and even having dinner with Roy Rogers himself, Bill Kilpatrick threw me a curve ball.The mayor of Alexandria, VA had called Bill Marriott. They had built a new City Hall. He wanted Marriott to build a restaurant in the old city hall. I was invited to the opening of their first dinner house restaurant. The Joshua Tree. I loved it. I told Mr. Marriott that the concept would work very well in Long Island.

“If you can find a good location, we will definitely consider that.”

And so began my time in dinner house real estate site selection.Doing deals for a 7,000-10,000 square-foot restaurant paid four times better than finding a location for a 2,200 square-foot Roy Rogers.

Dinner houses were FUN! And the comp meals were a lot better than just a Roy Rogers Roast beef sandwich … even with fries.

Read about the next leg of Paul’s career and what he learned in the September edition.



Part Two: The Early Days

A Look at The 1980s and 1990s in the Restaurant Business

This is the second of three articles in the This is Not the Restaurant Business I Grew Up In series.

By Paul G Fetscher

So, from the Marriott Dinner houses, I went on to Rustler Steakhouses, Moonraker, Plankhouse, Coco's, Steak & Ale, Chi Chi's, and then came Rusty Scupper. I learned from their real estate departments. They then asked me to find locations in other markets: Connecticut, New Jersey, Massachusetts, Pennsylvania and down to Washington DC.

In the 1970's, dinner houses were king. Footprints typically were 10,000 – 14,000 SF. Other than Marriott operations, they served lunch and dinner for seven days. A visit to one of them was … an experience. You might be in a Victorian townhouse, a Mexican Hacienda, or a beautifully skylit oak environment with porpoises jumping over each other in a surfboard-inspired bar top.

The 1980's brought us ferns. "Fern Bars" ranged from TGI Fridays and Houlihan's to their copies, Ruby Tuesdays and Applebee's. They broke down the model of having one room for the bar and another room for dining. As women emerged in the workplace, they now could meet a friend for drinks, be seated at a table, and not be hassled. At the same time, a businessperson on the road could sit at the bar and order from the full menu.

The footprints shrank. Instead of 10-14,000 SF, their footprints decreased to 8,300 down to 5,500 SF. Clearly there was less distinction between Dining and Drinking areas.Socially, this was the place to meet and greet.

The 1980’s became the decade of chain emergence. California Pizza Kitchen, Boston Chicken later to morph to Boston Market, and Cheesecake Factory were three of the early leaders.Who remembers Il Giornale? It was owned by Howard Schultz who then purchased a coffee bean merchant in Pike’s Place Market and Starbucks was launched selling hot beverages.

The 1990’s saw a number of shifts. The first McDonalds opened in Moscow, and the last Horn & Hardart closed in New York City. Steve Ellis, a Culinary Institute of America graduate, and a former line cook at Stars in San Francisco, concluded that Americans wanted better food fast. His response was to open Chipotle. Others followed and fast casual was born.

Meanwhile, Pepsico’s restaurant brands, Kentucky Fried Chicken, Pizza Hut, and Taco Bell, all grew faster than ever, domestically and internationally. The restaurant industry found there were more stomachs outside the United States than there in the US. International growth started to exceed domestic growth. Our brands were exported.

Restaurant sales continued to absorb more and more of the food dollar. Total restaurant industry sales rose to $295,000,000 from a mere $42,000,000 in 1970, a sevenfold increase.