

Turning Tables

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Mark Wemple Nick Vojnovic, president of Beef 'O' Brady's and a 12-year veteran of the chain, sees his family sports pubs increasingly going up against national restaurant brands.

REVIEW SUMMARY

Company. FSC Franchise Co. LLC, dba Beef 'O' Brady's

Industry. Casual dining

Key. Sports bars the wife and kids won't mind.

Change is the only constant in the restaurant business. Whether you're a single operator or part of a larger chain, adjustments must be made to the menu and theme to attract new customers and keep loyal ones from feeling they have ordered their favorite one too many times.

Beef 'O' Brady's understands this all too well. It has been 25 years since the Tampa-based chain introduced its family-friendly sports pub concept and turned it into a well-known brand along the Gulf Coast. Yet the regional restaurant franchisor knows it needs to stay on top of food and drink demands if it wants to stay around for another quarter-century.

"When times are tough, you can't just sit there and say this is the way it's always been done," says Nick Vojnovic, president of FSC Franchise Co. LLC. "You can't afford to have any gaps in your game because it can kill you."

With this in mind, Beef's is freshening up its front office along with its menu. The company last month brought on board Chris Elliott, a veteran of the quick-service restaurant industry, as its new chief executive officer.

Elliott, who previously held executive positions with such popular eateries as Cinnabon and Church's Chicken, succeeds the retiring Chuck Winship at Beef's non-descript headquarters in Tampa's Westshore business district. Winship spent more than a decade at Beef's and helped grow the chain from 33 locations in Florida to 250 in the Southeast and Midwest, all but four of which are run by franchisees.

Elliott was not immediately available for an interview, but says in a press release that his corporate experience with five restaurant brands as well as being a franchisee helps him understand both sides.

Vojnovic, who has been connected with Beef's for the last 12 years, says Elliott will be able to contribute best practices from restaurant chains that operate in the billions of dollars and apply them to one generating roughly \$230 million in annual sales. Those include areas such as menu development, marketing and industry research.

Adding to the menu

Beef's hasn't exactly been on the sidelines when it comes to menu diversification. Chicken wings and steak burgers are still mainstays, but more recent additions have included tortilla wraps, dinner salads and homemade potato chips with various garnishes.

"You want to give existing customers something new and exciting to try, and hopefully use it as a hook to bring in new people," Vojnovic says.

The restaurants have come a long way since the summer of 1985 (no one really recalls the exact date), when founder Jim Mellody bought a closed sandwich shop on Kings Avenue in Brandon, kept the word "beef" from its former name and added his mother's maiden name. Rather than simply opening an Irish pub, he installed a satellite dish to pick up televised sports and built a game room for youngsters who weren't as interested in what their parents were watching.

The concept quickly expanded to 33 locations by the time fellow restaurateurs Chuck Winship and Gene Knippers invested 10% in the Beef's chain in 1998, steadily adding to that share over the following five years. They took control of the company after Mellody died in 2002, though Vojnovic says the founder's family remains connected as its largest franchisee.

Apart from a few independent operators in various local markets, Beef's has few direct competitors in the family sports restaurant business. Buffalo Wild Wings, a popular sports bar chain in the Midwest that expanded to Florida in recent years, caters to a more boisterous crowd. Hooters and

Ker's WingHouse, two similar chains also rooted in the Tampa Bay area, welcome families but some are put off by the skimpy "uniforms" sported by their shapely waitresses.

However, marketing itself as a "family sports pub" is no longer enough for Beef's: Vojnovic says he increasingly finds the chain competing head to head more often in the recession with much larger casual dining concepts such as Chili's, Applebee's and Outback. Bringing in Elliott will hopefully help to put Beef's restaurant operations on par with those brands.

"We need to make sure that we are giving folks what they want so that they will come to us instead of going to other chains," he says. "Competition isn't as much of a concern with us as what we need to do to improve our game."

Gaining position

For the time being, that means putting Beef's franchises in locations where they are likely to get a more favorable response. Some examples:

- Hotels — Beef's is working with the Chain Restaurant & Hotel Industry Partnership to find suitable sites within new or existing hotels. Recent locations extend from the TradeWinds Resort in St. Pete Beach to the Admiral Hotel in Arlington, Texas.
- Golf courses — Duffers appreciate a "19th hole" after a good or bad round, and Beef's is a likely alternative to what is now available at many courses, which may range from an upscale steak house to a clubhouse beer tap.
- College towns — Local universities are trying to attract establishments emphasizing food more than drink, and Beef's has long been popular with alumni groups during football and basketball seasons.

Rather than making national expansion an immediate goal, Vojnovic says Beef's is working to fill in the perceived gaps in service within Florida, which house at least half its locations. The state's once-booming economy was the chain's greatest asset, he says, but the housing bust has had the expected effect on sales.

"Right now it appears we are hitting bottom and slowly starting to come out," he says, adding that while casual restaurants took an overall 8% hit last year, Beef's ended up taking a 7% hit.

One advantage Beef's is realizing from the recession is likely the best blessing any restaurant chain can ask for — favorable rents. Vojnovic says the 30% cost savings his chain is getting lately can be put toward new location development, concentrated on taking over vacant spots instead of construction.

"Instead of spending \$500,000 to \$700,000 (to open a restaurant), you're able to do it for \$150,000 to \$200,000," he says. Beef's is targeting only 24 openings this year, down from 42 in 2008, and ideally seeks end-cap locations within grocery-anchored shopping centers, rather than standalone sites near malls or big-box retailers, he adds.

Smaller towns are a "sweet spot" for Beef's, which is also known for hosting Little League baseball teams and supporting other community efforts, Vojnovic says. Even in the face of big-name casual dining competition, he emphasizes that the chain does not intend to stray from its original philosophy.

"Sports will always be a part of Beef's," he says. "That still differentiates us from the other concepts. I think that's part of our DNA."

Liquor for the ladies

Throughout most of its history, Beef 'O' Brady's steadfastly refused to serve anything stronger than beer or wine in its establishments, and even threatened to sue any franchisee who sought a liquor license. Then it saw the light — specifically, the one illuminating all those colorful bottles on the shelves behind the bar.

In the interest of giving customers what they want, Beef's noticed an increase in the number of women ordering cocktails such as mojitos, daiquiris and margaritas, all of which require distilled spirits to make. So two years ago, the chain dropped its self-imposed prohibition and began retrofitting 130 locations for liquor sales.

"Almost half our system has full liquor now," says Beef's president, Nick Vojnovic. "Those stores are performing at five percentage points better than our non-alcohol stores."

While the ratio of Beef's food sales over beverages is still five to one, Vojnovic says the chain's research shows that some customers want stronger drinks with a meal. That includes golfers: "If you had a foursome to come in and one of them wanted a Bloody Mary, we weren't getting them," he says.

The tough part about offering liquor is that Florida licensing requires establishments to have at least 4,000 square feet or 150 seats. Most Beef's locations are 2,500 to 3,500 square feet, meaning its franchisees must pay upwards of \$100,000 for a special license, Vojnovic says.

Still, the added expense is worth it to attract more female customers to its restaurants, he says, adding that it wasn't necessarily rowdy males demanding stronger drinks: "Most guys will just have a beer."