

A Strategic Focus – An Interview with Beef ‘O’ Brady’s CEO Chris Elliott

by KDelGrande on August 16, 2011



Beef ‘O’ Brady’s is a national franchise of family sports pubs. Ironically, despite what the name implies, the restaurant chain is actually known best for their chicken wings. The company, headquartered in Tampa, FL, has more than 220 locations in 21 states and has recently undertaken a huge strategic goals plan under new leadership from CEO Chris Elliott.

The Franchise Hound had the chance to speak with Chris Elliott about the changes Beef ‘O’ Brady’s has instituted in the past year and the results they have already seen.

The Franchise Hound: You were hired as CEO last March and quickly instituted some strategic goals in order to overcome the downturn in the

economy. What were those goals?

Chris Elliott: Well, as a brand we had hit a headwind with the downturn in the economy. We had seen a number of years with declining store count and sales so we needed to react to do something about it. We established three strategic goals. The first was to turnaround comp sales in our existing store base. The second was to develop a prototype for future locations. And the third was to begin opening more restaurants than we were closing.

FH: What was your strategy to turnaround comp sales in an economy that’s still troubled?

CE: Our new lunch menu played a big part in the first goal of comp sales, though it part of a much broader menu evolution program. Fifteen months ago, we took a critical look at every piece of our business to keep the good stuff and fix the stuff that wasn’t so great. Our menu was the centerpiece of comp sales as well as store-level execution and marketing. We took a look at every product and every ingredient; our story needed to be more about the food and less about the place. People knew us for wings, but that was about it. And it all starts with quality.

We wanted everything we sold to be higher quality from the bread to the roast beef. Even if the menu stayed the same, we would find a way to use higher quality ingredients. As part of that strategy we went from frozen chicken tenders to fresh, marinated, hand-breaded chicken. And from a frozen steak burger to a fresh Angus burger. There was also a focus on value, so we were trying to be careful about our price points.

We also saw that we had a problem at lunch. Our prices were too high, portions too big, and speed of service too slow. Our plan to remedy this includes flexible offerings, lower prices, smaller portions and higher quality items. Phase one of that plan started early this year with the launch of a new lunch menu, and Phase two will begin this September when we add in higher quality ingredients. This also includes the addition of family favorite drinks and signature cocktails to the menu.



FH: Why did you feel a new prototype was needed?

CE: We asked ourselves what the next 200 Beef 'O' Brady's were going to look like? What should they look like? We wanted to make our brand a very compelling franchise investment, so we designed the new prototype to take our brand into the future with an understanding of our place in the market.

We're a family sports bar, which is a little oxymoronic. We cater to families with children but also serve alcohol. So with the new design we have created one side of the restaurant as a family-oriented section with a game room and closest to the bathroom. Tables have individual 19" TVs so the kids can watch they want while the parents watch the game on the big screen. On the other side is the bar with an expanded draft beer tap system (24 taps), a community table that seats 16-20, a sports ticker, a chalk talk board, and a community board where anyone can post anything. Our current locations are implementing some of these changes now and we hope to soon open an exact replica of what we designed so we have an example of real cost numbers.

FH: How have you worked to open more restaurants than have been closing?

CE: The first task was to get comp sales turned around, and then we needed to stop the top-line erosion. We took a hard look at how our franchisees were managing their finances and tried to help them understand the financial part a little better. We gave them a system to help them – a back of house system with a full-fledged financial management system. They will be in all of our locations in the next two years.

FH: Have you already seen results from these strategies?

CE: We have seen cost of sales drop 200 basis points. And comp sales are up almost 2% year to date. Our franchise community is re-energized and happy to be seeing results. Momentum is building. This year we will probably open three new stores in TX, one in AZ, one in ID and possibly some in CA.

FH: What are the long-term goals for Beef 'O' Brady's?

CE: Over the next five years we want to be in each state with 300+ locations total with half a dozen international locations. We're currently working on deals in Brazil, Canada and the Middle East. Of course we also hope to significantly increase the average volumes and profit for franchisees.

FH: What is the average start-up cost for a Beef 'O' Brady's?

CE: It really depends on the part of country, size of facility, and how good you are at negotiating with a contractor. But I would say the average range is between \$200,000 and \$600,000.

FH: Who is your ideal franchisee?

CE: People who are hands-on and have had previous business experience. Restaurant experience is not necessary but it would be helpful. People who have negotiated a lease, done payroll, or have gotten a loan from a bank – all of those are components of putting a business together. We try our best to help franchisees down a path, but many want to go their own way and they tend to make significant mistakes. People with prior business experience are much more tuned-in to the false steps that could be taken if you're not careful. That's not to say that a teacher or firefighter wouldn't make a great franchisee, though.

We actually took 40 of our most successful franchisees and put them through a psychological screening tool. We have franchise applicants take the test to see how they would fit into our group. We share the findings with the test-takers and let them know if we have a concern about their fit.

FH: What advice would you give to a new franchisee?

CE: Pay attention. Listen to people inside the company that you want to join. Listen closely to what they tell you about what to do and what not to do – it makes a huge difference in if you're successful. You can tell that the franchisees who fail aren't good listeners. They may qualify in all ways but think they know everything. When they don't listen they go down their own path and if they don't succeed they're looking for someone to blame it on. You have to really understand the franchise you're getting into – what makes it success and what makes it fail.