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Once a household name, Leeann Chin restaurants hope a new look and frozen yogurt will reinvigorate a once-vaunted brand.



Manager Jed Thao waved to bring the next customer in line as Ka Yang offered a sample of one of Leeann Chin's new menu items during the lunch hour rush at the City Center location in downtown Minneapolis. GLEN STUBBE • gstubbe@startribune.com

# REVERSAL of FORTUNE

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**L**eeann Chin restaurants have been serving up Asian food for the masses since 1980, but its corporate history has been marred by so many ups and downs that even diehard fans have lost track.

Now, with a new owner, a new look and a new menu, Leeann Chin hopes to reignite the sparks that once generated more than \$30 million in sales at its peak in the mid-1990s. It's making over stores, changing menus and adding yogurt stands.

"It's a fantastic brand with consistent cash flow, basically," said Lorne Goldberg, a Los Angeles financier who bought the chain of 36 restaurants and 10 Rainbow Foods locations in March 2007 for an undisclosed sum.

"It lost its allure because it lost its focus. The brand was tired, the décor was extremely dated. ... I knew I could improve the food."

After the purchase, Goldberg immediately closed eight of the 10 Rainbow locations, and sold four of the eight Asia Fresh stores and converted three others to the Leeann Chin brand. He held onto the profitable Asia Fresh in Minnetonka.

But the most recognizable changes have come in the form

of a \$1 million top-to-bottom makeover that began in December and now is 80 percent complete. The new look includes lime-green and vermilion-red walls, splashy mosaic tiles, contemporary lighting and sleek furniture. Along with five new menu items, Leeann Chin now offers a tart frozen yogurt under the moniker of Red Cherry.

**Chin continues:** Makeovers of restaurants are both cosmetic and culinary. **D8** ▶

## inside track

# Praise for her polite prose

Minnesota's very own Miss Manners for businesspeople, Mary Murray Bosrock, has received a Ben Franklin Award for her book, "Asian Business Customs & Manners." PMA, the Independent Book Publishers Association gave out the award May 29 in Los Angeles for the book's editorial content and design.

Bosrock, of St. Paul, has advised ambassadors, bureaucrats and executives concerning cross-cultural issues. In the book, business travelers learn how to avoid making cultural faux pas while visiting the world's largest continent, including rules about tipping, business practices, gestures, punctuality and interfaith etiquette.

## Fill'er up

Once upon a time, banks gave away small appliances to attract new customers. TCF Bank has the 2008 version of a free toaster: free gas. New checking-account customers get a \$50 gas card. The bank also is giving away \$1,000 worth of gas cards per week to anyone who visits a TCF location and enters the sweepstakes.

## Young teeth

Here's a reason to smile. HealthPartners is launching a dental benefit for kids 12 and younger that offers full coverage for all dental care. That means no more co-pays, deductibles or annual maximums for everything from cleanings to fillings and extractions.

Called Little Partners Dental, the move stems from growing evidence that oral health is closely linked to overall health.

However, the new benefit — which HealthPartners touts as the first of its kind in the nation — automatically applies only for employees of its small-business clients with no corresponding rise in premiums. It's up to large employers to decide whether to include the benefit, and they may incur a little extra on



# Owner seeks reversal of Chin fortunes

CHIN FROM D1

The company's flashy new flagship restaurant threw open its doors on May 21 in the City Center in downtown Minneapolis and has consistently hosted a packed lunch-time crowd. New locations are slated to follow in Stillwater, Eagan and Edina in the coming months.

Goldberg said his goal is to get Leeann Chin's back to its roots as a quick service, eat-in or take-out operation. When he bought the company, same-store sales were negative 4 percent, he said. In recent months, Goldberg said they've swung to a 4 to 5 percent gain.

But with consumers cutting back on discretionary spending, it's a trying time to be in the always-tough restaurant business. Leeann Chin, founded 28 years ago by an immigrant from Canton, China, was once a household name in these parts, but it now faces competition from other Asian quick-serves, such as Big Bowl Chinese Express, which operate in Lunds and Byerly's grocery stores, and P.F. Chang's Pei Wei, as well as mom-and-pops.

And with a rocky past that includes failed expansions outside of Minnesota and several unsuccessful forays into world of sit-down restaurants, some restaurant analysts aren't hopeful a fresh coat of paint and yogurt stand will be enough to turn around a tired brand, though none would be quoted publicly.

Restaurants across the board are getting their profits squeezed as the costs of commodities, labor and even fixed costs, such as lighting, increase. At the same time, a waffling economy has consumers skittish on where they eat.

Quick-serve restaurants are in better shape than casual dining establishments, such as the Olive Garden, Chili's and Applebee's, said Bill Fahy, vice president and senior analyst at Moody's Investors Service. That's because prices are lower at eat-in or take-out spots like Leeann Chin, with entrees in the \$5 to \$8 range, and consumers don't have to figure in a tip.

"Still, consumers are very constrained and very price-sensitive," said Fahy, speaking about the restaurant industry in general. "There's so much pressure on the margins. As a business, you can become more efficient, but you can only get so much out of that."



Leeann Chin recently opened at City Center in downtown Minneapolis, and has been doing a brisk business, attracting large lunch-hour crowds. Three more restaurants will open in the coming months.

To maintain your level of operating profit, you need to raise prices. And it's tough to do in this environment."

## Liking the colors

But in the three weeks since opening, Leeann Chin's City Center location has become the chain's highest volume store, serving an average of 725 people on weekdays, Goldberg said. Regional director Sean Murphy obsessively checks to make sure the wait in line stays within six to eight minutes.

Customers such as Andi Felix, Rhonda Williams and Janice Matison didn't seem to mind. The friends, longtime employees of Campbell Mithun, hadn't ventured to Leeann Chin since the one in the International Centre in downtown Minneapolis closed in 2005.

Perched on the red sofas and polishing off a post-meal lunch of Red Cherry yogurt, the friends were glad to see old favorites, such as Peking chicken, and were intrigued by new offerings such as Firecracker shrimp and the new best seller, Mongolian chicken.

"I like the colors, a lot," said Williams. "And the service is very fast."

Goldberg, who also owns Mandarin Express, a quick-serve chain with stores mostly in the Southeast, is certain his changes will work. The Red Cherry yogurt, now available in 20 Leeann Chin stores, will catch on, he says. With roots in South Korea, the tart and fruity treats have been popular on the West Coast under such brands as Red Mango and Pink Berry. (The concept, named by his 8-year-old son, is somewhat confusing because there isn't a red cherry flavor nor are there red cherries to put on top.)

As for his growth plans, Goldberg is planning slow, measured growth. Next year he hopes to open five new stores in Minnesota. For now, he's hanging on to profitable Rainbow stores in Eagan and Shoreview as well as the Asia Fresh in Minnetonka.

"At this time, the focus is Minnesota," he said. "We'll have to explore the exportation of the concept."



Red Cherry Frozen Yogurt stores are now in area Leeann Chin's. This one with fresh black and red raspberries was served at the City Center location. Available at 20 locations, the tart and fruity treats have proved popular on the West Coast. The chain has added other menu items.

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## 28 YEARS OF LEEANN CHIN

**1980:** Leeann Chin, a Chinese immigrant and seamstress who cooked for her customers, opens an 80-seat, buffet-style restaurant in Minnetonka, specializing in Szechwan and Cantonese cuisine.

**1985:** General Mills buys the Leeann Chin name and three restaurants, which were ringing up sales of \$5 million. General Mills plans a nationwide expansion, but efforts in Chicago fall flat.

**1988:** Leeann Chin buys back the company from General Mills with a \$2 million investment from Capital Dimensions Venture Fund in Bloomington and a \$4 million loan from Norwest Bank.

**1991:** Opens takeout counters at all nine Byerly's grocery stores.

**1994:** Expands into Seattle supermarket as Asia Grille by Leeann Chin. That became the new name of a sit-down restaurant concept that was supposed to be its national growth vehicle.

**1995:** Three venture capital firms invest \$11 million for a 50 percent stake in the company, leaving Chin with 40 percent, while various parties own 10 percent.

**1996:** The third Asia Grille opens in Eden Prairie, without Chin's name. Later that year, Chin, 63, leaves the chain after clashes with then-CEO Ron Fuller.

**1997:** Fuller resigns and Chin returns for a two-year contract as chairwoman and sells her stake in the company.

**1998:** Asia Grille concept is dropped, and an attempt to take the company public is abandoned.

**1999:** Founder Chin retires.

**2002:** Chin's Asia Fresh debuts in Wisconsin, an attempt to move the chain beyond its deli-style, lunch-counter roots.

**2004:** Asia Fresh comes to Minnetonka, an 80-seat, 3,500-square-foot restaurant that cost more than \$650,000 to build. The company plans to open 75 Asia Fresh stores in five years, an expansion that never materializes.

**2004:** Contract with Lunds and Byerly's grocery stores expires, and a new deal is inked with Rainbow Foods.

**2005:** High-profile closings of the restaurant in the International Centre atrium in downtown Minneapolis, where it had been since the mid-1980s, and at the Union Depot in downtown St. Paul.

**2007:** Lorne Goldberg, Los Angeles-based owner of Mandarin Express, pays an undisclosed sum for 36 restaurants (including eight Asia Fresh) and 10 Rainbow Foods locations.

Sources: Star Tribune archives, Corporate Report Minnesota, City Business