

New owner revitalizes Leeann Chin with investments in menus, decor

BY DINA BERTA

BLOOMINGTON, MINN. — A face-lift and menu revamp conducted last year are sparking a turnaround for Leeann Chin, say officials of the 41-unit fast-casual chain based here.

The nearly 30-year-old chain had contracted and expanded and contracted again over the years under its various leaders. But while Leeann Chin appeared stagnant, it remained a strong brand with a healthy cash flow, said current owner Lorne Goldberg, a former investment banker.

Goldberg purchased Leeann Chin in the fall of 2007. Improving profitability was a matter of paying more attention to the restaurants' look and feel as well as the taste of the food, he said. A \$1 million infusion into decor and menu development has boosted sales, Goldberg said, noting he is now on

the lookout for small to mid-sized chains or underperforming brands to purchase and convert into Leeann Chin units, or its sister concept, Mandarin Express.

"Leeann Chin stores have not struggled; the company struggled in the past because they invested money and time in two different concepts that did not prove successful — the Asian Grill and Chin's Asia Fresh," said Goldberg, founder of West Coast Capital in Los Angeles.

Goldberg became a restaurant owner in 2004 when he purchased Mandarin Express, a mall-based food court concept that now has 33 stores in 10 southeastern states, such as Georgia, Florida, North Carolina, Tennessee, Arkansas, Texas, Louisiana and Mississippi.



"I was a former investment banker who was presented with the Mandarin Express as a sell-side assignment," Goldberg said. "When I looked at the numbers, I was very impressed. I was surprised the cash flow of a food court operation was that strong."

Goldberg brought in a professional chef to improve the menu and he also updated the concept's look. The result was a cumulative 23-percent gain in comparable-store sales for 2005, 2006 and 2007, he said. Same-store sales were up slightly, 1.8 percent, in

2008, and have improved 1.5 percent so far in 2009, he added.

Total sales for the mall-based stores are up 10 percent so far this year. Average unit sales for Mandarin Express are \$750,000. The average check is \$7.50.

The success of Mandarin Express had Goldberg looking for more opportunities when he learned Leeann Chin was for sale.

For years, the force behind Leeann Chin was its founder and namesake, Leeann Chin, a Chinese immigrant who had been a cooking instructor at local community colleges and later a caterer. She sold the chain to General Mills in 1985. General Mills tried unsuccessfully to expand Leeann Chin into new markets, including Chicago. Chin and two private equity companies bought the company

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Sally Smith, president and chief executive of Buffalo Wild Wings Inc., center, receives the International Foodservice Manufacturers Association's Gold Plate Award from IFMA board chairman Tom Sampson, left, president of Kraft North America Foodservice, and Michael J Licata, president and chief executive of IFMA.

Buffalo Wild Wings CEO wins IFMA Gold Plate

BY RON RUGGLESS

CHICAGO — Sally Smith, president and chief executive of Buffalo Wild Wings Inc., credits teamwork with contributing to the success of the sports-oriented casual-dining concept.

Smith, who has led the 580-unit chain for 13 years, cited her colleagues while accepting this year's Gold Plate Award for innovative talent from the International Foodservice Manufacturers Association. She was selected for the honor from among the 2009 Silver Plate recipients. IFMA's Gold and Silver Plate awards each year recognize outstanding and innovative talent in nine foodservice categories.

Her team members tip their hats to her as well.

"Sally is a fabulous leader," said Judy Shoulak, senior vice

president of operations for Minneapolis-based Buffalo Wild Wings. "She really challenges us to do the right thing and to do it the right way."

Smith was honored for helping Buffalo Wild Wings achieve "phenomenal profit and sales growth with integrity and creative business savvy," IFMA officials said.

The company, which has full-service restaurants in 40 states and total annual sales of \$1.2 billion, has bucked the negative trends affecting many casual-dining players largely through its operational execution and fun atmosphere, Buffalo Wild Wings officials said.

For the first quarter ended March 29, Buffalo Wild Wings reported a 30-percent increase in net income to \$8.5 million. Revenues

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Owner Lorne Goldberg purchased the Leeann Chin fast-casual chain in 2007 and put \$1 million into upgrading decor and menu development.

Symon says casual concepts to offer tavern feel with a twist

BY BRETT THORN

CLEVELAND — Celebrity chef Michael Symon is joining the ranks of high-end restaurateurs who have opened casual bars and burger joints with the signing of two deals to launch new outposts in the Cleveland area.

Symon, who is one of the five stars of television's "Iron Chef America," plans to open the B Spot

in Woodmere, Ohio, and Bar Symon in Avon Lake, Ohio.

He currently owns and operates the high-end restaurant Lola and the more casual Lolita in Cleveland as well as a rotisserie-focused restaurant in Detroit called Roast.

Symon joins a number of fine-dining chefs and restaurateurs who have branched out into more casual fare, particularly burgers.



Michael Symon is following in the footsteps of other celebrity chefs by opening casual, lower-priced concepts.

Symon's New York-based "Iron Chef" colleague Bobby Flay — together with business partner Laurence Kretschmer — co-owns and operates the three-unit Bobby's Burger Palace, which was just listed in Travel + Leisure magazine

as one of the world's 10 best fast-food restaurants.

San Francisco chef Hubert Keller has seen success with his Burger Bar at the Mandalay Bay Hotel in Las Vegas, and New York restaurateur Danny Meyer's Shake Shack — selling burgers and milk shakes — has lunchtime lines so long that the company launched a "shack cam" on the Internet so

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back three years later. Later attempts to expand it to Seattle and Kansas City, Mo., did not work.

Chin reportedly had a minority stake in the company when Goldberg bought it.

The company also tried branching out with a full-service concept, Asia Grill, and Chin's Asia Fresh, a fast-casual concept similar to that of Pei Wei Asian Diner, a 150-unit chain based in Scottsdale, Ariz., and Pick Up Stix, the 125-unit Asian-influenced chain owned by Carlson Restaurants Worldwide Inc. and based in Carrollton, Texas.

"Leeann Chin was a strong brand in the 1990s, but it hasn't grown or evolved in the last 10 years," said restaurant consultant Dennis Lombardi of WD Partners in Columbus, Ohio.

Leeann Chin competes on one end with Panda Express, the Rosemead, Calif.-based quick-service chain with about 1,000 units, and the slightly higher-end fast-casual Pei Wei, Lombardi said.

In its hometown market, however, Leeann Chin is a strong player and Goldberg said he has no plans to expand into other states. He has opened 13 stores in the past 12 months, all in Minnesota.

"What I did was focus on repositioning and rebranding an iconic brand in the Twin Cities that the previous management had left alone and ignored," Goldberg said.

Goldberg introduced new items to the Leeann Chin menu that were developed for Mandarin Express, including the popular Grilled Bourbon Chicken and Firecracker Shrimp. He also introduced Red Cherry, a line of Korean-style tart yogurts available within Leeann Chin units.

With consumers eating out less often because of the recession, operators need to continue to introduce new items and changes to attract customers, said consultant Allan Hickok of Restaurant & Retail Strategies LLC in Minneapolis.

"You have to create news at the retail level to get them coming in more frequently," Hickok said. "You have to create more occasions, and that seems to be what Leeann Chin is trying to do."

The remodeling and improved menu helped turn around a same-store sales slide, Goldberg said. Same-store sales at Leeann Chin were down 7 percent in 2007 from

the previous year. Same-store sales rose 1 percent in 2008; however, they dropped about 2 percent in 2009, he said. The average unit does about \$1 million in annual sales.

The average check is around \$9.

Total revenue for both chains was \$60 million last year.

"Our being down slightly is absolutely correlated with the econo-

my," Goldberg said. "We believe, based on what our competition is doing, that we're doing exceptionally for being down a few points this year. ... We've gained better cus-

tomers traction and highly positive feedback from our customers who truly rave about our food."

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