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## How location-challenged restaurants found success

January 04, 2002

By: Omar Perez

The "location, location, location" cliché is probably as relevant to the restaurant industry as any other, but some entrepreneurs are proving there's a lot more to the business than where they set up shop.

Some restaurants succeed where a slew of others have failed. High turnover is common with restaurants. Three out of five restaurants close during the first year of operation. That's the figure Frank Feiler, senior director of Fort Lauderdale restaurant brokerage company Transworld Business Brokers, gives on the local industry.

Ask anybody why that is, and the answer likely is the "L" word. But don't tell that to the co-owner of South Miami's Deli Lane.

She opened the restaurant in a spot just off Sunset Drive and Dixie Highway in an area where many restaurants have failed.

"I'm not taking away from [location] being a positive, but I'm not sure if it's going to be the difference between making it and not," says Deli Lane's Jan Kirchoff.

The restaurant has two locations. The one just off Miami's Brickell Avenue is a no-brainer, with thousands of hungry bank employees in a two-mile radius ready to attack during lunch hour on weekdays. But the first location is quite different.

Kirchoff opened the eatery 13 years ago when the area was — for the most part — slow. The renovation of the adjacent main drag and the development of the nearby Shops at Sunset Place in recent years brought people to the once-sleepy district, but there was a time when Kirchoff's location wasn't exactly considered prime.

Kirchoff says that when she first opened, a nearby restaurant on Sunset would often have long waits for tables, while her eatery sat empty.

"People used to tell me, 'It's too bad that you're on a one-way street,'" says the 20-year veteran of the restaurant business. "Well, it took me three years to build my business instead of one. But eventually, people found me



Jan Kirchoff

Photo by  
Aixa Montero-Green

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because when you're doing the right thing, news travels."

She says word of mouth combined with a comfortable neighborhood setting and competitive prices for good food contributed greatly to her success. It didn't hurt either that the area was developed into a shopping and entertainment destination.

Based on the success of her South Miami restaurant, she opened the Brickell eatery. And one year ago, Kirchoff bought Your Father's Moustache, a popular South Miami restaurant next door, turning it into a sports bar.

In the same 13 years of Deli Lane's existence, nine different restaurants and lounges have moved in and out of the Delray Beach location of Who's Restaurant and Lounge. But that has changed over the past four years.

The owner of Who's says that while his predecessors fell victim to a lack of foot traffic at the mall where his sports bar is situated combined with bad management, he's been able to overcome the shortcomings of the South Delray Shopping Center with quality food, a comfortable atmosphere and competitive menu prices.

"It's a good location, but I also think it's not a very good shopping center," says Joe Riello. His restaurant has been open at the mall for four years. He says the center's main anchor, Winn-Dixie, moved out six years ago, and the space remains unoccupied, as does another significant portion of the complex.

"It's unfortunate that the shopping center isn't packed with people, because that would be better for us," he says. "It's a challenge. You have to give people a reason to come in."

His restaurant's staying power can also be attributed to financial reserves. Riello had enough money to keep the restaurant afloat during the early stages. That's a key difference from many of his peers.

Feiler says the main reasons for failure include inexperienced management and bad service or food, although location can also have an effect. Not helping matters are rising rents and the fact that menu prices have, for the most part, remained static while overhead increased.

In an industry known for low profit margins, striking a balance is the key.

"Many times, a location will out-price itself from being able to be a restaurant, so it's no longer the [best] use for that location," says Feiler. "A restaurant that's paying more than 10 percent of its gross sales in rent is walking on thin ground. Often times people think, 'This is a great location.' But when they [add in the other expenses], the rent is 16 or 18 percent."

Feiler notes that the more popular types of restaurant opportunities are breakfast-and-lunch establishments, which generally close early, and office-building cafes, which only open during the week, catering to nine-to-fivers. This type of cafe has the added incentive that it can generate more sales from takeout orders to nearby office workers.

But, obviously, not all successful restaurants follow that formula.

Jorge Larios, owner of Casa Larios, which operates a Cuban restaurant on West Flagler Street and another one in Miami Beach in a partnership with

Gloria and Emilio Estefan, is planning to open a third restaurant near Kirchoff's Deli Lane next year.

That location has been home to at least eight restaurants in the past 12 years. But that doesn't bother Larios, who gutted the interior of the previous restaurant and started from scratch. He spent his own money to renovate — the Estefans will not be involved with this eatery — but he won't say how much.

"When you start something, you have to start fresh," says Larios. "And that's something none of the other restaurants did. South Miami is a great location for a Cuban restaurant."

The Casa Larios off heavily populated West Flagler Street has also been completely renovated. The restaurant has been at that space for four years, after Larios moved it from a less-visible site two blocks away.

Some though, are not convinced that a new facade is the answer.

"Everybody thinks they can reinvent the wheel and spend a lot of money," says Tom Byrne, president of the commercial division of Esslinger Wooten Maxwell. "But even that doesn't guarantee any success."

Says Kirchoff: "The old adage of 'location, location, location' sometimes rings true, but it's so much more important that the product be good and the service be good, and the people who operate it know what they're doing," she says. "If you're doing the right thing, people will find a way to get to you."

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