



STAR POWER Chef Dean Fearing, known as the "Father of Southwestern Cuisine," at The Ritz-Carlton, Dallas

CELEBRITY * FARE

Restaurants from star chefs may be some hotels' most enticing amenity, but at what cost—and are they here to stay?

BY ROD O'CONNOR

When it comes to dining, New Orleans is a city that likes to give its visitors options. Fresh crawfish tails at Emeril Lagasse's eponymous flagship? Gumbo at August, the elegant eatery from acclaimed chef John Besh? Soft-shell crab at the 111-year-old institution Commander's Palace? The choices are overwhelming.

Unfortunately for the Royal Sonesta Hotel, despite stellar reviews and a beautiful courtyard setting just off the French Quarter, its restaurant was rarely mentioned in the same breath as those Big Easy foodie destinations. "It had nothing to do with quality," says General Manager Al Groos. "It didn't do all that well because most people do not want to go to a hotel restaurant."

That is, unless the hotel restaurant is helmed by a celebrity chef.

So the owners of the 40-year-old hotel decided to shutter the old restaurant and launch Restaurant R'evolution, which opens later this year. Running the kitchen: John Folse, a 30-year veteran chef, Louisiana cookbook author and TV personality, and Chicago-based Rick Tramonto, a James Beard Award winner seen on Bravo's *Top Chef Masters*. If all goes according to plan, the buzz surrounding this dream pairing will turn the modern Cajun/Creole eatery—which has a standalone entrance off bustling Bourbon Street—into an instant classic.

It wasn't long ago, however, that hotel dining rooms didn't need help from so-called "rock star" chefs. But in the 1990s, tastes started changing. "We noticed that guests would eat breakfast with us, and we would not see them again for the rest of the day," says Vivian Deuschl, vice president of PR for the Ritz-Carlton Hotel Company, which claims a number of celebrity chef-driven restaurants, including Dallas local hero Dean Fearing's hugely popular Southwestern eatery Fearing's. "It didn't seem as exciting to eat at a hotel as it did to seek out a hot restaurant."

Rather than compete with the sizzle of names like Wolfgang Puck and Alain Ducasse, shrewd hotels began recruiting them to open outposts on their properties. The trend spread like a grease fire through the 2000s, with chefs like Emeril Lagasse and Joël Robuchon striking deals with brands across the country. "It gives the hotel another phenomenal amenity," says Andrew Freeman, a San Francisco-based hospitality consultant.

But as amenities go, it can be a hugely expensive one. Atlantis, a massive resort on Paradise Island, Bahamas, features restaurants from luminaries Jean-Georges Vongerichten, Nobu Matsuhisa and Bobby Flay. George Markantonis, president and managing director of the resort's operator, Kerzner International Bahamas, says the up-front payment to snag a name of that caliber can cost between \$100,000 and \$500,000. That's in addition to licensing deals that could require a 3% to 10% cut of the restaurant's revenues.

Peter Karpinski of the Denver-based Sage Restaurant Group says an investment of that size makes more financial sense for resort properties bolstered by gambling and entertainment revenue. That's the model that proliferated in Las Vegas, where dozens of star chefs participated in a land grab at the casino-resorts along the Strip starting in the mid-1990s. But for Chicago's 332-room The Blackstone, a Renaissance Hotel—one of 65 hotels Sage Restaurant Group owns and operates—the risks are too great.

"You'd have to hope you were going to get a lift in other areas of the business to justify what I'd call a loss leader," Karpinski says. "It can only work if you get huge revenues. But it's really hard. Most restaurants would be happy to be making 10% [margins]. Well, you're not going to have any margins on that business because you're going to end up paying [the celebrity chef] that 10%."

For The Blackstone, Karpinski chose a different route, hiring Philly-based rising star Jose Garces—who gained fame on *Iron Chef* soon after—as a "consulting executive chef" to oversee menu development and other creative elements of its restaurant Mercat a la Planxa in 2008. He won't reveal what Garces is paid, except to say it was substantially less than what it would take to land the likes of a Bobby Flay. Karpinski points out that, unlike some other celebrity chef deals,

FRESH AND FAMOUS
Scallops Tiradito from Nobu, one of three celebrity-chef restaurants at Atlantis in the Bahamas



TOP TOQUES
(From top) Nobu Matsuhisa, Bobby Flay and Eric Ripert



Sage Restaurant Group owns the business and the restaurant's intellectual property. "We've outsourced the culinary piece to him," he says.

But according to Markantonis, paying top dollar for top-tier chefs has proven a winning hand for Atlantis, where the swanky Nobu increased annual revenues by 300% compared to the previous restaurant in the same space. Plus, he cites the intangible benefits. "We have higher occupancies and, in many cases, higher room rates based on the amenities we offer," Markantonis says. "If you only have buffets, maybe your rate can be

\$100 per night. But if you offer a huge complement of gourmet restaurants, maybe you can charge \$300."

The combined forces of a well-run hotel and a savvy restaurateur can also serve as a lifeline when margins are tight, adds Tramonto, who operates a lounge and steakhouse at a Westin in suburban Chicago. (And with US occupancy rates still lagging due to the economy—in February, occupancy was 55.7%, well below the 20-year average of 62%—hotels can use all the help they can get.) "You can feed off each other's brands and marketing and clientele, and it becomes a little bit easier in the hard times," he says. (Unfortunately, that synergy still couldn't save his Italian concept, which didn't survive the hotel's drop in business that followed the economic crash.)

The key to a winning partnership, Tramonto stresses, is creating agreements that challenge both sides to succeed. "With some of these deals, [the chefs] are not motivated because they're taking all the money off the top," he says. "But the hotel has to make money as well.... It's like having a great pre-nuptial. It has to be a win-win." For example, with Restaurant R'evolution, instead of a massive up-front licensing fee, Tramonto and Folse will split revenues with the Royal Sonesta. And, as

Groos puts it, "We have a business agreement where, if the restaurant does well, they will get compensated and the hotel will get compensated."

But while Folse and Tramonto will be a constant presence at the restaurant, more established stars like Ducasse, Puck and Flay entrust the day-to-day cooking to local lieutenants—which is one obstacle of such partnerships. "The downside has been that hotels wanted celebrity chefs to come to their city, but there wasn't much commitment on the part of the chef to make that place home," Folse says. "The public came to realize that the chef's name is on the building, but they're nowhere around."

For her part, Deuschl—who says Chef Eric Ripert is required to make a certain number of appearances at his successful Ritz-Carlton spots in DC and Philadelphia—argues that as long as the restaurants are run well and getting good reviews, it shouldn't matter whether the celebrity chef is actually in the kitchen. "You'll get your 15 minutes of fame," she says. "But if the word [on the street] is sloppy service, or they don't change the menu enough, you're going to find it's not a winning proposition."

Still, there are some in the industry who believe the entire celebrity chef trend has already gone stale. The number of high-profile closings certainly supports that argument: *Top Chef's* Tom Colicchio packed up two spots in Atlanta earlier this year after failing to come to terms with the new owners of The Mansion on Peachtree hotel. And in Las Vegas, Charlie Trotter shuttered his two restaurants in the Palazzo in 2010.

"I don't know how many more celebrity chef outlets we would open [in Atlantis] because there is [the risk] of oversaturation," Markantonis says. "In Las Vegas, it was great 10 years ago. But today I think all of that celebrity chef chatter has turned into exactly that: chatter. Background noise. Because every single restaurant has a celebrity chef."

Freeman agrees. "The world is changing... and [diners] are interested in discovering something new," he says. "I think you are going to see hotels wanting to do more deals with interesting young chefs on their way up." ●

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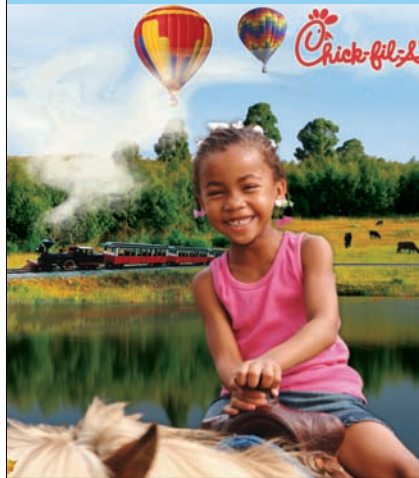
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