

COOKING UP A WINNING STRATEGY

The owner of Duffy's Sports Grill has grown his chain to 24 restaurants. His secret sauce: Taking over locations of failed restaurants and offering a popular rewards card program.

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Paul Emmett, owner of a growing chain of sports grills designated the "official" restaurant for South Florida's major pro teams, has a secret.

He's not a sports fan.

He didn't attend a single Dolphins game last year. He was fuzzy about LeBron James' identity when the Heat hired him, and in 2003, just after Kobe Bryant was accused of attacking a woman, Emmett hung his jersey in one of his bars, blissfully unaware of the charges until an offended patron explained the situation.

"I could care less about sports," he shrugs.

But that isn't stopping Emmett from carving out a successful niche in Florida's sports-themed restaurant market, with a growing roster that now includes 24 Duffy's Sports Grills and two satellite restaurants at the Sun Life Stadium and the BankAtlantic Center, not to mention the title of "Official Sports Grill" for the Dolphins, Marlins, Heat and Panthers.

Over the summer, Emmett added a 24,000-square-foot restaurant in North Miami Beach — his first foray into Miami-Dade County — which he says is the largest sports bar in Florida.

With more than 25 years in restaurants, Emmett has found a way to shrewdly run and market his restaurants, even making a terrible economy work to his advantage. His model works this way:



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GOING BIG: Paul Emmett owns Duffy's Sports Grill, which recently opened its first Miami-Dade restaurant at 3969 NE 163rd St. in North Miami Beach that is three times the size of most of his locations.

He only opens in failed restaurants and his customer base is amplified using a rewards card program that so far has 400,000 members and accounts for 15 percent of his business.

"He's doing a lot of things very well," said Dennis Lombardi, a restaurant consultant and executive vice president at Columbus-based WD Partners.

First of all, his "adaptive reuse" model could not be more perfectly timed, Lombardi pointed out.

"That is the silver lining in the otherwise storm clouds of the recession," he said. "When you do adaptive reuse, you can save substantial capital. Really what you're doing is changing the skin, which is a lot, lot less expensive than building from scratch."

Emmett is also minimizing a weakness typical in sports bars: size. Because they bring in money during games, they tend to be big-

ger so they can cram in more diners, but only during peak times, Lombardi said. With his rewards card, Emmett is able to lure customers during non-peak times. Last year, Duffy's gave away about \$6 million in free food to card holders, Emmett said.

The North Miami Beach restaurant, which houses the Dolphin's Deck for team events, includes more than 800 tables, 200 televisions, an outdoor covered water-

side deck with 250 seats, a pool and a 500-foot dock overseen by Frank, the dock master. In the kitchen there is a \$29,000 fryer, a \$21,000 ice machine and a walk-in freezer stacked floor to ceiling with kegs.

The staff is so large — there are four executive chefs and more than 300 employees — that Emmett rented out a nearby movie theater to stage his orientation.

But make no mistake, Emmett, who spent more than

two decades in the trenches working for New York's Restaurant Associates — most notably running New Jersey's Charlie Brown's Steakhouses — before it was bought by the international London-based Compass Group, sees himself as a humble player. He is intent on improving his empire, not necessarily expanding it, and happy to add two new restaurants a year.

"I want to be a reasonably-sized small company," he said.

Since 2006, sales have increased from \$38 million to \$94 million, with his average store pulling in about \$3.8 million, he said. Despite the economy, existing store sales continue to grow at about 2.1 percent, he said.

Emmett knows his success lies in part on luck. "I was very fortunate I didn't come down here and buy an expensive steakhouse," he says.

When he opens a new restaurant, Emmett uses three criteria: size, usually 8,000 to 10,000 square feet. The North Miami Beach location, he concedes, is "stupidly large" at three times that amount. But it meets his second and third requirements: location and "how much money did somebody put into this place."

"We don't care how many times a restaurant has failed. Our Boca restaurant failed five times," he said. "When you open it the right way, it will succeed."

Typically in chains, Emmett said, one out of seven

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or eight stores are not profitable. "We have 24 profitable businesses."

The first Duffy's, located in Lake Park in Palm Beach County, might have been a failing restaurant when he bought it, but it maintained a reputation for good food and friendly staff, which is what attracted Emmett.

"You're buying the good will," he said.

Emmett believes his brand depends on "a culture that supports hospitality and fun." He says each customer should be treated as a valued guest. In his mind, his grills are the working man's country club.

"Our guests can't get a black American Express card," he says, "but they can get a black Duffy's card."

Which means that he also won't be serving them bad chicken wings.

Emmett concedes he can't change the image of sports bars, but he can surprise his customers.

"When I go to a strange city and I see Henry's Sports Bar, I'm going to stay away because I know the food's crappy. We can't change that, the perceptions from the outside of what we are. But we can surprise people when they come inside."

Servers are given smaller stations so they can focus on their customers. The paper napkins are gone and the paper place mats are not far behind. Over the years, the menu has been reworked to include 10 different salads, seafood and pasta like Thai chicken curry and more upscale items like a New York strip steak and Kobe burger. Still, prices are kept modest, with the most expensive item costing \$17.99.

"We're deathly afraid of raising prices in this market," he said.

"This is a very scary economic environment and the first impulse of a small business person when you don't know what the future holds is to cut costs," he said. "We understand the need to con-

DUFFY'S SPORTS GRILL

- History: Established in Lake Park in 1985, Duffy's grew to four restaurants before current owner Paul Emmett bought out one of the partners.
- Growth: 24 restaurants from Melbourne to its newest location in North Miami Beach, with satellite grills at Sun Life Stadium and the BankAtlantic Center.
- Claim to fame: "Official Sport Grill" for the Dolphins, Marlins, Heat and Panthers.
- Menu prices: about \$8 to \$18
- Website: www.duffysmvp.com

DUFFY'S BY THE NUMBERS

With its latest addition in North Miami Beach, Duffy's claims the title of largest sports bar in the state.

The 24,000-square-foot restaurant at 3969 NE 163rd St. includes:

- 800 tables, 200 televisions
- Outdoor covered deck with 250 seats and five movie screens
- Indoor and outdoor bars
- Pool and a 500-foot dock
- Staff of more than 300 including 18 managers, four executive chefs and a dock master
- \$21,000 ice machine and \$29,000 fryer

Source: Duffy's

ontrol costs but we refuse to cut into the meat of the company. We're very aware our customers see every cent."

Which plays into his rewards card program, an idea he admits he stole from Charlie Brown's. Customers can earn their way up by spending more, from MVP to AllStar to MVP Hall of Fame, giving them more deals and perks on dining. About 8,000 members are part of Duffy's "All Star" program, accounting for about 12 percent of sales. Only 800 belong to the highest Hall of Fame level, but account for 1.8 percent of total sales.

The program also provides valuable customer information, allowing Emmett to track their activity and use social networking to reach them.

"It can be an effective way of moving light users to heavy users and heavy users to super heavy users," Lombardi said.

Rob Oelberman said he typically gets about \$200 back with his reward card. "Yes, I guess I am a regular,"

said the yacht broker, who was enjoying the games on a recent Sunday afternoon in the Duffy's on West Palm Beach's Clematis Street. He works nearby and said he also often eats lunch there with his son on weekdays — 40 percent off after 2 p.m. for card members.

Lori Ayad of Boynton Beach and Wanda Good of Palm Beach Gardens, die-hard NFL fans strategically parked at the bar, said the food, service and prices are good, but for them it's all about the TVs. "We scoped out all the bars between Boynton and Palm Beach Gardens and this is the best," said Ayad, adding that they got there early to choose stools with a close view of seven games. "We're here for the football."

To keep drawing fans like these, deals with sports teams have also provided a way for Duffy's to distinguish itself in a big way, Lombardi said.

Stadiums typically provide food through a contract vendor and only very re-



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FRESHNESS COUNTS: Craig Sangster, a prep cook, gets ready for the lunch crowd at Duffy's Sports Grill in North Miami Beach. Owner Paul Emmett believes good food quality is key, even in a sports bar.

cently started teaming up with restaurants, he explained.

"Points to him for doing it," he said. "That gives him a great point of difference in terms of the other kind of sports grills that you have there. That's a great differentiator."

It also provides a lucrative way of marketing for both Duffy's and the team. Duffy's offers game tickets as part of the rewards program. But Duffy's also meets weekly with the team, finding out where the team's cheerleaders will be or where watch parties are scheduled, so they can cross market. Emmett also opened a pro shop with jerseys and other team items at the North Miami restaurant.

"If you're going to be successful, you have to get out of the box and think of new ways to market," he said.

Still, Emmett believes the success of Duffy's lies in its



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WHAT'S ON TAP: At this Duffy's Sports Grill on NE 163rd Street, bartender Colleen Brady taps a keg in the beer cooler.

measured growth. "We think we can grow for the foreseeable futures in Florida. We can have a Duffy's every 10 to 15 minutes apart," he said, but not at the cost of control. "I did that before. Quality suffers."

"We're a chain, but we're

not a chain," he said. "We're 24 individual restaurants... We don't want to be huge. We don't want to be franchised."

Miami Herald business writer Nancy Dahlberg contributed to this report.