

Franchise Interviews Meets with John Neitzel, CEO of Bar Louie



Hi everyone and welcome back to a very special edition of Franchise Interviews, where for over 9 years we have been asking the entrepreneur who owns one. I am your host Marty McDermott and I am the President of Franchise Interviews and we have a great show today. We are meeting with John Neitzel, CEO of Bar Louie. Bar Louie is a national collection of neighborhood bars featuring hand crafted cocktails and spirits, delectable food and an inviting atmosphere.

Marty: Hi John. How are you doing? Welcome to the show.

John: Thank you. Good to be here.

Marty: Thank you John. We always like to ask our guests, where are you calling from this morning?

John: I'm in Addison, Texas.

Marty: How is the weather there today John?

John: A little chilly but it is supposed to be in the 70s. It is supposed to be nice.

Marty: Our listeners may not know it, but you have a very impressive background John. Maybe you can talk a little bit about your background and what you had been doing in the past.

John: I had the pleasure of growing up in the TGIFriday's system. I worked for Friday's for 28 years. I started off as a manager and worked my way up to President of both the international and U.S. business and left them back in the middle of 2010 to join Bar Louie.

Marty: I wanted to tell you I actually met my wife in a TGIFriday's. My wife wanted to make sure I told you that this morning.

John: Oh, which one?

Marty: It was the restaurant in Sayreville, New Jersey on Route 9 and it is still there in fact. So that place has special memories for us. How is the Bar Louie experience different from your prior experiences John?

John: You know it is pretty similar. When I started with Friday's we had 50 locations, and when I left we had over 1,500. So it was very similar to when Friday's first began; it was very much an adult concept. No kid's menus; no highchairs any of that sort of stuff so it was built to serve baby boomers. When I joined Bar Louie, we had 36 locations—small company—we just opened our 108th today. So I would say somewhat similar in terms of taking something that's unique and highly differentiated that was small and now were becoming pretty good sized.



Marty: How do you describe Bar Louie for someone who's never been in one John? The target is a bit different than a Friday's where you kind of mentioned over time it's shifted to a more family oriented type of atmosphere. Bar Louie is a bit different, isn't it?

John: Yes, it is. You know that is probably the most difficult question I get asked is, "What/Who is



Bar Louie like?" The reason it is so difficult is we are highly differentiated so there isn't a national player who is similar to us. We compete more with local independents than we do with national brands. The way I describe it is we are a local bar and eatery, we've got incredible hand crafted cocktails, dynamic beer selection, 100 percent of our food is scratch cooking so the only reason we have a microwave is to microwave popcorn for our truffle butter popcorn. We create this really urban, comfortable, but kind of up-scale atmosphere for our guests. It is designed in a way that it is really easy to accommodate people who want to socialize. So if you think about casual dining today, it is a lot of tables for two or tables for four, and every once in a while they will throw in a table for five. Our average table sizes are larger and we're really cognizant of creating different seating areas for people to congregate. The average guest spends 2 hours and 15 minutes at our place and if you contrast that to casual dining, the average guest is probably in there for 45 minutes to an hour. People use us far more to socialize than for functional. So while we're functional, we still do a great job with service and execution. People aren't there for just your typical casual dining, i.e. "let me have a drink, let me have an appetizer, let me have my meal, bring me my check", people are at Bar Louie for longer periods of time.

Marty: The old school model of franchising John is that a franchise in Portland, Oregon was really the same as a franchise in Portland, Maine; but Bar Louie is really taking a different approach when it comes to franchising. Do you want to talk a little bit about that approach?

John: We have a huge guiding principal or really two: First and foremost is we want to remain local. The way we do that is we create a freedom within a framework. So let me give you some examples. We have no two Bar Louies that are alike or the same so the atmosphere and the elements are the same but we don't have a prototype. Even if we go into new space we challenge ourselves to think about how we make each one unique, how do we use as many local elements as possible, whether that be wood or stone or anything local to the area. The menu is identical in all locations; however, we have 30 to 40 draft beers on tap, we control 10. We ask that the other 20 to 30 are chosen locally. We ask that each one of our Bar Louies carry 12 vodkas. We say here are 5 that you must carry and 7 that you will want to choose locally. So the promotions are done locally, the entertainment, which most of our Bar Louies have one day a week are all done locally because for us to sit here in Addison, Texas trying to tell someone in Portland, Oregon or in



the Northeast would be nuts. We like, whether it be company operations or with franchisees, to have people that enjoy a freedom within a framework verses people who have to have the full script, if you will.

Marty: It makes a lot of sense John. You have been doing this a long time. Do you think this will be a new trend in franchising because the way you describe the whole thing: “the quality is always the same”, “the menu is always the same” but it is customized to that particular area or region. Do you think this will be a new trend in franchising? It is very clever.

John: I don’t know. It is certainly more difficult, so I don’t know if it will be a new trend. I think it’s certainly a huge part of our recipe for success. Whether it be in our company locations or our franchise locations, the opportunities for sales and who lives and works near our Bar Louies are somewhat different. When I think about who the average guest was at TGIFriday’s, it was far more consistent across the US by “day-plate” than what you’d find at a Bar Louie. Twenty-five percent of our locations are in urban centers and downtown Chicago, downtown Minneapolis, etc. and 75 percent are out in the suburbs. Some Bar Louies do 25 percent of their sales after 10:00pm and some do 10 percent. What one needs for success may be very different than another. I think our challenge is how do you have standards and require people to deliver against set standards but given a freedom where people can be successful based on their set of circumstances.



So, I don’t know if it will be a trend. It’s here to stay for Bar Louie because it’s a key to success whether it be company owned or franchised owned. I think those individuals who need to live in a world that is super ridged, we are probably not the right brand for them.

Marty: You mentioned you are over a hundred at this point. How many do you envision for the whole country?

John: We think there are over 400 opportunities. Now whether there will ever be 400 will be determined and based on real estate availability. But there’s 400 markets we believe we can be in but again, that’s subject to whether we can find adequate real estate.

Marty: Sure, because there is more space required for a Bar Louie. How much space is required to open up a Bar Louie John?



John: A typical Bar Louie is about between 6,000 and 7,000 square feet. In our current portfolio, we have our smallest Bar Louie at 2,400 square foot and our largest is 14,000. We have a ton of flexibility. I would say the vast majority are in the 6,000 to 7,000 square foot range.

Marty: What types of characteristics do you look for in your franchisees John?

John: We like to have somebody that's been in the hospitality and/or retail industries. They don't necessarily have to have been in casual dining. We have a couple of our franchisees who own hotels and who have done a great job managing hotels and expanding within Bar Louie. We've got a couple of quick service franchisees who have demonstrated the ability to operate successful national brands and they kind of want to step up in terms of investment and sales and returns. So I would say people who have been experienced in the retail and/or hospitality industry is a big one for us.

Marty: How does the training for new franchisees work John? Do they typically come to headquarters for training?

John: Yes. Training will happen and we have certified training locations. There is time spent here in the support center for a week. I would say it's different for the owners. For the owners, I would say it's a couple of weeks. If the owner is the operator, it could be six to eight weeks of training.

Marty: For our listeners, how would you describe a typical day John as a franchisee?



John: You know it depends; I'll contrast. So I think there's two different experiences. We've got an amazing franchisee, Frank Sweeney, whose up in Mishawaka, Indiana who has just opened his second Bar Louie. So his world has changed but for the longest time for the last five years, his day was very similar to what our General Manager's day was like. He would make sure he was staffed and ordering was taking place and he actually operated the location. In

December he opened up his second location in Greenwood, Indiana and now his job is somewhat different. Now it is more supervising and managing two locations while he is out looking for his third. So I think it depends on size and scale. If you're like Zubin and Anthony, who are one of our franchisees who have multiple locations, their day is very different than somebody who is running one location.

Marty: You've been involved in this business/industry for such a long time now John and the majority of our listeners we call them aspiring entrepreneurs. Most of our listeners know they want to get into franchising but we find that in doing the show nine years now that most of them don't even know where to begin because there is so much out there. From all of your experience, what advice would you give to them in their quest to buy a franchise?

John: I would say two things. First, make sure whoever you're choosing that you have a reasonable chance of having a good return on your investment. Start there so you don't have to worry about money. And number two, whatever you choose, make sure you can fall in love with it. We talk about it at Bar Louie, if you can't fall in love with the Bar Louie brand and be as emotionally connected to the brand as we are, you're unlikely to have the sort of success you'd like to have.



So these are my two pieces of advice: make sure you get a good return on your investment and make sure whoever it is that you are with, you can absolutely love because I can only imagine a world where, whether it be a franchisee, or me, or anybody in our company who just thinks about it as transactional because you won't get the same sort of fulfillment.

Marty: In following your career John, there must be something about this particular industry that you love because you've been doing it a long time.

John: I think that if you're an immediate gratification junkie, like most of us in the restaurant business are, this is the best place because guests and team members and investors will all tell you how you're doing very quickly so your ability to affect change is amazing. So I think if you are an immediate gratification junkie, then this is a great industry for you.

Marty: And Bar Louie definitely has that energy too, doesn't it? In looking at the videos and going on the website, it's certainly an experience. Isn't it John?



John: It's interesting. What's fun about our brand is that it's very social in nature. Our guests are fairly diverse in terms of who they are and the incomes that they have. So I think about it this way: the typical guest at a Bar Louie is 25 to 54 years old or \$75,000 medium income. Fifty-one percent are women and highly educated. That's the vast majority of our guests. But when you think about who uses us over the course of the day changes somewhat. So I would say the average age of our guest at happy hour is probably in the 45 to 50-year-old range. And the average age of our guest after 10:00pm is more like my daughters' age and they are both in their 20s because us 50 year olds are asleep at midnight. So we have broad appeal and that's the fun part of our business. The business wall, the atmosphere, the food and what have you is the same, it does change throughout the course of the day. As we get later in the night, the lights come down a little bit, the music goes up a little bit. The music we are playing late-night is geared more toward the younger end of the millennials and what we play at happy hour is geared to folks more my age. That's the fun part of being at a Bar Louie is it evolves throughout the course of the day.

Marty: Where do you envision Bar Louie three to five years down the road John? You mentioned 400 here in this country, do you picture the concept going international at some point?

John: Not anywhere in the near term, no. So I think we've got enough to do to supply all of our energies in the next four to five years down the road. There could be a possibility, but in the near term we want to focus on the US.

Marty: What's the best way for our listeners John to get more information on Bar Louie and the franchise itself? Is there a particular website that you'd like them to go to?

John: Yes. If you go to www.barlouie.com you can see all about what our guests would see and there's a franchising icon you can click as well. That will get you in touch with Jill Szymanski who's in charge of franchise development. You can contact her and she'll get back to you pretty quickly.

Marty: I want to thank you again for coming on the show John. I know you have a very busy schedule and it was a privilege and an honor for me to finally get to speak with you. I think this is a great concept and I'd like to invite you back next year as you continue to grow. I think this is great.

John: I will take you up on that Marty and tell your wife I said hi and now you can take her to Bar Louie.

Marty Thank you so much John for coming on the show. We'll be right back with more Franchise Interviews.

