

Matthew Mabel's Guide to Pushing Through Expansion Barriers

Learn the formula for growing
your restaurant company
past 3, 10, and 20 units.

Growth.

When you're an entrepreneurial, successful owner of a multi-unit independent restaurant company, you think about growth every day.

Well, almost every day... until you're so successful that you question the tradeoffs of growth and demands on your time. But that's another story.

My brother lives in Seattle — a culture that's less growth-oriented than here in Dallas.

Once, while visiting me in Dallas, he asked, "Does anyone ever open a restaurant here that's not a prototype for a national chain?"

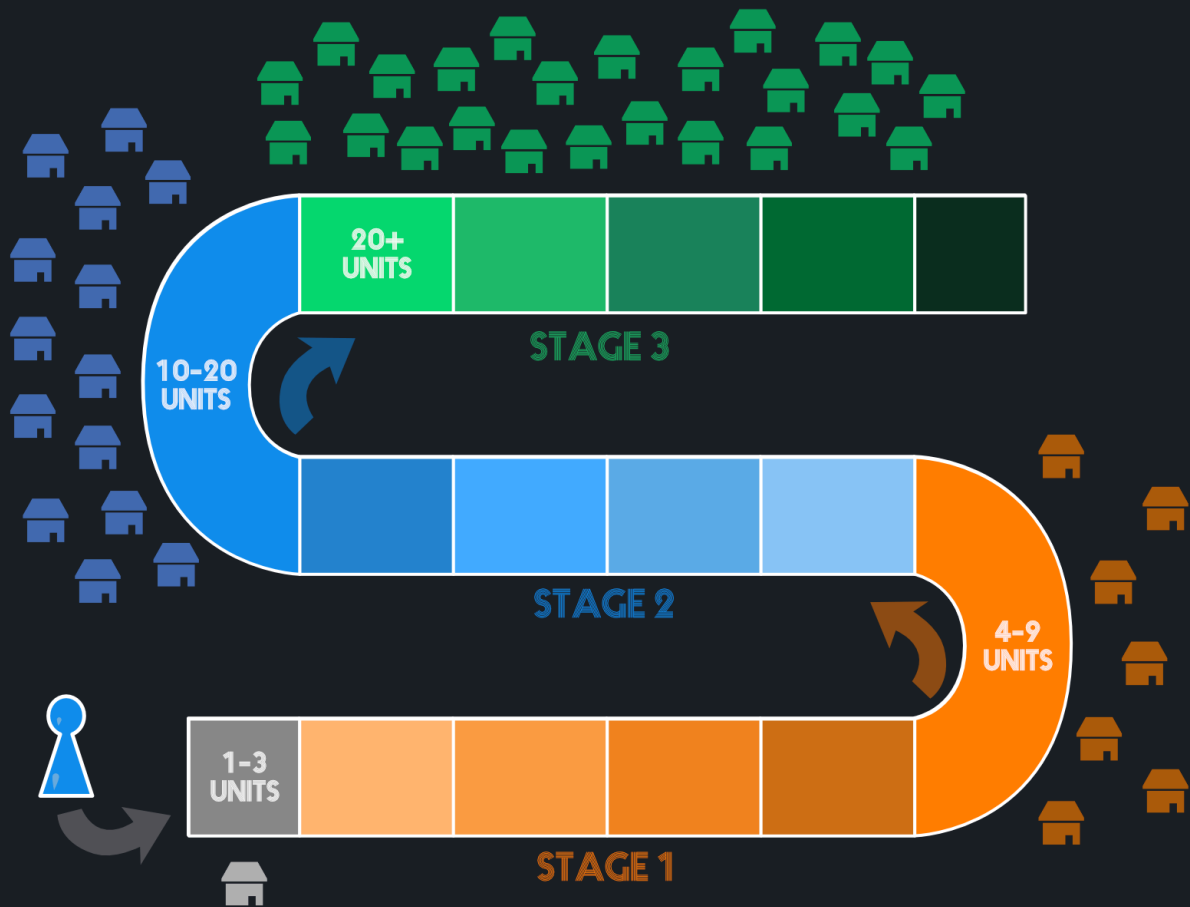
It made me laugh. Growth strategies, growth issues, growth risk, and growth in general are topics I deal with every day.

I've helped independent restaurant companies grow from 6 to 16 units, 4 to 12 units, and 20 to 30 units, and all my research points to one proven framework for handling issues that impact a restaurant company's ability to grow.

The smartest business operators always know where they are in the growth cycle. They know what issues need to be addressed to keep growing. Then, after addressing them, they move on to the next issue and continue to grow.

So... what issues should *you* be addressing at this stage of your growth?

THE GAME OF RESTAURANT GROWTH



surrender

Building a platform for growth is a lot like playing a board game – the kind where if you don't make the right moves, you end up going backward. To move forward you have to retrace your steps all over again.

That's what healthy, aware restaurant companies do.

When they run into problems, they trace them back to root causes and reload – stepping backward before they move forward.

But thankfully, growing your restaurant business doesn't have to work like that.

Using the framework and three growth stages in this guide, you can save a ton of time and money, actually bypassing the need to retrace your steps and start from scratch.

A common cliché in our industry is that the hardest thing to do is grow from one to two units. It's a cliché I've even found myself saying from time to time.

But unlike most clichés, this one isn't true.

Several other leaps are equally challenging.

A restaurant company has to conquer one particular set of issues at three units or it won't get much further.

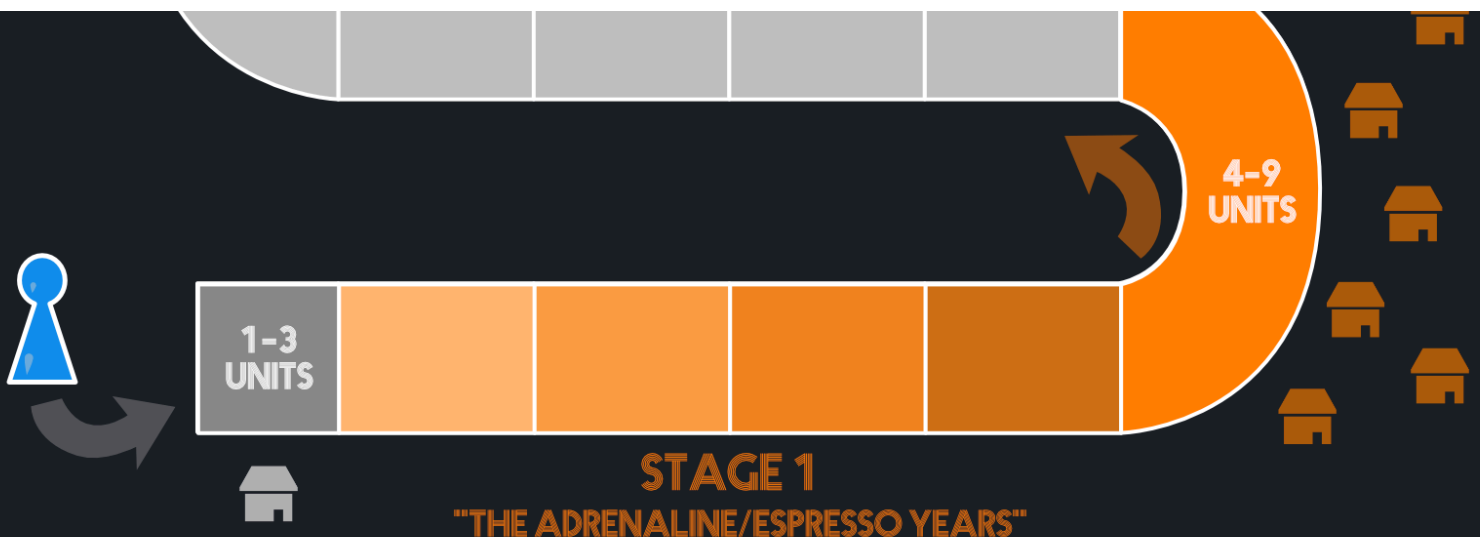
I call it **"The Adrenaline/Espresso Years"**.

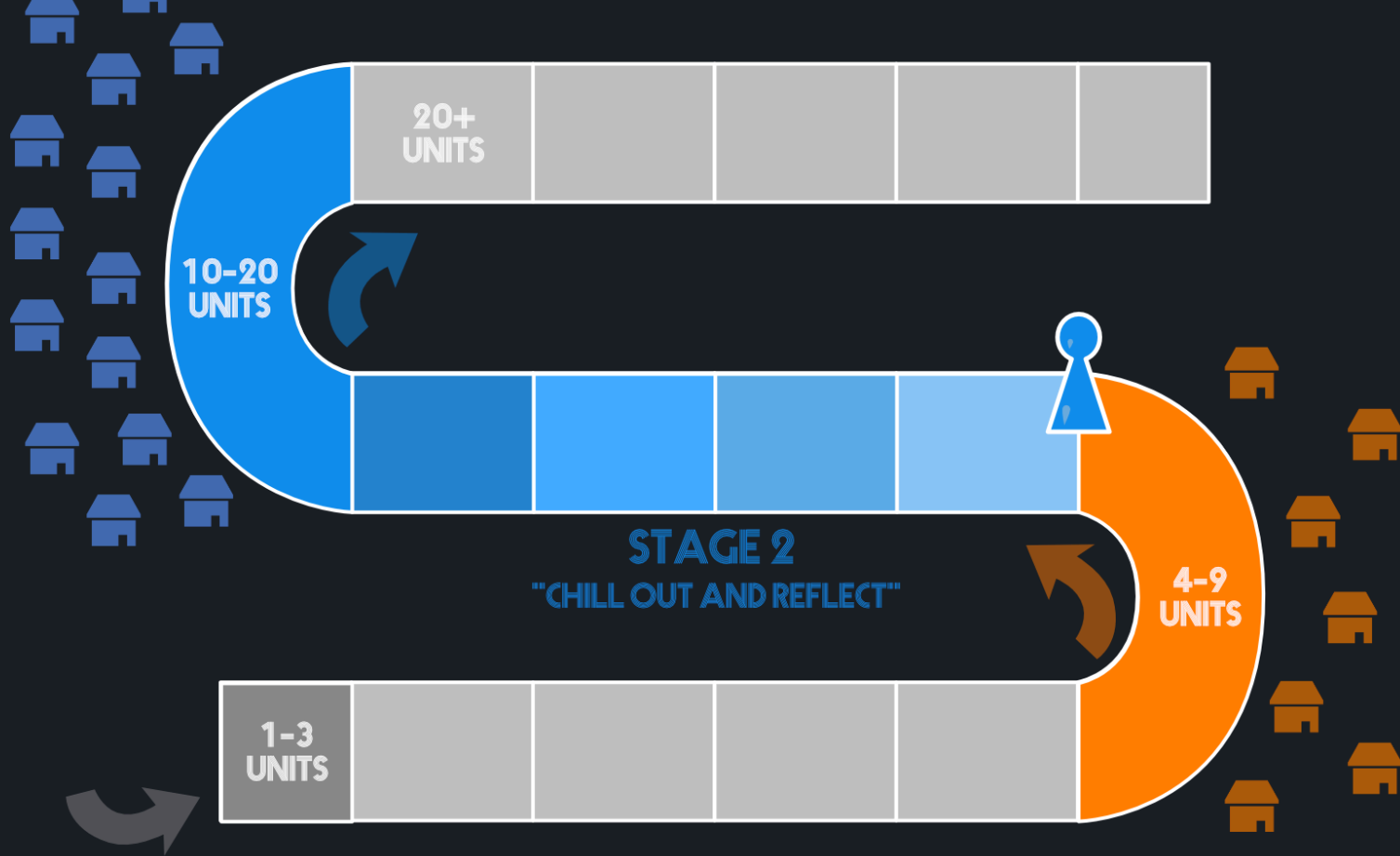
When you're beginning your growth journey, you have to be amped-up and focused on all the things that must be created from scratch.

At the end of this period, you may ask yourself, "Do I have a life? What about me? I'm rich, but shouldn't I be happier?"

You might even think about selling, but you realize that selling at today's price isn't enough.

Then things change.





There's a similar learning curve that must be conquered at 10 units.

I call it **"Chill Out and Reflect"**. By the time you get to 10 units, the big decisions have already been made.

You're fine-tuning, validating, tweaking, and adjusting in the neverending pursuit to be as close-to-perfect in your company as humanly possible – spending more time carefully maintaining what you've created.

At this point, you're also probably experiencing success beyond your wildest dreams.

This can be a problem for adrenaline junkies.

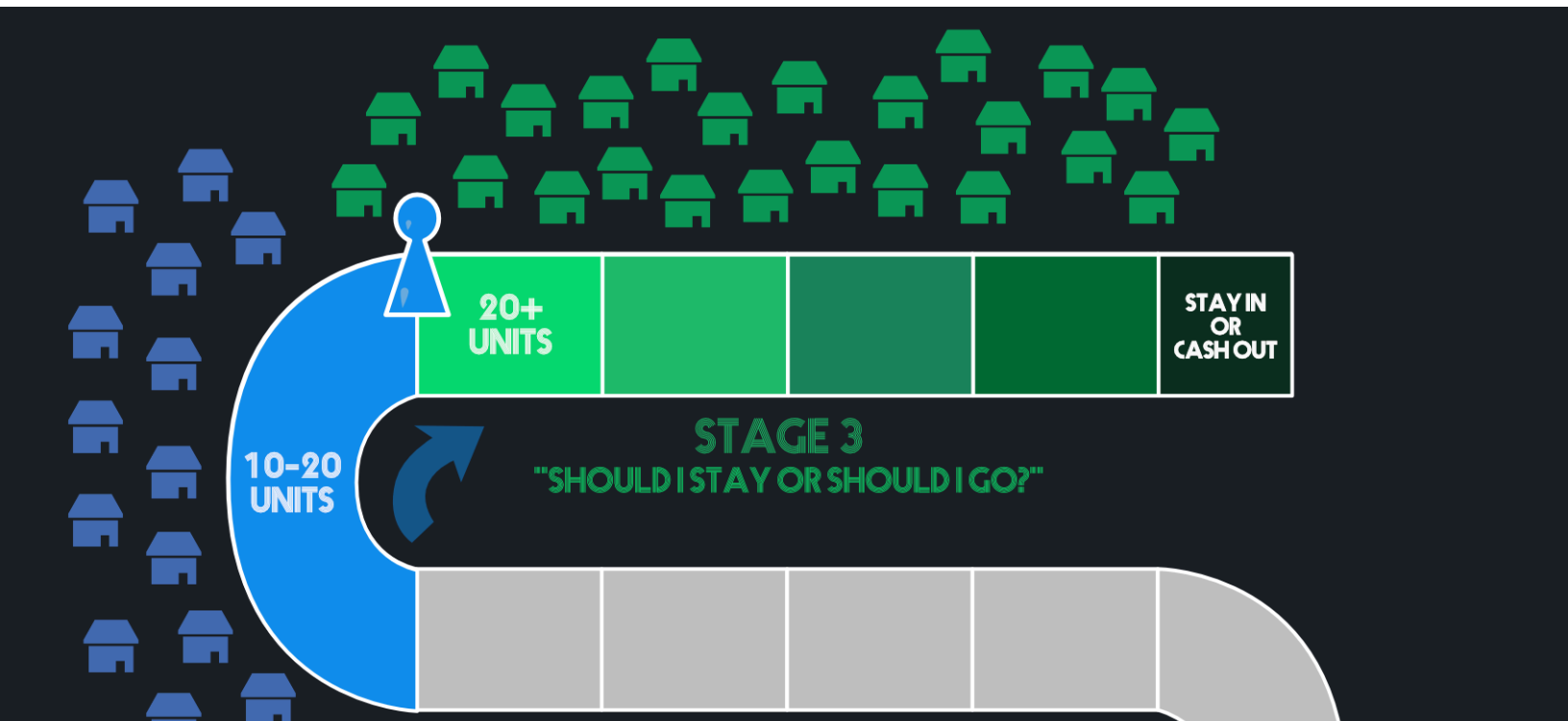
The sprint has become a marathon.

Then, once you get to 20 units, everything changes again.

I call it the **“Should I Stay Or Should I Go Moment”** (with apologies to The Clash). You’ve been doing this for so long that you might feel a little bored.

I know a restaurateur with 50 units who says, “A lease is just another lease, and at this point, an opening is just another opening. I’m bored!”

It might be time to sell. Or time to do something else.



Many multi-unit independent company owners aren’t prepared for any of these leaps... especially if they’re self-taught and built their company from scratch like most of my clients. In the restaurant business, you can start by yourself and ascend to great heights. But there’s a downside: you’ll constantly find yourself in situations you haven’t handled before.

To navigate those new situations, you should know how to grow in a healthy way that will enable you to reach your goals.

Here are the three stages of restaurant growth and framework you need to move from one stage to the next...

Stage 1: The Adrenaline/Espresso Years

Grow Past 3 Units

This is the stage where my clients **prove** their business model.

They've figured out what their guests really want, which sites work, and how to manage costs to yield the greatest profit. They've established their single-unit economics, and they're healthy. The proverbial razor-thin margins aren't acceptable anymore.

At this stage, you may be asking yourself questions like:

- *Can I go on like this?*
- *I'm experiencing success, but shouldn't I be happier?*
- *Should I sell now, or would I make money selling later?*
- *What about my life?*

Those questions are completely normal for owners in this stage, and fortunately, there's a formula to help you answer them and move on to the next stage of growth.



4 Factors to Grow Past 3 Units

1. Branding Is Your Business

The best operators learn that they're in the branding business, not the restaurant business. They define their brands, creating and implementing strict branding guidelines that their company never strays from.

2. Two-Pronged Culture

Culture attracts both diners AND employees.

When you started out, you may have thought, "I'm the culture. I represent it every day." However, once you reach three units, the culture must be systematized and institutionalized.

If not, the culture will slip away from the vibes and values that made you successful in the first place.

3. Intentional Strategy

Many independent operators say their strategy is to evaluate deals that their real estate broker brings to them. But this isn't a strategy at all! It's completely random.

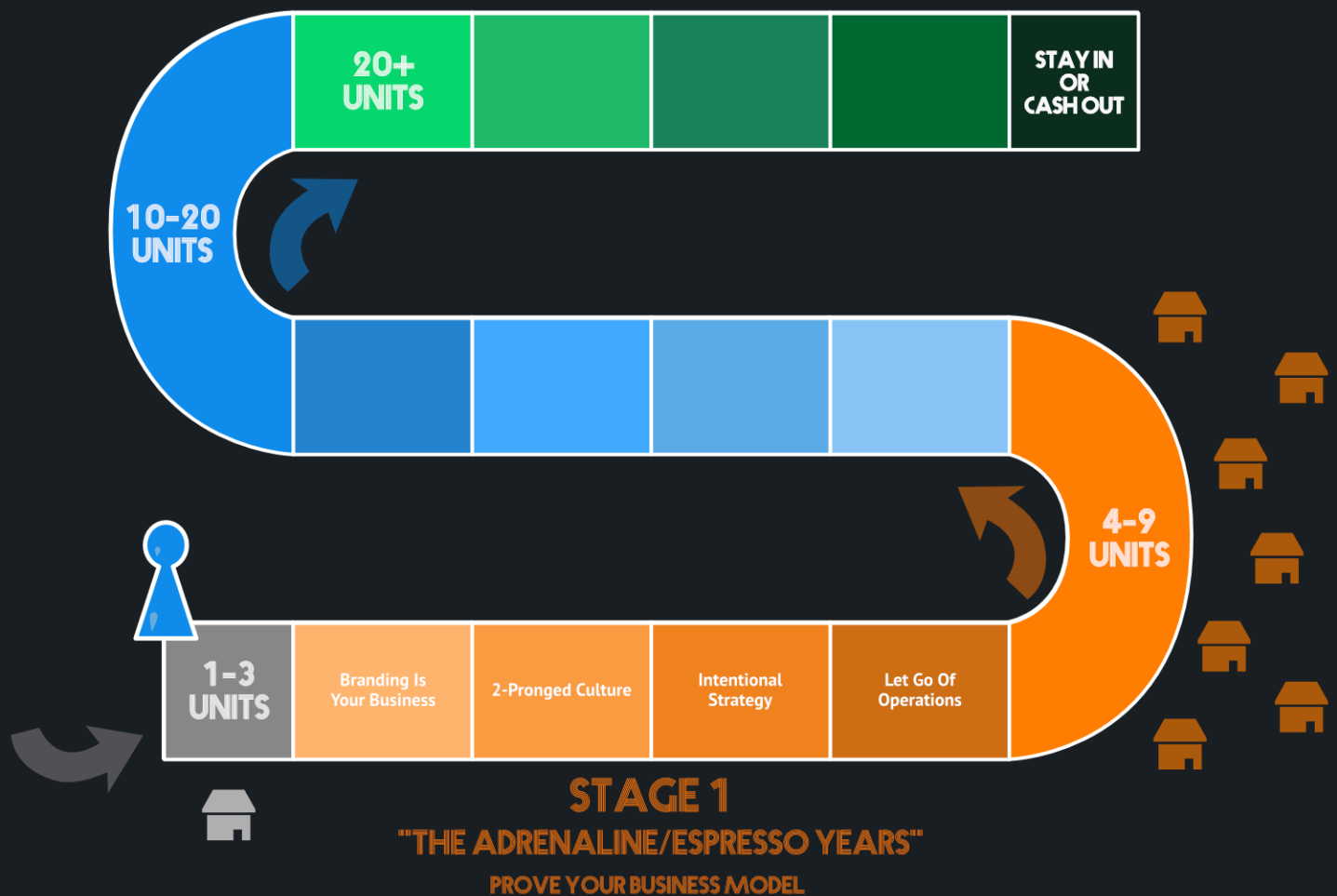
Top operators know that if they've defined their brand and culture, a simple strategy naturally emerges – both internally (in terms of operations and marketing) and externally (in terms of site selection).

4. Let Go of Operations

At three units, it's time to import experienced, multi-unit talent into your organization. Especially if you're self-taught, you don't have the internal capability to give four or more GMs what they need to meet and exceeding the operating standard.

The good news is that there's a lot of great multi-unit talent available right now. Many people are leaving big companies where they've grown tired of getting a new boss every year. They're tired of being a number... a number that only talks numbers.

For more information on hiring senior management, [CLICK HERE](#).



If you're on your way to three units, you're approaching some very important decisions and action steps.

The way you handle these issues now will dictate how far you can grow your business. This is a time of concentration, observation, action, and hard work.

Not everyone is cut out to climb these hills, which is why some restaurant concepts (even when one unit is successful) don't grow past that point.

But by following the right framework, healthy growth is inevitable.

Stage 2: Chill Out and Reflect

Grow to 10-20 Units

This is the stage where my clients **perfect** their organizations.

Their single unit economics are already proven, and now it's time to build a platform for increasing units and the corresponding net worth. It's also a time to take a deep look at their quality of life and determine how much they really need to work.

If your independent restaurant company unit count has reached double digits, congratulations! This is a major milestone.

But where do you go from here?

Maybe you've never owned 10 restaurants before.

A whole new set of challenges and opportunities awaits, and it's imperative to face them head-on – not only to continue to grow healthy new units and increase your net worth but also to protect the performance of your current units.

Think of this as a stage of maturity. In Stage 1 you were ordering an espresso. Now, you're ordering a latte.

By now you should know who you are, what you like, and what makes your concept and organization so special. These things are locked in.

Now, all the energy you used to put into wondering and exploring can be refocused on taking action.

Or on taking more time enjoying life. Or both!

By now, like many of my clients who are self-taught operators, you've grown and imported talent that teaches you as much as you teach them.

But the growth doesn't stop here.

4 Factors to Grow to 10-20 Units

1. Amplified Branding

Your brand must be known for special and unique differentiators that make you successful. You focus on amplifying these aspects of your restaurants in your marketing, recruiting, and development.

2. Permeating Culture

Your defined culture permeates every table... on every shift... at every store... and in every interaction between your employees. And you have reliable ways to measure and confirm this.

3. Locked-In Strategy

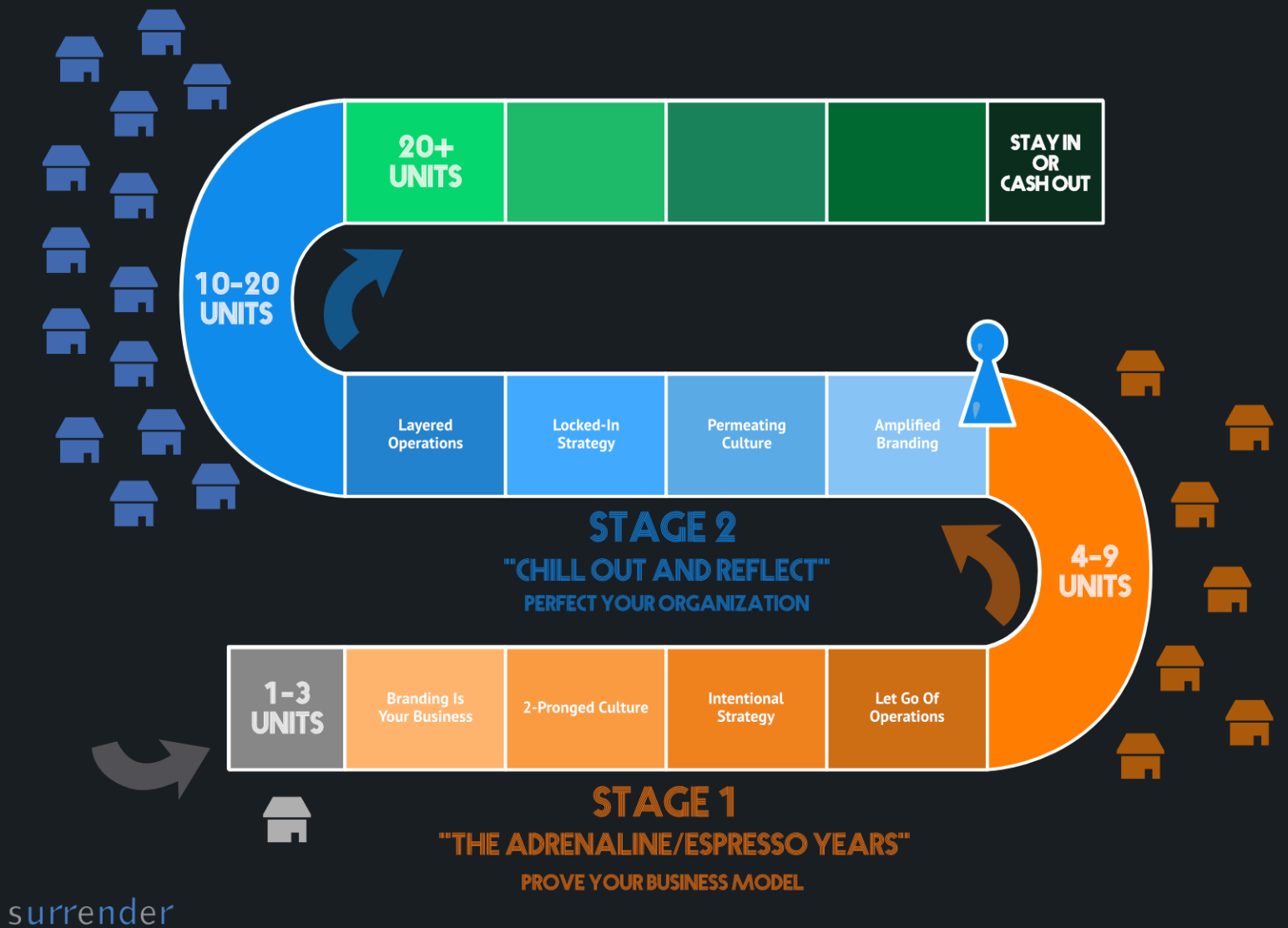
At this point, you edit and fine-tune your existing strategy to evaluate what works and what could be improved.

Questions that dogged you over your career — like *Where do I locate my expansion units? What does my guest respond to? How do I retain employees?* and *Where do I excel in my segment?* — have now been answered.

4. Layered Operations

Multi-unit supervisors must have a supervisor of their own, like an Operations Director or VP of Operations.

You add another layer of management — a sophisticated, experienced, and strong leader in whom you have tremendous faith. You've also improved accounting, marketing, and human resource systems.



At 10 units, you should be fine-tuning and tweaking the decisions you've already made.

Owning 10 units is an achievement, and you've built a considerable company.

But, if you're *still* making major decisions about your brand at this point, there's a good chance your restaurants aren't meeting your expectations – or the industry's expectations – and you'll need to go back and fix the major issues before you move on.

Stage 3: Should I Stay or Should I Go?

What To Do at 20+ Units

This is where my clients come to a fork in the road and **decide** to either take their gains and move on or stay in the business long-term.

More than any other moment in their business, this is a choice about their lifestyle and long-term financial plan.

At 20 or more units, things are completely different than they were at 1, 3, or 10 units.

The branding, culture, strategy, and operations you worked so hard to develop are now baked into your entire company.

Now, growth is about something else, and it's determined more by external factors than internal factors.

Once you're at this stage, whether or not you receive offers to sell your business will determine how well you've done your job.

3 Things to Consider at 20+ Units

1. If You're Generating Outside Interest...

Are you getting offers to sell your business or accept growth capital on terms you find attractive? At the 20-unit level, this should happen organically.

When you reach this point, you can't hide the 20+ successful restaurants, and your success places you in the public eye. You don't have to actively seek out buyers or capital.

Congratulations! But what are your options? *(See #3 below)*

2. If You're NOT Generating Outside Interest...

If you're not receiving these offers, listen carefully and pay attention. The business community is sending you a different message.

Is your brand well defined and unique? Is your value proposition strong? Are your AUVs attractive? If not, your goal is to correct all that.

Maximizing the value of your asset is your key responsibility to yourself, your team and your family, so pledge to set a one-year period to improve your concept and business model.

This is when you must take a few steps backward do the things that should've been done at an earlier point in your growth. Then, your business can become healthy, move forward, and attract outside interest.

3. Lifestyle

How do you want to live your life? By the time most new concepts get to 20 or more units, their founder is either going or already gone.

Whatever you choose, the important thing to remember is that the choice is *yours*.

As one operator I know enthusiastically said when referring to a potential sale price, "When I get to this number, I'm moving my family to the mountains and no one will ever hear from me again!"

You began with creativity, passion, and excitement about your fantastic new baby. Now, you have to replicate it with infrastructure, systems, supply chain, technology, and capital – none of which is the same sort of fun.

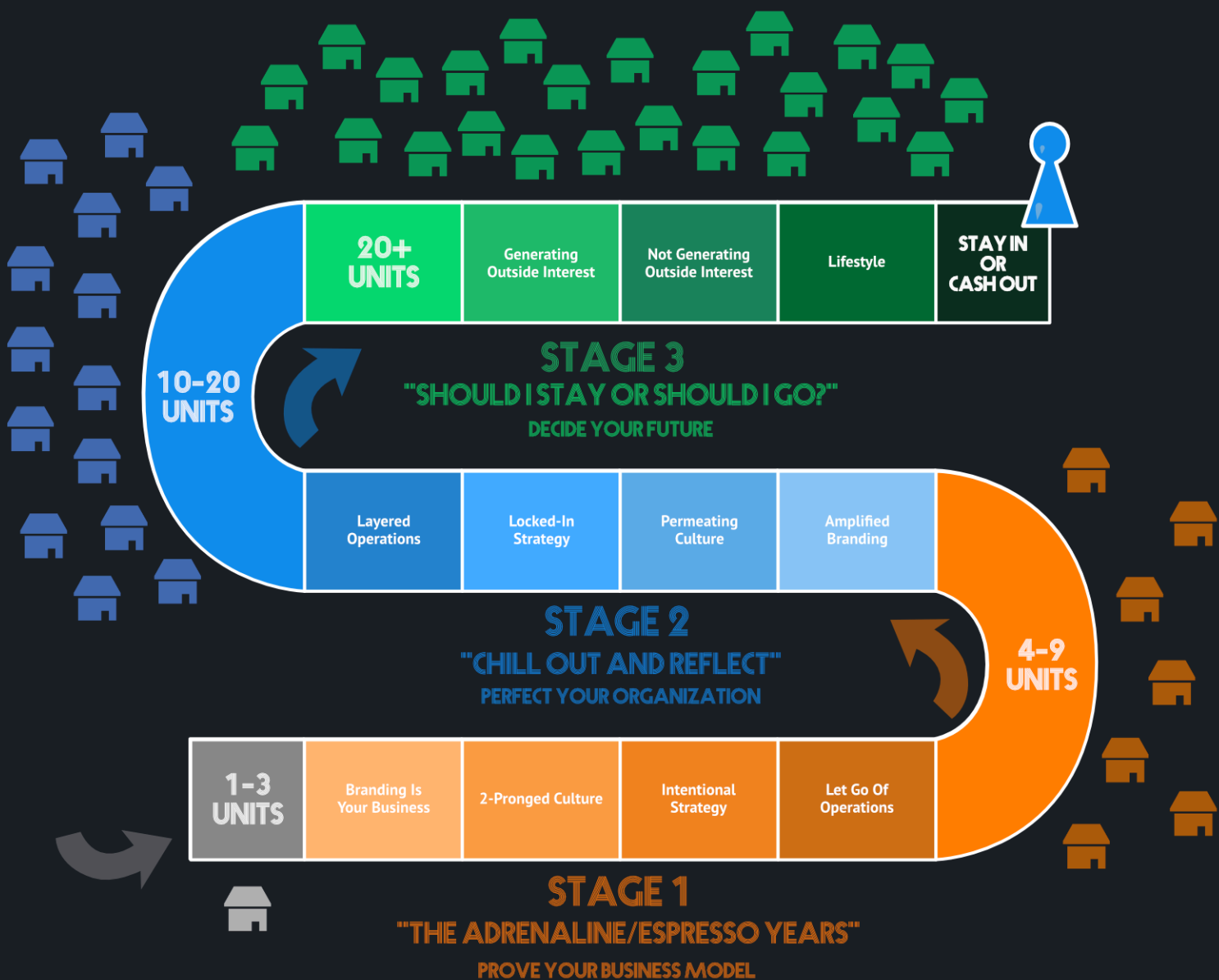
A while back, I worked with a recruiter who was helping a client of mine hire a new leader for their 20-unit group. When I asked the recruiter how the new leader would co-exist with the founder, he responded, "At this point in their business, we don't usually deal with that issue. The founder is usually gone!"

If you don't want to move your family to the mountains, starting again might appeal to you. I know one operator who sold interest in more than 100 units and, within a few months, had a new concept and became a born-again single-unit operator.

At 20+ units, you've outperformed almost all of your peers. Only a small percentage of restaurants actually make it to 20 units. That's something to be very proud of.

At this point, you need a personal and business strategy about the next phase of your life – a strategy that lets you take advantage of all the flexibility, opportunity, and prosperity you've created.

THE GAME OF RESTAURANT GROWTH



It's Your Move...

If your growth has stalled, or you're disappointed that your business isn't worth what you thought it would be, you may need to go back and retrace your steps.

It might take new management or a third-party consultant to do the work that needs to be done. Your peers, local restaurant association, and vendors – along with qualified coaches, experts, consultants, and advisors – can get you there.

There's a proven, surefire process for growing a restaurant company once your concept has been approved and loved by diners in your segment.

When you follow that process, your growing business benefits you, your employees, and your guests.

You are unique... but your challenges aren't.

I've built a business addressing challenges just like yours – making my clients' lives easier and their businesses better, and I can do the same for you.

To find out how to apply that knowledge to your organization, click the button below to schedule a call.

GROW MY RESTAURANT BUSINESS



Matthew Mabel

What's the point of growing a restaurant company if it doesn't maximize relationships and profits? What's the point of being successful if you can't maximize your net worth while enjoying every minute?

Matthew Mabel encourages successful independent multi-unit restaurateurs to "be as good to yourself as you are to your guests" in everything they do.

"Owning an independent multi-unit restaurant company ought to be a joy. Let's make it that way," he says.

Matthew's devoted to improving the lives and businesses of successful independent restaurateurs.

These owners are devoted to making the most of their businesses — the most profit, units, volume, and value — while also being able to live a flexible lifestyle where they can work when they want to.

They want to choose when they work and when they spend distraction-free time with their families and friends, and pursue their hobbies outside of the restaurant business.

When they do get away, they are confident and trust that their businesses are providing great guest experiences based on outstanding operations and a rate of return well in the excess of above industry averages.

In other words, they want to enjoy all the fruits of their success.

Working with Matthew makes this a reality.