

## Food Costs, Economy Force Restaurants to Get Creative

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There's little doubt that 2008 will be a tough year for eateries. Fuel and food costs are rising. And that's a double whammy for restaurants: It increases their costs and leaves less in their patrons' pockets for dining out. Though several Omaha restaurant owners say they haven't seen a major drop in business yet, increased wholesale costs could force some to cut corners, raise prices, scale back hours or even pull the plug. Grubb & Ellis Pacific Realty's annual Omaha real estate forecast predicts more restaurant closings and fewer openings in 2008, particularly among national chains on Omaha's western fringes.

But it's not all bad news. Necessity is already forcing chefs to get creative with less expensive ingredients. Restaurateurs are finding ways to waste less, keep prices reasonable and showcase strengths that draw diners. To grocers' delight, people are cooking; or at least assembling; more of their meals at home. And a little slowdown may actually be good for a restaurant-saturated market like Omaha's, said Brian Magee, president of Upstream Brewing Co., and other local industry observers. "This is very good for local independents," Magee said.

The pullout of restaurants such as Romano's Macaroni Grill, which is set to close its Westroads Mall location Wednesday, could help Omaha's population catch up with several years of aggressive restaurant growth. And eateries that survive tight times may be better for it. "Sometimes," said Vivace and M's Pub co-owner Ron Samuelson, "it can be a blessing to have to dig deep down and figure out how you can continue to deliver a quality product." Here's a look at things some area restaurants are doing; or may soon do; to adjust:

**Scaling back portions.** Vivace recently launched a streamlined lunch menu with smaller portions and prices in the \$5-to-\$13 range.

**Targeting diners who otherwise may be tempted to "trade down"** (from fine dining to casual sit-down, or from quick-casual to fast-food). The recently dressed-down bar and new \$20-and-under bar menu at the upscale Paxton Chop House is an example.

**Changing menus more often to adjust for rising wholesale prices.**

Greg Munger, a vice president at restaurant supplier Pegler-Sysco Food Services Co. in Lincoln, said he encourages restaurants to analyze and update their menus at least quarterly to adjust prices, swap out money-losing dishes and add new dishes that take advantage of seasonal prices and produce. He estimated that restaurants will spend, on average, 7 to 10 percent more on food this year than they did last year.

But raising prices is not the only option. "We may take four to five price hits on us before raising prices on the menu," said Greg Cutchall, whose Cutchall Management operates Famous Dave's, Paradise Bakery, Austin's, Sonic and Burger Star restaurants in the Omaha area. "There's a point you'll get pushback from the public if you keep going up."

**Stretching expensive ingredients.** Example: Vivace and M's Pub make their own bread. Prices for high-gluten bread flour have skyrocketed. Samuelson said chefs at both restaurants have begun experimenting. They stretch their high-gluten flour supply by blending it with less-expensive all-purpose flour and using an old-fashioned artisan technique; fermented starter doughs; to give bread the right body and texture.

**Marketing more to locals.** Munger said that includes targeting fuel-conscious diners who vacation at home and those who live or work within three miles of the restaurant.

**Finding labor efficiencies.** Metropolitan Community College culinary program director Jim Trebbien said examples include closing early on slow nights, training prep cooks to work smarter and faster, and having owners spend more time at their restaurants. Productivity tends to go up when owners are present, he said, and owners can tie on an apron and pitch in when they can't afford to hire.

**Wasting less.** This can include scaling back on complimentary items or making sure a 50-portion recipe actually yields 50 portions. "With our staff, we're really watching waste and doing the measuring," said La Casa Pizzeria co-owner Nicole Jesse.

**Promoting to-go or take-home options** for diners who want dinner but don't have the time or tip. Trovato's recently added a retail area that offers some of its signature dishes in microwaveable containers.

**Using e-mail lists, diners discount clubs and targeted advertising to build loyalty.** And offering more special promotions, theme dinners and unique events to generate buzz and business.

**Booking more catered and private events,** which tend to have predictable returns on food and labor costs.

**Scrutinizing all expenses.** Employees could wash windows between customers instead of hiring that job out to a cleaning service, Cutchall said.

## **Delaying or limiting plans for new construction and expansion.**

That's not to say no one's opening new restaurants in Omaha or that strong concepts can't make it in the right location.

The Aksarben Village, Midtown Crossing and Sorensen Park Plaza developments all seem to be likely bets for neighborhood restaurants, said Sue Hronek, senior associate for Grubb & Ellis.

And the partners behind Blue Sushi, Roja and Bianco restaurants plan to open not one but two new restaurants in Omaha this year: a new Baby Blue in Legacy next month and a multistory Blue Sushi in the Old Market's Jobbers' Canyon space this summer.

"I think they (Blue Sushi) will slay 'em down there," Cutchall said. "With the right location and right market and right concept, there's still potential for success."