

Hospitality

A Destination Spot

**An Interview with Stratis Morfogen,
Partner, Philippe Restaurant Group Inc.**

EDITORS' NOTE *Stratis Morfogen is a third generation entrepreneur and business leader, who grew up in his father's seafood restaurant business. He was formerly the Principal for The Grand Night Club and Au bar Night Club; was the CEO of Rouge Night Club from 1993 to 1998; and founded and was the CEO of Gotham City Diner, Captains Choice Catering Company, FultonStreet.com, and Sea Grill of the Aegean Restaurant. Morfogen was a finalist for Ernst & Young Entrepreneur of the Year Award in 2000. In the past four years, he and his partners, Michael Reda and David Lee, have designed and created the Philippe Chow Restaurant Group with his chef/partner Philippe.*

COMPANY BRIEF *In 2005, Philippe Restaurant Group opened its New York flagship, introducing traditional Chinese cuisine with a modern flair. Philippe expanded into its second restaurant in Mexico City in November 2006. Their third restaurant opened in Miami, Florida at the Gansevoort South Hotel in May 2008, along with Philippe Express in Greenwich Village. During the summer of 2009 in East Hampton, the Philippe Chow Restaurant Group opened at the former home of the Kobe Club. Philippe's latest venture was Philippe Los Angeles, opening doors in late September of 2009.*

What did you see in the market that made you feel there was a need for the Philippe Restaurant Group, and that you would be able to differentiate?

I was a customer of Philippe Chow's cuisine for 12 years and I enjoyed the food, and I wanted to put my interpretation of the guest experience in that location. I come from a hospitality background in a very traditional Greek family where the customer is first. The food at Philippe is great but food, service, and atmosphere have to go hand in hand, and if you lose one of those elements, you fail. I have also lived in the area the past 20 years, and I knew that was the right location for something like this.

What made you feel that the location would be successful?

I was sure it would work, but no one wanted to invest in it, because for the past 30 years, there were seven restaurants there, and many restaurants didn't make it more than a year. It was said there is no energy on 60th Street. It's amazing how it's been proven wrong.



Philippe and Stratis Morfogen in the Philippe Chow Miami kitchen (above); Philippe Chow Miami (upper right)

I knew it would be a destination spot, and that is what we achieved.

You've been able to offer a great dining experience along with tremendous value. Was that important to you early on?

Yes. What is great about our menu is that everything is served for two, and half portions are available. You will see four ladies who are having dinner order one plate for two that serves two to three people, a few appetizers, and a couple of glasses of wine, and get out with under \$50 per person. We encourage that.

When you enter into the restaurant, there are a lot of people to greet you, and make you feel comfortable, even if you're waiting. It looks easy when you see it in practice, but it doesn't happen everywhere. How do you implement that in terms of training?

The people that we hire I have known for years and they are all seasoned concierges or nightclub hosts. They have great smiles and they're friendly – you can't train personality and charisma, and they have that. A lot of times, people hire based on experience. In Miami, of the hiring we did for wait staff and bartenders, 80 percent had no experience but they had great communication skills. Today, POS system takes the order for the customer, and the runners bring out the drinks, food, and desserts in our restaurants. The waiter's job is to be charming, friendly, efficient, and close enough to the table where he can even hear a fork drop.

Was it your plan to expand as much as you have early on?

Our plan was a lot deeper than that, but it stems from this: hotel owners are finally understanding that food and beverage should be outsourced. They realize that it's very cheap marketing for them to invest \$300 to \$600 per foot to build a restaurant and that the marketing and the PR that comes from having a celebrity chef adds tremendous value to the hotel operation and to the guest experience. They can make more money and get better return



on investment by offering a percentage lease and building restaurants out for great chefs. We had literally 30 such deals on the table from 2006 through 2008, and we only took two of them, because of the economy. But I think we were still the only ones that, including those two, opened a total of four restaurants in those 22 months.

Do you foresee taking on additional properties in New York or elsewhere?

We have a couple of tabletop restaurants in the works, probably Atlanta, maybe North Shore Long Island, and after that, we are focusing solely on Philippe Chow Express. With that, we have a couple of deals with big shopping mall developers, and an airline – which we haven't signed yet – to roll out Philippe Chow Express in airports and shopping malls. We want to deliver a high-end version of Panda Express, but using the chicken satays as our McDonald's French fries.

With the success of the brand, has the focus been more on obtaining those investment partnerships, and what do you look for in a potential partner?

Our investors in Miami include seven basketball players and a football player. What attracted me to Alonzo Mourning was that his roots are in Miami, his wife and himself are very charitable within the community, and he's very well-respected in social circles there. That is the kind of partner I want, because the ball playing thing is great, but at the end of the day, being partners with a guy like Alonzo Mourning can go on for 20 years. Originally, we owned the restaurant in Mexico City with Tommy Mottola and Thalia. But we've now created a license agreement with them, because they're a pretty good operation group down there. Our licensing deals are like joint ventures. We set up the kitchen, we're responsible for the food, and how it comes out; we train staff and service the kitchen. Our operating partner has to know how to run a restaurant and we train the front of the house in making sure the experience is seamless. You have to be very concerned about that, because a guy having dinner in Mexico City could be texting or e-mailing his friend in New York saying that the experience where he's eating is subpar. So licensing is not about opening as many of them as we like and not worrying about them being like the one in New York – they have to be exactly like New York. ●