

All-Encompassing Experience

An Interview with Jonathan Segal,
 Founder and Chief Executive Officer, The One Group

EDITORS' NOTE Jonathan Segal has over 34 years of experience working for family owned hospitality companies, including The Modern Group, a privately held hospitality group established in 1967. In 1991, with his partners he created The International Travel Group, a successful merger of two hotel booking companies, Expotel Hotel Reservations and Room Center. In addition, he was also the Co-Creator of WorldPay, the world's first Internet payment company, and the predecessor to PayPal.



Jonathan Segal

COMPANY BRIEF Upon its founding in the U.S. in 2001, the vision of The One Group (www.togrp.com) was to create a global hospitality company that develops and operates luxury restaurants, lounges, nightclubs, and turn-key food and beverage operations for boutique hotel groups. The company currently operates a number of brands including STK, STK|out, Asellina, Cucina Asellina, Heliot, and Coco de Ville, and partners in Tenjune and Bagatelle. The company operates venues in New York, Miami, Turks & Caicos, Los Angeles, and Las Vegas and is opening venues in Atlanta, London, and Vienna.

STK is a brand that has been very successful. What is behind the strength of the brand and do you foresee opportunities to expand into other locations?

We're up to seven STKs now, with some under construction. What garners its success is that it caters to the female market, making women feel comfortable in a steak environment, which has notoriously had 75 to 80 percent male customers; our percentage is consistently 55-plus percent women throughout the week.

Another aspect is that the experience at STK is all encompassing – it's as much about a night out as about a meal. In an economic boom, people tend to go to two or three places in a night; in a recession, people cut down the number of places they go, so if you can create a place that encompasses several different experiences, you will gain support from the market.

The bar scene is always vibrant and the music ties in, but you're offering a great dining experience and great food. Is it tough to get the message out that you can have all three elements in one venue?

It is; it's a process. In order to create consistency and comfort in that experience, it has to be a progressive change. The bar scene early on cannot be noisy because people are coming from work and they want to wind down. When you go into the dining experience, the same thing applies – you don't want to dine where there is a lot of noise.

The night unfolds in a progression, so the atmosphere that you're within changes. If you're a part of that change, then you don't feel uncomfortable, so you will stay. Then at 11 PM, it has become a party and the change has happened around you.

Is it tough in a leadership role to maintain the service standards and be as engaged as the brand has grown?

By Q1 of 2012, after our seventh year anniversary, The One Group will be at 31 venues in three countries; that will be about 2,500 employees and we should have run rate of revenue of \$140 million.

There is no way a single leader can guide a company to that degree of success in any environment unless the people that are managing the company with him understand the culture and the qualities that make the company strong. I put an amazing amount of trust in my management, because I choose to use the management that has grown up in the company. But the company is only seven years old, so it's not littered with experience. However, my management is amazing at what they do, because they understand the culture of what we want and deliver every day.

We never measure management against what other companies' management achieves; we measure it against what we want them to achieve.

They have helped create the culture and this makes leadership easier.

There are a number of areas where you have partnered. What do you look for in choosing a partner?

Most of my partners tend to be developers, landlords, or hotels that for various reasons are sharing in the ownership of the operation. But their ownership of the operation is normally limited to financial contribution rather than operations. If you want The One Group, you have to let us do what we do best. We have a tried

and true track record of success over the 44 years of the original company, which is still trading today; The One Group was a spin-off of that.

How has the company fared during the downturn?

You do your best deals in a recession because you set yourself up for the turn.

I never put any confidence in a policy, a government, or an economic trend; my confidence is in the people. However bad a recession we get into, it's my confidence in people that is going to see the way through. Life continues to happen in spite of the authorities. As long as you can create a great environment for people, it provides an area of respite for them. People can only take so much bad news before they focus on getting themselves out of the rut. I've always created our venues so they're enjoyable and fun. We may not currently achieve the spend per head that we would like, but we only need to do enough to keep ourselves going through the recession so when the economy turns, we're well positioned to take advantage of that.

When you've had such success, how critical is it to focus on innovating and continuing to improve?

Innovation for us is more predicated on service, environment, and operational techniques than it is technology driven. When I go to a restaurant, I'm going to look at the menu, order, the waiter will bring it, and I will eat it – if it's more complicated than that, I'm in the wrong place. So it's more about how we address the night and the clientele, and maintain, improve, and sustain the service levels rather than through innovative dining concepts. Our clients want great food, perfectly prepared in a great environment. We don't need to be any more innovative than that.

What do you need to do to ensure that the concept doesn't become stale over time?

I don't want to mess around with a formula that works, but I also don't want to bore my clientele so the experience is the same every time. Maintaining the service and the quality is easy to do because we rely on our staff to continually maintain that. The question is, at what stage do we need to reinvent certain aspects that make STK great or do you never reinvent those aspects? The public will let me know when it is stale and we will address it, but at the moment there is no sign of that. ●