

Search:

Site

Print Archives

Register for NRN's Newsletters 

News

NRN this Week
Daily Specials
Off the Wire
Financial News
People on the Move

Segment Trends

OnSite
QSR
Independents
Casual Dining
Fine Dining
Marketing
HR & Service
Technology
Equipment
Design Spotlight
Food Safety
Having Words With

Culinary Currents

Culinary R&D
Food Trends
Chef Profile
Health & Nutrition
On the Menu
Dish of the Week
Dining / What's Hot
Recipe Index
Chef Tips

Calendar & Events

OnSite Summit
R&D Conference
Industry Calendar
MUFSO
FS/TEC
Hot Concepts
NRN Hall of Fame
Menu Masters

Subscribers Only

Marketplace

Classifieds
Products
Advertise With Us
Manage My Account

Sponsored By:

 Email This |  Print This |  Subscribe To NRN

Growth Chains

Mel's to go gourmet with concept overhaul, expansion

By Jack Hayes

BONITA SPRINGS, Fla. (Nov. 21) - Spurred by new operational and culinary leadership and a pending cash influx from several sale-leaseback deals, the parent of the 10-unit [Mel's Diner](#) brand is launching a concept overhaul and expansion push under a new banner, Mel's Gourmet Diner.

Operating in Florida along a 180-mile Gulf of Mexico strip stretching from New Port Richey south to Naples, the family- dining chain is targeting a more upscale identity with menu and ambiance upgrades that would raise its current \$8.50 per-person check average.

"There were a lot of high-end restaurants around Naples when we opened back in 1989, and price is what helped our cause initially, but we never wanted to be [Denny's](#), [IHOP](#) or [Perkins](#)," said Mel's founder and chief executive, Chris Karakosta.

Karakosta heads Creative Restaurant Management Co., which also developed Bonita Springs-based Big Al's Sports Bar & Grill. Opened in early 2003, Big Al's is a \$3.7 million-a-year concept set for cloning in Sarasota, Fla., next February, en route to a targeted 10-unit expansion.

Meanwhile, the average 5,500-square-foot, 160-seat Mel's is grossing \$2.5 million annually, with newer units pushing toward \$3 million, Karakosta said. He has set a goal of growing the redefined group to 50 company-owned and 50 franchised locations in 10 years. Systemwide revenue for 2005 will exceed \$25 million, he said.

"We're looking at 15-percent to 20-percent annual growth from our base," said Creative Management's chief operating officer, Ralph Desiano, an [Uno](#) Restaurants veteran who joined Mel's last year from Florham Park, N.J.-based Briad Corp., a major [T.G.I. Friday's](#) operator.

Desiano in turn hired two district managers for Mel's: James Rodriguez, a former New York-based [Applebee's](#) general manager, and Brad Cohen, a multiunit concept veteran from Orlando, Fla.-based Walt Disney World.

What's Hot
the hottest
new restaurants

WEEKLY
Newsletter

Subscriber Services
 Online Bookstore
 Industry Links

Calendar

2005						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			



Desiano also brought in Compass Group veteran Fred Seherger to direct culinary operations — and to prune and re-energize Mel's menu.

Another change underway for Mel's identity, according to Desiano, is a slate of remodelings to emphasize woods, earthtone colors and plants and to "warm the dining rooms without losing the brand's heritage."

Finally, the group invested in a new computer system with sophisticated inventory, labor management and operating cost software that has the capacity to help each unit run more profitably.

"The system we had didn't accurately measure check average," Desiano said. "Now we'll be able to compare theoretical and actual costs and properly staff our restaurants. We'll have all the technology we need."

Capital to fuel the expansion will come from a pending sale-leaseback deal for half of the Mel's properties. The cost of building a new Mel's is \$1.4 million, not including land, while opening in a renovated site costs about \$750,000, Karakosta said.

"They're taking advantage of the high real estate prices in southwestern Florida to obtain funds to grow the company," said Dennis Monroe of the Minneapolis law firm Krass Monroe, which is handling the property deals as well as trademark registration for the Mel's Gourmet Diner brand.

The gourmet designation is deserved, Desiano said. "We've won many awards for our \$6.99 grouper sandwiches, our \$11.99 baby back ribs and our \$3.99-and-up hand-pressed burgers," he said.

Currently, Mel's does 50 percent of its business during dinner, with a broad menu that is being pared down and embellished under Seherger's command.

The total remake, menu included, aims to preserve Mel's dinner strength by creating a distinctive family-dining niche — "not your typical diner," according to Karakosta — and by attracting a younger clientele.

"We want to take the food to a different level," he said. "We want better breads and desserts. We want portobello mushrooms in our old-fashioned meatloaf. The standard is being raised, and we have to be more competitive and appealing."

"Over the years our customers have been very forgiving," Karakosta said. "Although food quality and value were evident, there was a lot of room for improvement. Now we have everybody in place to start moving forward."

E-mail the author at: jhayes@nrn.com

[Return to Casual Dining Main Page](#)

[Back to Top](#)

[Site Map](#)

[Contact Us](#)

[Privacy Statement](#)

[FAQ](#)

©2005 Nation's Restaurant News