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Big things are cooking for Perkins chief

The Restaurant Group CEO Philip Gelsomino II oversees seven restaurants with \$16.5 million in sales

By KATHY QUINN THOMAS

When the local Perkins Restaurant & Bakery sites closed in bankruptcy in 1999, children mourned the loss of their hot chocolate, bear pancakes and chicken nuggets.

And area seniors wondered if they would ever again drink a Bottomless Pot of Coffee or eat a Granny's Country Omelette.

In 2000, however, Philip Gelsomino II and his partners in the Restaurant Group LLC brought the chain and its menu back. The group now has seven Perkins locations, including three in Monroe County—Chili Avenue, Jefferson Road and Fairport Nine Mile Point Road. A site in Victor recently was approved.

As CEO, Gelsomino oversees site selection and construction of the restaurants along with daily operations. The group employs some 700 workers, roughly 100 per store, with total annual revenues of \$16.5 million.

"Back in 2000, John Buttrill called me up and said, 'I miss Perkins, I want to bring it back. Would you help me find some investors?'" says Gelsomino, 38.

Gelsomino had been a CPA for 15 years and owned Gelsomino and Co.

"I said no. My daughter was just born and I wanted to quiet down a bit," he says.

Buttrill, founder and managing director of Buttrill & Associates, a financial services firm, persistently pursued Gelsomino for the next month.

"Finally he annoyed me to the point where I met with him," Gelsomino says. "I looked at his business plan and I thought, 'Wow, this is really too interesting for me to pass up.'"

"Never mind investors, I wanted to do this with them myself."

The partners of the Restaurant Group, a Perkins franchise company, include Buttrill and Harris Rusitzky. Rusitzky founded the Rochester-based Serv-Rite Food Service Corp., which became a multimillion-dollar operation. The Restaurant Group's offices are in Calkins Road Office Park.

Nationally, Perkins is owned by the Restaurant Co. in Memphis. It owns and operates 154 Perkins and has 345 franchised restaurants. Systemwide restaurant sales in 2002 were \$819 million. Company-operated restaurants averaged \$1.85



Photo by Kimberly McKinzie

PERKING ALONG—Philip Gelsomino II, CEO of the Restaurant Group LLC, oversees seven Perkins Restaurant & Bakery sites in Western New York. The group employs some 700 workers, roughly 100 per restaurant, with total annual revenues of \$16.5 million.

million each in 2002. The franchised units topped \$1.55 million each.

Out of the ashes

Before filing Chapter 11 in the late 1990s, Perk Development Corp. owned 43 restaurants—almost all the Perkins Restaurants in the state. Denny's Corp. bought some of the locations in a bankruptcy auction, including one on Jefferson Road in Henrietta.

A little gun-shy after the bankruptcy, the Perkins parent wanted to offer the new local group one store, Gelsomino says. But the group had bigger plans. It wanted a contract for multiple stores in multiple locations.

Gelsomino's group has the franchise rights to all Perkins restaurants in the Western New York territory. The region is bounded by I-81, through Binghamton, west to Buffalo, north to Watertown and south to

Jamestown and the Pennsylvania border.

Perkins stores are a cross between a theme restaurant and a breakfast house. Customers come primarily from two groups.

"There is 55 and plus who are what we refer to as our heritage guests," Gelsomino says. "They have been with Perkins forever and they love breakfast items mostly. The second is the 35-year-old, give or take five years, with children. We're truly a family restaurant."

The parent company provides franchise owners with specific systems for running the restaurants, including training, cooking methods and much of the food. The franchises buy local produce and dairy products, Gelsomino says.

The parent company has sufficient size to get good deals on food bought in mass quantities that smaller franchise owners

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could never get, he adds.

In addition, Perkins provides marketing and advertising for the chain.

"You get a bigger bang for your dollar," Gelsomino says. "What you're buying from them is essentially the system and the chain brand-name recognition.

"You get your land, you build your building, you hire your people and you pay a franchise fee and then the two big numbers are 4 percent for royalty and 3 percent for marketing."

Expanding the chain is part of the group's strategy, but Gelsomino plans to keep growth at a slow, steady pace, he says. In addition to the Victor site, a restaurant in Cheektowaga has been approved.

"We'll probably do one of those two this year. Our markets are mainly Rochester, Buffalo, Syracuse and then into the Southern Tier. Rochester is really a five-store market. Buffalo is a five-store market; Syracuse might be two or three stores.

"One thing I don't want to do is open too many too quick and then fall on our face. It's not all about quantity so much as it is about quality."

Hands-on CEO

Gelsomino is a Type-A personality, Paul Maciaszek says. As executive vice president of Real Lease Inc., Maciaszek is one of Gelsomino's suppliers.

"Philip is extremely detail-oriented—one of the most prepared clients I have ever met. I'm sure he gets up in the morning and knows what he wants, knows what food he wants to eat that day," Maciaszek says.

"We have over a thousand clients, but Philip is the one who has a true grasp of his business."

As he sits behind a huge desk in his office, Gelsomino looks like the businessman Maciaszek describes.

"I'm actually what I refer to as the overpaid (busboy)," Gelsomino says. "I'm the company's best (busboy), but it's only because of my detailed nature and probably my anal-retentive tendencies.

"I've also made pancake batter and I've cooked. Dishes and I don't get along too well these days—in the past we had to do them manually. Now there's actually a dish machine and I'm sure it's a pretty easy concept to understand, but for some reason I stay clear of (it)."

He began his adult career as an accountant, but Gelsomino, who grew up in Avon, Livingston County, learned the restaurant business beginning with his first job at 14.

"I worked from a little-kid age, but when I turned 14 and could legally get working papers, I went to work at Tom Wahl's restaurant," he says. "By the time I was 17, I was a manager."

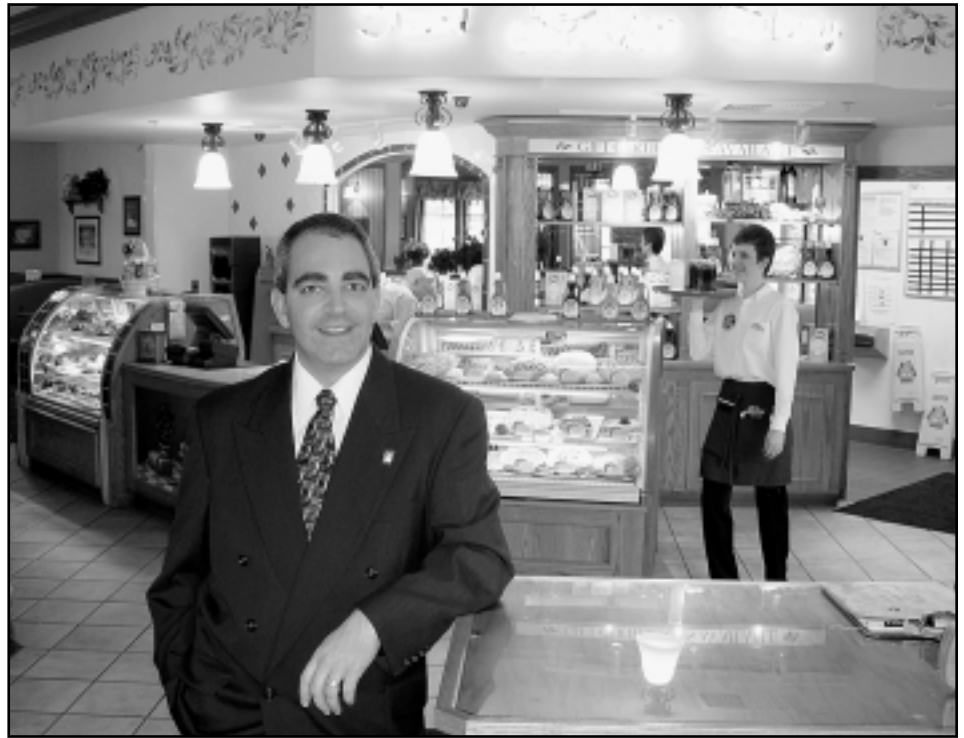


Photo by Kimberly McKinzie

Gelsomino: "Basically if we don't service our guests, then we're out. There's only so much money people want to spend on dining out."

Tom Wahl's had 96 employees at that time, many of them much older than Gelsomino. But heading shifts full of employees with a wide variety of ages and abilities was no problem for him, he says.

Close-up

Philip Gelsomino II

Title: CEO, the Restaurant Group LLC
Age: 38

Education: Bachelor of science degree in business, Rochester Institute of Technology, 1985

Family: Wife, Beverly; daughter, Sophia, 4

Community activities: member, Humane Society of Rochester and Monroe County at Lollypop Farm; board member, the Golisano Children's Hospital at Strong; member, the Nathaniel Rochester Society of RIT; board member, the Association for the Blind and Visually Impaired-Goodwill Industries of Rochester Inc.; member, American Institute of Certified Public Accountants; member, New York State Society of Certified Public Accountants; and past board member, Monroe County Special Olympics

Quote: "If you went to McDonald's and you got a Big Mac on a Kaiser roll versus a sesame seed roll, you'd think to yourself, 'What's going on here?'"

"I just had a knack for managing and running very tight shifts," he says.

After graduating from high school, Gelsomino entered Rochester Institute of Technology.

"I didn't know what I wanted to be when I grew up. I always thought I'd be in the food business, but I loved numbers," he says.

He enrolled in RIT's electrical engineering program, but that was a mistake. He found it boring.

Push into accounting

"So they told me if I wanted to be on the 10-year program, I was doing a good job at it. But if I wanted to get out in four years, I'd better decide what I was doing and finish up," he says.

One of his sisters was an accountant, so Gelsomino followed her lead. He finished with a bachelor of science degree in business from RIT in 1985.

"But food is in my blood," he says.

Many of his clients were in the food industry—McDonald's Corp., Abbott's Frozen Custard Inc. and Chili's Grill and Bar Family Restaurant.

During his 15-year accounting career, he also learned the financial side of running a restaurant. When Buttrill's offer came along, Gelsomino was prepared for a career change.

"As I said before, I don't know what I want to be when I grow up," he says. "That's what really keeps me going every day here. Because I love not knowing

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what's going to happen."

He cited, as an example, a recent snowstorm in Pennsylvania that kept the company's food trucks from arriving. Company officials had to contact all the stores and give them alternatives to make sure they did not run out of food.

The local competition for customers is keen, he says.

"Everybody's competition. It doesn't matter who it is—Applebee's, Red Lobster, Friday's, Denny's, IHOP, Jay's Diner. I view everybody as competition," he says.

Service is a restaurant's top competitive tool, Gelsomino says. If customers feel good when they leave, they likely will return.

"Basically if we don't service our guests, then we're out. There's only so much money people want to spend on dining out," he says.

Workers who deal with the public put a face on a business, he says. Customers do not enjoy a worker's foul mood.

"We all have bad days to varying degrees; it's how we handle them," he says. "Can you put on a happy face and be fake? Sure, but you can also turn to somebody and say, 'I'm really having a tough day, will you help me just try to get through it and not be a big bear?' And most people will laugh and then they'll pick on you and get you to laugh."

If cleanliness and godliness are side by side, then Gelsomino looks on his restaurants as a sort of prayer. His self-confessed anal-retentive tendencies fit well with his desire to see the restaurants sparkle.

"My big worries are: Are the tables clean? Are the salt and pepper shakers clean? Are the menus clean?"

"When you and I go out to eat, you immediately start to judge how your service is going to be, based on what you visually see. If you sit down and your hand sticks to the table, you start to look around the table and then you say, 'Geez, I hope my silverware comes out in cellophane, because I don't think I like this.' Whether the

food is fantastic or not is irrelevant at that point. Those are the things I lose sleep over."

Retaining good staff is a challenge for a restaurateur, he says. The investment in training and the service they provide are valuable. Gelsomino tries hard to keep in close contact with the employees at all seven stores. He wants to ensure they are following correct procedures, but they are happy doing it.

"I really don't go in and walk around like I'm some big cheese and can't get my hands dirty," he says. "It sends the wrong signal. One of the most satisfying parts of what I do is having time, or I should say making time, and going into the restaurant and asking staff what they think. It's amazing if you just ask somebody what they think. It's very surprising what you hear."

Of course, not everyone is cut out for corporate restaurant work, he says. Some workers intend to follow their own path, no matter what. Perkins has specific methods of cooking and serving food. Omelettes, for example, are to be served rolled into a tube, not folded.

"I watched a cook who had been making omelettes for probably three months and he was folding them, like you'd almost fold an envelope," Gelsomino says. "The cook said to me 'Listen, I don't need this kind of stress and aggravation. I can go across the street and work.' I said goodbye."

"I said we invested \$2 million in this restaurant, bought a system and you're not going to provide the same omelette that our other six restaurants serve, and the 494 across the country? If you went to McDonald's and you got a Big Mac on a Kaiser roll versus a sesame seed roll, you'd think to yourself, 'What's going on here?'"

In a company newsletter, Gelsomino outlined some changes in organization and menu items. He explains the company was founded on one single principle: work hard, play hard, make money.

He has no patience for employees who choose not to observe the Protestant work ethic.

"I was on the phone to this guy about a

half-hour ago and I told him he doesn't get paid if he doesn't do the work," he says. "Who does that? There are so many hard-working people out there—it's a pleasure to see people who say, 'I want to work.'"

The employees like his management approach. Maciaszek has seen Gelsomino in action in his restaurants.

"His employees are enthusiastic, they are genuinely happy to see him. He has strong people skills," Maciaszek says.

Gelsomino says his primary human resources skill is his gregarious nature.

"I have the gift of gab. I really love to talk to people," he says. "I'm no guru who sits back and waves a wand and it all works. Everybody sees me lead by example, and that's what I think motivates people and keeps them going."

Although he loves the food business, Gelsomino still keeps up his accounting practice.

"He's been keeping our books for (many) years," says Robert Amico, CEO of Abbott's Frozen Custard.

Amico first met Gelsomino when he was looking for an accountant; the two have become friends.

"He does thorough work and has his head together," Amico says. "And he has great goals—and I know he'll meet them."

When he is not in Syracuse, Buffalo, Binghamton or in one of the Rochester stores, Gelsomino is with his family.

He and his wife, Beverly, and 4-year-old daughter Sophia live in Spencerport. In the summer, Gelsomino likes to hang out in the backyard by the pool.

"You come over to my house and it's, 'Let's have a party.' The party can be a bologna sandwich or hot dogs on the grill," he says. "I like enjoying my family. I'm a family kind of person."

Although he still does not know what he wants to do when he grows up, Gelsomino has lots of ideas.

"Ten years from now I see myself spending time talking with my staff, teaching college accounting classes, traveling with my family and playing an active role in my favorite charities."

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