



A buon gusto!

Il Fornaio imports from Italy its recipes, wine — and chefs

BY SUSAN THORNE

In the crowded category of Italian food restaurant chains, Il Fornaio spares no effort to set itself apart in a quest for ethnic authenticity.

Corte Madera, Calif.-based Il Fornaio's white-tablecloth restaurants serve Italian cuisine prepared according to traditional recipes and culinary methods — from antipasti, handmade pastas and wood-oven pizzas to grilled vegetables and rotisserie-cooked meats. An in-house bakery (*il fornaio* means "the baker" in Italian) provides freshly made Italian breads and desserts that are also available for takeout, while certain specialized ingredients, such as dried pastas, are imported from Italy to impart a genuine Italian character.



Not the setting diners generally associate with chains.

For the shopping center landlord, it's the chain that doesn't exude "chain." Il Fornaio can be found in fairly distinguished company at upscale open-air centers, with co-tenants that include bookstores, high-end department stores, such as Nordstrom, and other posh retailers and service providers.

After 16 years, the first Il Fornaio is still flourishing at Corte Madera Town Center, a 450,000 square foot, mixed-use, open-air lifestyle center. Stan Hoffman, CSM, the center's general manager, says the restaurant has broad appeal for the whole community. The high standard of service and decor and the quality and variety of the food are key selling points in his affluent Marin County trade area, but the menu is also reasonable in



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price. Shoppers usually perceive Il Fornaio as an exclusive local restaurant, he says.

"It's not like a chain," Hoffman said, "because each location has a different look and feel, with managers and cooks who run it like an entrepreneur-owned business." The restaurant's presence in his center has helped attract other high-caliber tenants, he says. "Il Fornaio was an important catalyst in the repositioning of Corte Madera Town Center as an upscale shopping destination."

Il Fornaio has prospered in downtown Seattle, despite a weak local economy, said Lynn Beck, marketing manager at the upscale Pacific Place mall there.

"They've definitely built a loyal customer base," she said.

The 80 Italian and U.S. West Coast wine selections include bottles from small Italian regional wineries, and the Italian ethnic concept is carried forward in numerous presentation details, from the small ceramic espresso cup to the 22-ounce *Bistecca alla Fiorentina* (rosemary-scented Florentine beefsteak). Table menus describe dishes by their Italian names, with explanations in English. The children's menu offers such favorites as macaroni and cheese, and features a connect-the-dots map of Italy and various pasta shapes to color.

To ensure authenticity and high quality, Il Fornaio employs mainly chefs born and trained in Italy, giving them a share of profits and greater autonomy than chain operations generally permit. These "chef-partners" obtain fresh products locally and create daily specials as well as dishes from their home regions in Italy. Those dishes are showcased in a chainwide cooking promotion called Festa Regionale for two weeks each month. Chefs also participate in annual company-sponsored tours of Italy to stay in touch with Italian cuisine and culture.

Even as Il Fornaio uses this individualized, chef-centered approach to minimize its image as a chain, it maximizes the advantages that chain ownership offers.

"We try to operate our restaurants with the chef as managing partner in the front of the house [the dining room]

FACT FILE

Il Fornaio

Corte Madera, Calif.

No. of stores: 24 restaurants,
three wholesale bakeries

Preferred locations: Upscale open-air
centers, Main Streets, malls

Leasing contact: Michael J. Hislop,
president and CEO



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while we leverage the strengths of our big accounting, payroll, human resources and marketing personnel behind the scenes," said Michael Mindel, the company's vice president of marketing. "That smooths out much of the pain and suffering involved in running a restaurant business."

Il Fornaio traces its origins to a company of the same name in Milan, Italy, that has more than 2,000 franchised bakery outlets there. Retailer Williams-Sonoma acquired the license for U.S. operations and opened the first U.S. Il Fornaio bakery in 1981. Six years later restaurateur Larry Mindel (Michael's father) acquired Il Fornaio America Corp. and redefined the concept as a combination restaurant and bakery. (When Williams-Sonoma went public in the mid-1980s, it spun the company off.)

The Corte Madera unit opened in 1987. Ten more were added in California by 1995, the year Michael J. Hislop, a restaurant veteran of T.G.I. Friday's and Chevys Mexican restaurants, became president and COO. (Today he is president and CEO.) Hislop took the company public in 1997, using the capital raised to continue a rollout into markets outside California. The chain expanded to Oregon in 1996, to Colorado and Nevada in 1997 and to Washington state in 1998.

Il Fornaio reverted to privately owned status in July 2001 and currently operates 24 restaurants.

"The growth expectations for publicly traded companies, 15 to 20 percent earnings growth at that time, seemed counter to our philosophy of high-quality, authentic Italian food, service and ambience," Mindel said.

The company's formula has proved financially successful. Mindel predicts that Il Fornaio will post \$120 million in sales this year (about 10 percent of which will come from a separate wholesale baking business), or an average of better than \$4.5 million per restaurant. (Mindel declined to share the latest results, but net income totaled \$3.8 million in 2001.)

Guests visit about once a month, he says, and the average tab, including alcohol but excluding tax and tip, is about primary Il Fornaio customer is a well-traveled female in her mid-40s with at least \$80,000 in annual household income, but Mindel considers it crucial to attract a range of market segments for different dining occasions.

"Our goal is to be that midscale, everyday kind of restaurant where people feel

comfortable, not just a special-occasion or high-end dining venue," Mindel said. "That wouldn't get us the kind of frequency we need to be successful."

Il Fornaio's market breadth is seen at its largest unit — a combination of four separate formats at Pacific Place mall: a white-tablecloth restaurant, a more casual and affordably priced risotteria, a bakery and a café in the center atrium, totaling 250 seats altogether. This is the only location where the chain has done this; it has no plans to expand the four-in-one concept or to open more risottorias and cafés.

This multifaceted offering at different price points meets the needs of various downtown visitors, says Beck, the marketing manager. These include shoppers, tourists, movie and theater patrons, area workers stopping by the bakery and corporate groups booking the restaurant for a function. Such promotions as the recently introduced monthly wine tastings are adding new customer profiles, she adds.

Il Fornaio dominates the white-tablecloth, authentic ethnic sector, says Bill Main, president of Bill Main & Associates, a food service and hospitality consulting firm in Chico, Calif. (The company has no business relationship with Il Fornaio.)

"They're a category killer in their niche," he said. "They've done a very, very good job of creating a brand, of explaining and synthesizing the things that make them different, better and special."

Main gives Il Fornaio top marks for management excellence and for translating Italian authenticity into a retail concept, among other things. "They are also outstanding in customer service," he said. "They walk their talk." Main says he sees potential for up to 50 Il Fornaio restaurants nationwide, though the chain's Cal-Ital sensibility makes it best suited for the Western U.S. market.

Expansion is indeed on the agenda at Il Fornaio. The company is ready to resume opening restaurants, having paid off much of the debt it incurred by going private, says Mindel. The openings will probably be concentrated in the core West Coast market at the rate of one or two per year, he said, "but it would be premature to say we're not going to expand beyond Denver. Success, like good food, is based on a recipe, and all ingredients contribute to it. If we have those ingredients, we'll grow." ■