

dakota

EPISODE 169:

**Habits, Not Assets: What
Piada Teaches Investors
About Capital Discipline
and Scaling Right**



Robert Morier: Welcome to the Dakota Live podcast. I'm your host, Robert Morier. The goal of this podcast is to help you better know the people behind investment decisions. We introduce you to chief investment officers, manager research professionals, and other industry leaders to help you sell in between the lines and better understand the investment sales ecosystem. If you're not familiar with Dakota and our Dakota Live content, please visit our website at dakota.com. Before we get started, I need to read a brief disclosure. This content is provided for informational purposes and should not be relied upon as recommendations or advice about investing in securities. All investments involve risk and may lose money. Dakota does not guarantee the accuracy of any of the information provided by the speaker who is not affiliated with Dakota. Not a solicitation, testimonial, or endorsement by Dakota or its affiliates. Nothing herein is intended to indicate approval, support, or recommendation of the investment advisor or its supervised persons by Dakota. Today's episode is brought to you by Dakota Marketplace. Are you tired of constantly jumping between multiple databases and channels to find the right investment opportunities? Introducing Dakota Marketplace, the comprehensive institutional and intermediary database built by fundraisers for fundraisers. With Dakota Marketplace, you'll have access to all channels and asset classes in one place, saving you time and streamlining your fundraising process. Say goodbye to the frustration of searching through multiple databases and say hello to a seamless and efficient fundraising experience. Sign up now and see the difference Dakota Marketplace can make for you. Visit dakotamarketplace.com today. Welcome back to the Dakota Live podcast. We spend a lot of time talking about capital, how it moves, how it's allocated, how it compounds. But once in a while, it's worth stepping back and asking a more fundamental question. What is capital actually chasing? And more often than not, it's chasing 3 things that are much simpler and much harder than we make them: food, service, and the consumer. Not in theory, in practice. Every day, multiple times a day. Because before something becomes an asset, a platform, or a strategy, it has to become a habit. It has to earn a place in someone's routine. And that's what makes today's conversation different and important. In our world, allocators, CIOs, outsourced CIOs, RIAs— we're typically underwriting managers of businesses. Today, we're going directly to the source. We're underwriting the business itself, a real one with real customers making real decisions, lunch and dinner every single day. And when you look at it through that lens, the question starts to look familiar.

Chris Doody: What's the edge?

Robert Morier: What's repeatable? Because in the restaurant business, whether people realize it or not, is one of the purest forms of market feedback that exists.

There's no smoothing, there's no quarterly narrative. You either got it right today or you didn't. And that's what's interesting about today's guest, the Piatta Group. And what drew us to this conversation is that it sits right at the intersection of product discipline, operational execution, consumer behavior, and ultimately category creation. For those listening in on the investment side, think of this as a live underwriting exercise. And for those on the operating side, this is a chance to hear how your business is actually being evaluated, whether you're raising capital or not. Today's guests represent both sides of that equation. The founder who saw something before it existed and the operator who has to make it work at scale. And today we're going from capital to the consumer. So let's get into it. Chris, Lance, welcome both of you to the Dakota Live podcast. Thank you for being here.

Lance Juhas: Thank you for having us.

Robert Morier: Well, Chris, I'll start with you. You're the founder of Piatta Italian Street Food. Prior to Piatta, you founded Bravo Brio, a restaurant group, and scaled it to a nationally recognized Italian dining platform. The idea for Piatta famously started on a napkin after you spent some time in Italy bringing a traditional Italian street food concept back to the United States. Lance, you are the CEO of Piatta. You've spent decades in the restaurant industry. Including significant leadership experience scaling operations at Bravo Brio alongside Chris. You joined Piada in 2016, and your role has been to translate a strong founder-led concept into a repeatable, scalable operating system. Gentlemen, thank you for being here. Thank you for dialing in from Columbus, Ohio. It looks beautiful in the background. Uh, welcome to the show.

Lance Juhas: Thank you.

Chris Doody: Thank you.

Robert Morier: Chris, uh, if you wouldn't mind, let's, let's start with you. You had already built and exited Bravo Brio, uh, when you went to Italy, what did you see through an operator's lens and not just as a customer, but what made you believe this could work differently?

Chris Doody: Well, when I sold Bravo Brio, um, I exited on that transaction and took 2 years, 3 years to really study the opportunity for fast casual and Italian. Nobody was doing it. And so, um, having been to Italy many times, um, what I did was at that time studied Chipotle and Panera, who were the 2 leading fast casual brands at the time and still are to some, you know, certainly Chipotle. I think Panera's, they're both large successful brands and nobody had figured out how to

do an Italian fast casual brand. And so I was in Italy, I discovered the piatto, which is a thin crust dough made to order on a stone with olive oil and salt and pepper. Brought it back and really built a test kitchen here in the corporate office and began the process of figuring out, okay, what's the menu? What's the delivery system? Spent a lot of time with focus groups, design, and literally got a ton of feedback before we opened the first store. And so we were pretty dialed in when we opened the first store, having built restaurants before. So the, the core is high-quality Italian food, pasta bowls, chopped salads, and piatas. So we were very focused on, on those 3 categories on the menu. And so we opened the first store, you know, we opened that store for \$600,000. It did \$2.7 million its first year. And so the return on investment proved out that, okay, we might have something that's pretty powerful here. And so we were able to open stores 2 through 10 very quickly because we had figured out the design, we had figured out the menu. Obviously, I'd built a team of people that had scaled restaurant companies before. So the goal was, can we build an Italian fast casual brand that's scalable to compete with the very best? And so that was always the, you know, that was always the goal from the very beginning, not to open just 1 or 2, but to develop a brand that was really a category creator for Italian because everybody loves Italian. There was no pizza. People in America think of Italian as pizza. We weren't gonna do that. And, you know, it's very clear pizza is very local. And, you know, people have tried to scale pizza on a national scale and they've found that to be very difficult. So our menu works both lunch and dinner. It attracts a very broad audience demographically. We get students, professionals. And one of the key success factors is we do more dinner business than lunch. And so that from a capital deployment standpoint drives the average unit volumes, \$2.5, \$3 million if you can get in that. Kind of sweet spot, then you can really generate outsized returns on your investment.

Robert Morier: Well, you have a very large state university down the street. How loyal is the Ohio State University student with Piada?

Chris Doody: We invited a bunch of Ohio State football players to the focus groups. This is back in 2009 before we opened the first store and got a ton of feedback. From, you know, various demographic groups. Probably we invited 600 people, 30 at a time to really try the food, give us feedback. Hey, is this, is this really good? Do you get it? And that was critical. And so we set up a little, basically a little restaurant in this, this office and it really, and allowed us to troubleshoot, kind of figure out what worked, what didn't work when we opened the first store.

Robert Morier: When you think about how quickly you scaled between 2 and 10, did— was the— was the idea to start locally and think nationally, or did you expand the footprint relatively faster than you had expected?

Chris Doody: I think the key to this business and the key is scaling what we call span of control. So we have opened— you know, one of the questions is why tier 2, tier 3 markets and What's the importance of that? The, the key in this business is can you run them? Can you effectively grow your footprint, you know, kind of in concentric circles? And that's, that's easier than saying, hey, we're going to go to New York or Chicago. And it proved out the concept very quickly when I was studying the competition. You know, Ohio was one of, Chipotle's largest markets for many, many years. And they were successful in, you know, tier 2, tier 3 markets. And so the key was, can I open piasas in the Akrans and the Cantons and the Dayton, Ohio's, you know, not necessarily Cleveland, Columbus, and Cincinnati. We, we did that as well. And that really proved out the model. That this thing works in, you know, multiple tiers of demographic.

Robert Morier: You mentioned things that worked and things that didn't work. So what didn't work in the beginning that you learned from very quickly?

Chris Doody: Well, the key, I think we were a create your own concept originally. And we discovered very quickly that that confused the guest, although they had the ability to create their own. It put more pressure on the guest. And so we pivoted very quickly to 12, basically 12 curated menu items. You can still modify and, and adjust, but the speed in which you go through the line, you know, guests don't want pressure. They want ease of use. And so the, I think the defining change that we made early in the concept was let's develop what we call 12 kick-ass menu items that people understand, they can order, and you can modify them if you find an ingredient on the line. But that was, I think, a critical decision that has launched us to the size we are and makes us, you know, scalable to a national brand.

Robert Morier: Lance, whose job was it to find those kick-ass menu items?

Lance Juhas: No, it really was the guest's job. And Chef Matt, our Chief Culinary Officer. There were great menu items when I joined. There were great menu items already on the menu. And as Chris said, yeah, there was confusion from the guests when they would come in and put their own flavors together for create your own. You know, and I would see someone, I would go through the line, and I would want to listen to feedback of the guests while they're on the line. Going through the queue, and there was a gentleman that was in front of me that ordered a Diavolo pasta, which is a spicy pasta, and he put strawberries on it.

And I said in my back of my mind, I said, there is no way that is going to taste good. And, and I think we've, we've run into that. Our guests were running into that. And we did do a focus. We had a focus group come in and we had a third party come in and, and really help us understand what is that guest saying when they finish their meal, especially with the chef-created item or the create-your-own. What we found out that the— of course, it was good, but not great. And when they tried the chef-created items, it was great. And it actually brought them back more often. And so that was the— a little bit of the aha moment. Because, you know, really, Chipotle, when you go to Chipotle, and that was the model that Chris was, was looking at. In Panera, you know, you basically create your own when you're at Chipotle. All those flavors work when you go to Chipotle. Not saying when you go to Piatta, the flavors don't all work, but you're not gonna want a diavolo pasta with strawberries and creamy parm on it. It just won't bring you back. So Chef Matt did a really, really good job of really honing in on the flavors of classic Italian. And, and, and it's been a winning winning menu.

Chris Doody: The menu, the menu eliminates the veto vote. So if you don't want Italian, you can still come to Piatta. So we're not one-dimensional in that respect. So that was, that was critical that we attracted, you know, the professionals. If you want a salad, a great chopped salad with salmon, you can also have a big pasta bowl if you want one. And so it appeals to a really broad audience.

Robert Morier: In cities, at least in the United States, you do see more of these Italian food halls. So it's clear that, you know, Italian food has always been very popular and restaurants have, have always thrived, you know, selling and servicing Alice Italian food. But why haven't we seen this whole idea of fast casual Italian food before? What do you think it is about this particular approach to dining that hasn't quite caught on? And why did you want to— why did you want to run with it?

Chris Doody: Being a student of the industry, seeing that this was an opportunity from, from a market opportunity standpoint. So I'm, you know, spent 6 years as a chef and graduated from business school and from Tulane in New Orleans. My family's from New Orleans. And so, yes, we have a food background and we've been in the restaurant business a long time, but we're also spotters of trends. Piada really filled the void. It's not as easy as it looks, but we do things that you know, we toss the pasta, you know, in the sauce, hot in a pan in front of you. So we're making the food in front of you. We toss the salads with the dressing. And so these are things that you would get at a full-service restaurant that's a little more sophisticated, but it makes the food better. And, and so we perfected that. And again, it's not as easy as it looks. I think that it is surprising. There's been

people that have tried to knock us off. And not so successfully. And, and I think, you know, we have a lot of experience in this and, and, you know, the goal was, hey, let's get out in front of it. Let's build a brand that's scalable. Let's perfect it first. Let's build the team, prove the concept works, and then, and really grow it. And so that's what we've been doing.

Robert Morier: That makes sense. Not to pick on your competitors, and you certainly don't need to name them by name, but I'm curious, if I were sitting across the table evaluating you as a business, I would want to know what didn't work with those competitors that, that tried and failed. What, what did you see as the, what was the pattern that developed or emerged through those, through those assessments?

Chris Doody: It's being disciplined with capital. It's having a team that's experienced with the food. And, and I, I think we even see it today with some of the larger brands. I won't mention any names that focus on you know, technology or growth, you know, you have to first perfect your model. Your unit-level economics have to work. And, you know, you have to— we have a kind of a saying around here, you have to have the right to grow. And that means that your stores have to generate enough of a return for you to deploy new capital to really grow the business. And so I think you see it in this industry where there's not a discipline around growth. They open as many stores as they can. They're doing it geographically, which is very difficult to operate. And so we've been very focused about capital discipline and people discipline. And if you have that, it gives you a stronger foundation to really grow into a scalable brand.

Lance Juhas: Technology's important, helps the guest, you know, order easier, you know, look at your website. You know, we can look at labor, we can use it to make schedules, but at the end of the day, it's, it's food and people. And you can't forget that. The number one thing is it is, it's your menu and it's the guests that are coming in and it's the guests that are running your store. So your internal guests and, and you can't forget that because you can have as much technology as you want. And if you forget about what actually got you to the table, you know, the technology is not going to save you. And I think that's the hard part about restaurants. It's, you forget that. You, you, you tend to go after the margin and forget about what's getting the margin. And once you start trying to squeeze things out and go for the margin without going for, you know, great traffic, great guest feedback, great guest experience, and great sales, you know, again, sales cure all woes.

Chris Doody: Right?

Lance Juhas: If you have margin issues, you might want to look at the top line. You might want to look at what's not getting that top line there, um, because it's not rocket science.

Robert Morier: Evaluating people, managing people, Chris, building a team. So when you, when you think about that people discipline, maybe start from the very beginning. You're, you're going to hire Lance, you're going to hire your team, you're going to hire senior management to help scale this. What were the qualities that you were looking in that founding team to trickle down into the restaurant to ensure that that culture was what you wanted in, in terms of your design?

Chris Doody: Having Matt and Lance part of the Bravo Brio team was critical. They understood my expectations, the culture, the, the importance of the guest experience. So we can speak in shorthand and don't have to really talk a lot about that. They know what the expectation is, but it is having a team that's done it. You, you, you have to be able to know what not to do as much as what to do. And, and so we've avoided a lot of the mistakes that I think a lot of companies have made because of the disciplines and the focus around what, you know, we expect when we run our restaurants. And when we go into our restaurants, we know what to look for. You know, it's one less thing I have to worry about because these guys are real. You know, we're all operators. We've all grown up in the business. We've all scaled businesses and it puts us at an advantage because we, we know how to do it. We know how to attract talent. We've got a very successful team of people that have scaled with other great brands, you know, so we've attracted some people that were very successful with some of the most successful large companies out there.

Robert Morier: Lance, if you wouldn't mind, tell us a little bit about your background. How did you come to Piatta? What was the, what was the journey like for you?

Lance Juhas: So I started my career, well, way back when, at 14, washing dishes. And I always tell the story, even when I'm doing a prep for a podcast or whatever it is, hey, how did you get into business? And my mother's going to hate this, but my mom, there's this area in their home, it's called the kitchen, that my mom never knew what it was for. So she didn't do a lot of cooking. But the cool thing about my parents, I grew up in Metro Detroit. And the cool thing about my parents is that they did like to go out to dinner. And so they would, they would bring me along when I was younger. And I really kind of fell in love with, with the business. So when I was in high school, I, you know, I started when I was 14

washing dishes. I thought it was the best thing in the world and decided, you know, they didn't—we didn't have the TV Food Network. I had to watch the great chefs of the Midwest or New York or New Orleans on PBS. And I fell in love with You know, the, the complexity of the dishes, but the simplicity of the dishes. Some of the greatest food out there and some of the greatest dishes out there, especially in Italian, they're so simple. And so I decided, hey, I'm going to, I'm going to go into restaurants. So instead of going to Culinary Institute of America, I went to school, to college, and got my degree in business, but in hospitality management. And in my first job out of school was working for Houston's. For Hillstone. And they taught me so much in the short time that I was there about the discipline and focus around taking care of the guests and what it means to, you know, have the consistency every day and every, every week, every month, every year. And so it was from the uniforms of the servers to, you know, the simplest recipe in the back of the house. Uh, and so from there I, I, I left there, went and worked J. Alexander's for a little while, which was kind of a, a Houston-esque, um, uh, concept. Uh, again, another great company to work for, great disciplines. And while I was a GM of, uh, J. Alexander's, there was a Bravo that opened up down the street in Dayton, Ohio, and it was kicking our butts. And, and so I had to go. I was going down there checking out what's going on. Uh, just busy, busy, busy, but Uh, it was very, just like Jay's, very guest focused. And, and I was with Jay's for about 8 years and decided, hey, you know what, it'd be time for me to, uh, to look, uh, elsewhere. And, um, had a friend of a friend who worked at Bravo and, and came aboard, um, in 2000, uh, January 2000. And I was the GM of the Easton location. Um, and that's where it took off. And so Chris, Chris interviewed me as part of that, which was great. And so I've known Chris for 26 years. And yes, we can speak in shorthand. But the thing about Bravo was it was so family-oriented and not just with the guests, but with the culture internally. And so I was there for 16 years. And when Chris— when we went through our transaction with BRS and Castle Harlan and only one brother could stay and you know, Chris, you know, Chris's older brother stayed and he was the odd man out. You know, it was always the operator I wanted to follow. He's a great mentor. And at that time, things started to change at Bravo. You know, we went public. You become very—.

Chris Doody: Margin.

Lance Juhas: Yeah, you become very margin focused. And one of the things that we say around here is we're never going to take the crabs out of the crab out of the crab cakes. Um, and, and, and so my last couple years of Bravo and trying to evaluate when it was time for me to, to move on, there were some things that we did that we probably should not have done that were very guest affected. And one

was taking crab out of the crab cakes. Now it wasn't 100% crab out of the crab cakes, but when you, you have lump and back fin that you're using for your crab cakes and you decide to take the lump out, which is what everybody wants to see, you know, they don't, the filler of the back fin, they don't really see, but they want to see that lump. And we make the decision. That we're going to use shrimp instead of the, the, the, the lump crab. That is, you're worried about the margin and you're not worried about the guest. And while you say you may be worried about the guest, you're not because you're, you're changing what's made that guest come back time and time again.

Chris Doody: The guest, the guest figures it out.

Lance Juhas: The guest figures it out.

Chris Doody: And they know when you start to cheapen the product.

Lance Juhas: Yeah. And so the one thing that I've always told Chris is that no matter what, at Piatta or anywhere that I'm at, I will never take the crab out of the crab cakes. And, and, and that goes in the hospitality side also, you know, we—so he called me right at— I was actually getting ready. My wife finally looked at me and said, why don't you do something else and start looking for something else? And I, and I said, okay. And I went to a meeting and I'm in a meeting and my phone rings and it was Chris. And, and I called him back during a, during a break and he said, hey, I'm looking for an operator. Do you really, do you know any? And I said, sure. Yes. Yeah, you're talking to one. And he goes, yeah, I know. So, and that was 2016 and it wasn't a hard decision. It was not a hard decision. And Piatto is great. Fast food was my first dip in fast casual. But again, it's, it's all about hospitality. It's all about the guests, all about the, the menus.

Robert Morier: Dakota's Google Chrome extension lets you access all of the high-quality LP, GP, account, and contact information, as well as private company, public company, and more. All of that data that you've grown to know and love within Dakota Marketplace, right from your Google Chrome browser. This way, as you're browsing, researching, prospecting, or looking for the newest deal target, you have all the high-quality and curated data that you need to do your job right there in the same window. You can learn more today on our website at dakota.com. As your first dip, did you feel like you were, you were building the bike while riding it, or, you know, did you feel like you had enough of the, the fundamentals to be able to take off running?

Lance Juhas: Yeah, there was enough there. You know, if, if you're, if you're building your bike or building your car, you know, there's always things that you

want to modify to it to make it a little bit faster, to make it easier, to make it go through the corners a little bit better. So, you know, there were definitely pieces that were there, some low-hanging fruit. But that was just, you know, again, it's not rocket science. It was just having the focus of, hey, you know, we probably don't want to let everybody run the same amount of labor dollars based on their sales. I mean, if you're, if you're doing \$40,000 a week and you're doing \$20,000 a week, you don't get the same amount of labor dollars to use. And not to say that the— there wasn't a focus around that. I just don't think that there was a, a big discipline around it. Because again, it was early in the phase of really trying to grow the brand and figure out what's working menu-wise, hospitality-wise with the guest. And then I came in and said, well, we're gonna continue to do that with discipline and focus. We're going to not— we've got to make some, you know, there's got to be margin. But how do we do it without affecting the guest experience, both hospitality-wise and food-wise? It was chopping some, chopping some wood, you know, getting some people to, to buy into what I was saying. But it's been great. We have a great team out in the field. They are, they're amazing. Our partners are amazing, chef-driven, and they work. They work so hard every day.

Robert Morier: I appreciate that. Well, if you wouldn't mind, if we could pivot over to, to how an investor would be thinking about your business. So just thinking about unit economics, what, what defines a great Piatta unit?

Chris Doody: So our AUVs are about \$2.5 million. And so, you know, they're anywhere from \$900,000 to \$1 million to build. So if you, you know, the key to this business is if you have a sales-to-investment ratio of 2.5 to 1 or greater, then you're in pretty rare air. So, you know, we're very focused on that. You know, early on they didn't cost as much to build, but we have restaurants that do \$3 million and \$3.5 million and almost \$4 million. And obviously those stores are, you know, very successful and the returns are, You know, fantastic. So we're very focused on picking great sites. You know, our real estate strategy is backfilling existing markets that, you know, what you got to do is you got to have to go into it for fast casual. You have to get brand recognition. And so you want to be able to go into some of these markets with the goal of building 5, 6, 10 restaurants in a market. Because that's how you're really gonna get the brand extension. You're not gonna do it through marketing. It has to be through word of mouth and, and scale. And so now we're big enough that when we, when people know we're coming, there's certainly people that already know about us. And so it's, it's, it's really pretty cool when, when we open a new store in, in a market that people already know about Piada.

Robert Morier: At that average \$2.5 million or that average unit volume of \$2.5 million, what, what are the key drivers of that performance? So what do you see consistently each time you open up that's driving that success?

Chris Doody: It starts with the people. I mean, you have to go into these, you know, we hire people well in advance. We train them. We have what we call Piada partners running each restaurant. They're in chef coats. They know the brand. They've worked in a Piada before. And so there's a culture of, you know, the people understand what we expect. We have a store opening team that goes to all the restaurants. And, and so there's disciplines. So when we open a restaurant, you know, we're not winging it. We, we know what to do, how to do it so that that first guest has a great experience when, when we open. So, you know, the key is, is the people, the training systems, you know, all of that has been you know, codified. And, and, you know, we, we have experienced people doing that so that we're able to open 10, 15, 20 stores a year.

Lance Juhas: When we go and look at for new sites, there's a lot of prep work outside of just looking at the analytics behind, you know, what's the density, what's this, what's this Chipotle doing in sales, what's Cava doing, you know, are they next to our building? If they are, when we're on those tours, you know, we leave the brokers and we let them go and then we go back later that evening and we sit in those restaurants. We'll sit in the parking lot and watch the traffic coming in and coming out. You know, even though this looks like a great left-hand turn out, how hard is it? And at 6 o'clock at night, you know, does it seem like, you know, your dinner traffic isn't great because of that accessibility or lack thereof? And then, you know, it's really validating, you know, what do we believe we can do in this, in this community based on the metrics of some of our other great restaurants that are doing 2.5? Because we do take those pieces and say, how does this restaurant in, you know, Mansfield, Texas, right outside of Dallas, how does that roll up to Richardson in Dallas? How does that look? And it is, it's a lot of spending time in parking lots in a car, just watching lunch, watching dinner, talking to the managers. You know, if Brett Schulman watches this, I don't waste too much of their time, but I will go into Cava's and we will talk to the managers and say, you know, how's your lunch business? How's the dinner business? You know, we'll tell them that we're a small restaurant company looking to go down the street. And you do get some really good information. Yeah. We really get it.

Chris Doody: We ask what their volumes are.

Lance Juhas: We ask what their volumes are.

Chris Doody: Sometimes the manager will tell us.

Lance Juhas: Yeah.

Robert Morier: Sometimes.

Chris Doody: Which we love.

Robert Morier: Yeah.

Chris Doody: But, you know, we want to go up against the best. Yeah. And so we pick sites. We want to be next to Chipotle and Cava and, you know, a Panera. If they're doing the volumes, we complement them.

Lance Juhas: Yeah.

Chris Doody: So one day you might want Mexican. The next day you get, you know, Italian and, you know, you might get Mediterranean. So we actually look at ourselves as complementary from a brand standpoint. But go where the people are. Go— you want to go where the best of the best are and are doing the volume. So that's an important strategy.

Robert Morier: We've talked about the people. How about the food? So to keep the crabs in the crab cakes, you've got to source the crabs from the coast, or arguably the coast. So how do you think about—.

Chris Doody: We don't do crab cake because they're really expensive to do.

Robert Morier: Yeah, I grew up in, uh, we were talking about before we started recording, I grew up, uh, on the South Jersey coast. So we're, we're big crabs and, uh, you know, growing up next to the sea, it resonates with me. So I'm just curious, when you think about, you know, you're opening new locations, you're having to source food, uh, because, you know, you want that habit to stick, not just the location and the people, uh, but you want it to taste good. So when you think about the sourcing side of things and managing those costs, you know, what does that, what does that formula look like in practice?

Chris Doody: Sourcing isn't the issue today. Sourcing is not a problem. It's the discipline around great recipes and, and using really top-notch ingredients. That, that's the key. Executing that over and over again. You know, people want consistency. They want craveability. They want, they want the same every time they come to a piada. They want it to be the same. And so sourcing, you know, there's a lot of companies talk about sourcing local. Well, a little bit of that's, you know, BS, you know, it's, it's really, you're able to source great products and get them anywhere in the country. So for us, it's, it's really focusing on execution of

the recipes so that they're consistent each and every time that you go to the restaurant.

Lance Juhas: Yeah, consistency is the key to that. Our team and our culinary team does an amazing job. If for some reason something's, you know, avocados, so it's every year avocados are going up at a certain time of the year because, you know, you know, gas prices, the cartel, this, that, or the other thing. But our team does a really good job of giving us that information ahead of time. And saying, hey, listen, you know, we're, we're going to see a little blip in avocados for the next 2 months. You know, and, and we, and so we may not say, hey, we're gonna, you know, feature the avocado piada or the avocado chopped salad. We'll feature the, the, the farmer's market or the chef's favorite piada. Doesn't mean that we don't want to sell those because our guests that get those items are going to habitual, like I'm habitual. I will get an avocado chopped salad whether I see it or not. And so we do some of those things. But it's like Chris said, it's, it's consistency is the key. And, you know, I think if you're, if you're looking at your actual food cost versus theoretical food cost and you're not, and you're staying within the realm of, call it 2%, you know, you're giving the guests exactly what you said you were going to give them all the time. So you're staying very consistent. And when you're consistent with your food cost, sure, there's always going to be a blip in, you know, in steak or chicken or what have you. But those come back down. And, and, and it's about making sure that the recipes are, are adhered to 100% and not saying, hey, well, we're going to have to now go back and, and gouge the guest with a price increase. We're not going to do that because you know, steak goes up in price, we'll just take a little bit of that hit.

Robert Morier: How do you maintain that discipline and consistency? I'm just thinking about the parallel to, to investments. An investment manager who's been very successful picking the same stocks, the same companies based on a very specific recipe, and then he has to grow the team and the team may have a different view or may have a different, you know, creative input or inspiration, or may have grown up, grown up in New Orleans instead of Houston. And they want to add something new to the menu. They want to add something new to the way that, that things are presented. How do you as, as owners and operators maintain that discipline when, you know, you're, you're hiring a culinary team that arguably are artists and creators and really thinking about what's, what's next? And I'm sure they love to tell you. So they do love to hear it.

Chris Doody: We don't allow, we don't allow them to be creative.

Robert Morier: Okay.

Chris Doody: You know, as a, as a, you know, as a chef and somebody that's in the food business, that, that's, that's what we don't allow. We, we, we, you know, we're very driven. The, the menu's created. Now there's, you know, once or twice a year we might modify something, but it has to be tested and proven. But that's really, that's really done, you know, from the home office. It's, it's, so we don't allow people to, you know, put something on the menu that, that's, I think a lot of that, you'll see more of that in full service. You know, independent restaurants do that. Chefs love to be creative. They, you know, we own a very successful first full-service restaurant in Columbus and you have to execute your core menu because that's what people are coming back for. If you focus too much on specials, the chef loses interest in the core menu. Fiiata doesn't have that problem because it's a, You know, it's a, it's a very focused brand. And for that very reason, we don't allow people to be too creative.

Robert Morier: It sounds like you hand over the creativity to the customer in some ways. So as they're building their own.

Lance Juhas: Yeah, they'll, they'll let us know, you know, what works and what doesn't work. You know, we do give them, we do give the culinary team the ability to do LTOs, so limited time offers, and that does give them the ability to use their creative juices. And get those flowing. Uh, you know, we're gonna roll out this summer. Um, you know, we always do a different lemonade or a different drink in the summer. We have a hibiscus lemonade, but we're gonna do a little bit of a watermelon strawberry dirty, um, drink this year since, cuz dirty is now in. I mean, I was, I was at the grocery store the other, the other day and I was going down the aisle and I saw, you know, packs of Mountain Dew and it said Dirty Mountain Dew. So it's just the adding of some cream. Into the soda or into the drink. And that's what's kind of hot right now. So, you know, we'll allow them to do a little bit of that. And then it's really creating new dishes. We have a Burrata Rigatoni right now that is a limited time offer that's on the menu. We used it as a limited time offer and it's now on the menu, but it had rave reviews. I mean, rave reviews from the guests. And that's what we listen to. What we listen to when it's over 5 or 6% of your sales, we look at that and go, that might be something we're gonna— we were gonna wanna latch onto. And so we do have— they do have the ability to do that.

Robert Morier: So just talk about the ownership strategy. You're 100% corporate owned in a heavily franchised industry. So why that decision? And at what point do you see that strategy potentially evolving?

Chris Doody: Piada could be franchised. It's company owned because we have the capital and we have the people. A lot of companies franchise because they don't have the capital and they don't have the people. So you can grow faster if you franchise, but it's not always successful. And so, and it's very difficult to—when you're small, if you haven't perfected your formula, you certainly don't want to be in a franchise situation because when you try to make changes, it's very difficult to get people to execute those changes. So We're big enough now that we, we could, this could be a franchise model. But because we have capital, because we have successful restaurants that generate great returns, we can build company-owned stores. We are opening our first licensed store in DFW in Dallas. And so that's kind of a hybrid, if you will, of franchising. And we'll do that. We'll start with that. And, and, but certainly Piada is a brand that could be franchised, but you'd have to do it with very successful large franchisees that have the operating chops to successfully open a lot of, a lot of Piada. So it's, it's on our radar from an investment standpoint. That's the rage, this asset light strategy, and, and Piatta could fill that strategy, but it could also be company on. So we're in a sweet spot, if you will, that we could probably do both. Yeah.

Robert Morier: I was gonna say, it sounds like an uptown problem. It's a good problem to have.

Chris Doody: Yes.

Robert Morier: Yeah. Talk a little bit about your digital and loyalty strategy. It seems like it's such a large component now, you know, of, of any restaurant business that's coming online, but your, your ecosystem started early, pre-COVID. So how, how important is that that process now to frequency and retention for your business?

Chris Doody: What we were able to do very early on with the business is we had second make lines. And so when the pandemic hit, we were able to pivot very, very quickly to, to go. We have pickup windows in many locations where you don't need to get out of your car. So our website and our ability to do ordering online we, we were ready for that. And, and so we didn't really miss a beat when restaurants had to close. You know, fast casual was kind of exempted from closing, which was nice. So people could still come into the restaurant and take it to go. But, but because we were in the, you know, fast casual space, we were, we were able to pivot very quickly and, really got a lot of trial during the pandemic because full service really was hit harder than fast casual. So we were able to convert those first-time guests into loyal guests. And then we, you know, successfully developed, you know, a loyalty program and a digital program that

complements that.

Robert Morier: Yeah.

Lance Juhas: We have, we have an amazing technology team. Our VP of technology actually built Everything's organically built from in-house. He didn't buy anything off the shelf. So we, we, he put together the app that he did the iOS and we had another gentleman on the team that was building the Android at the same time. So we launched them both internally. So the cool thing is, is that any changes that need to be made, we can modify, you know, with this, with the snap of the finger. They do it all in-house. We have about a million subscribers at this point, which is great. And our marketing team does a great job of, you know, sending out SMS messages or social media posts. And so we're really trying to stay relative in a very fast-changing industry. I mean, every day there's something new that's popping up. So they do a really, really good job of staying ahead of the trends. At least trying to.

Robert Morier: Dakota Recommends is your source for the highest quality coffee shops, restaurants, hotels, and event spaces in every major city where business happens. Dakota Recommends is thoughtfully curated by our team who has been traveling and hosting events in the investment industry for over 25 years. Log in to Dakota Marketplace today to see how Dakota Recommends can help you make your next trip better. Well, one of these trends obviously is artificial intelligence. So, you know, where do you see that popping up in conversations or, you know, potentially operationally in the business?

Lance Juhas: I think, you know, AI definitely helps you with ordering food, helps you consolidate, you know, your, your bill-to-sheets throughout the, throughout the week, you know, it can take all the information from the last month and say, hey, you know, this is how many X you've sold, this is how much you're going to need, instead of sitting down and having to do it on an Excel spreadsheet. It also helps with the labor model. You know, Hot Schedules has a— which is what we use— they have a side to it where AI is in there and it pops out, you know, this is what your schedule should be. You know, next week. Now, the only thing AI doesn't know and you have to load in there is the changing of catering. And that sometimes is the— it's a great piece of our business, but you sometimes don't always know about that until 2 or 3 days prior. So you do have to change some things on the fly. But AI does give, give us a little bit of a head start when it comes to, you know, ordering and schedules.

Robert Morier: When you think about this model and the scaling process that you're going through today, what are some of the signs that you're looking for you

know, cracks in the armor is one way, you know, to describe it, or failure modes. How do you think about the risks in the development of the business relative to your growth strategy? So what do you look for day in and day out that you know your investors will probably be looking for as well and you want to make sure you get ahead of?

Chris Doody: We have a dashboard, you know, kind of back to the importance of technology. We are looking at real-time information on every single store daily. And so the key is, are we building traffic? What is our, what is our traffic trend versus prior year, prior week, prior month? And so, you know, we're very focused on building traffic, which is the key to comps. So we do talk a lot about same-store sales. We've had you know, 29 quarters of positive comps, which is, you know, kind of world-beating in the, you know, for 7 years in this industry, certainly compared to, compared to many. But we really look at traffic. Are we, are we doing more, you know, more people at lunch, more people at dinner? And, and if we spot something that is, you know, we have a store that's negative, we really dive into it. And say, okay, well, is that— do we have management turnover? Are we not disciplined? Are we not executing? So we look at that very, very closely on a daily basis, which I think is key to running a successful growth brand. Yeah.

Lance Juhas: Your KPIs tell you everything. You know, with a glance, you can look down and see, okay, you know, a lot of comps yesterday, high labor yesterday, traffic's going the wrong way. Something's going on in this restaurant. And so, you know, it's not easy to go back, but it's easy to spot that trend or that negative trend and make the right moves to correct it.

Chris Doody: We don't allow cracks to, you know, become crevices, you know, we, you know, it's again, it's a blocking and tackling detailed business. And again, I think a lot of companies grow for the sake of growth. And aren't focused on, you know, do your core stores generate proper returns and are they building their sales year over year? And, and if they're not, then you better figure that out pretty quick if you're, if you're scaling to be, you know, a national brand.

Robert Morier: It sounds like with Success, you're at an inflection point and there's now this question around, is this now a capital acceleration story? And if so, how do you see that capital being deployed in the most effective manner to continue the success that you've had? So to keep the track record going?

Chris Doody: Well, capital's a big part of growth. And, you know, so, you know, again, I always emphasize, do we, do we have this the results to attract new growth capital. And we do. We're always considering what's next, you know, is it a partnership? Does this business do an IPO at some point? Do we have the

success and the scale to successfully take this company public? And the goal from the very beginning was, you know, let's build a brand that can compete with the very best. And if it does that, then, you know, I think, you know, going public is certainly, you know, an option down the road to accelerate our growth.

Robert Morier: How do you think pacing that growth versus not breaking the brand, you know, so you've got the scale, you've got the growth, and you need to pace it in a way that the brand, the habits, the consumer, it doesn't change too radically. What does that balance look like from, from your perspective, Lance?

Lance Juhas: We early on had a quarter, had a year where we, we definitely opened one too many restaurants at, at a time. And, and it was tough. We, we learned a lot about ourselves at that time. But those things that we have learned, we've kind of put into place now. So, you know, we, we think about, you know, just for example, And this is not the number, but let's just say we are going to open 15 in 2027. Well, we already have in our minds how many we need to bring on the team to do that. We have the, you know, we know where it's going to be. What is the, you know, what's the outreach? Meaning, you know, do we have the right amount of people already in market to oversee those openings? Are they on top of each other? And, and so all those pieces, you know, we try to spread those out and all those pieces we already meet a year ahead of time and say, okay, these are all the pieces that we need to make sure that fall into place in order to, to scale 15 successfully. And listen, there are always going to be, there's always going to be something that's a curveball thrown at you. You know, a developer doesn't, doesn't, you know, get the restaurant to you on time and you're a month behind and now you do have to restaurants opening at the same time because at our size, you know, that can be a little bit of a conundrum because it's not like we have at 62 restaurants, you know, we don't have the same amount of team as like a Chipotle, you know, say, hey, if we get behind in one, we can grab this team for over here. We do a very good job of, of trying to keep ourselves out of those weeds. But we learned a lot and we have really, really good people on the team. That communicate daily on how openings are going, you know, hey, there is a week, but push back this, that, or the other thing. And it's all about the communication.

Chris Doody: Yeah. It's about, it's also about scaling properly. You know, our growth plan, you know, is 15, 20, 25, 30, right? You know, if you look at a scalable growth plan, it's not 15, 40, 70, 100, because that's what happens to these companies is then they start picking lousy sites. They don't put the proper, you know, people disciplines in. You know, you gotta be 18 months, you know, to build a restaurant. You have to be 18 months out, you know, maybe 12 if you're

lucky. And you, you have to have the, the people in the pipeline to, to grow into this 15, 20, 25, you know, kind of approach. So if capital isn't an issue, say we had unlimited capital, the biggest mistake we could do is say, well, hey Lance, let's go ahead and do 40 next year. Well, first of all, that's a blow your brains out strategy and we're not going to do that. I think, and that's the mistake a lot of companies make is just because they have capital, you know, is, is not the reason to, is to blow out your growth strategy. And I think that's where people screw up. So I think, you know, we are going to continue to scale at an accelerated rate, but we're going to do it, you know, from a disciplined perspective.

Robert Morier: I'm not an expert in the restaurant business by any stretch, but I know another mistake that businesses make at this point in your inflection, you know, process is choosing the wrong capital partner. So, what are you looking for in a capital partner as you go forward? You know, you talked about the crab and the crab cakes. I could see a clever private equity guy saying, you know what we should do? Take the crab out of the crab cake.

Chris Doody: They have to share in the vision, right? They have to agree with the right way to do it. And you're right, a lot of the capital, whether it's private equity, you know, it's, they have to understand, have they built a scale to brand before, right? So that's important because, you know, it's not just about the money and the returns. And I think a lot of times there's this chasing of return at the expense of building a sustainable brand. I have no interest in seeing this thing blow up. I mean, Again, Bravo Brio made some really terrible decisions and, and that's what, that's what really hurt them. And, you know, they weren't, you know, either they weren't focused on, you know, the, the menu, the service, the value, this, the real estate, keeping the concept fresh. And so once you lose that, it's very difficult to get it back. Yeah.

Lance Juhas: Everything that made it great. You start taking those pieces away and then you wonder why it's not working. You know, Houston's is never going to be the company that's going to just scale to scale, right? They're going to take their disciplined practices and open up restaurants, however many they want to open a year. But their discipline today was the same in 1992 when I started with them.

Chris Doody: Yeah.

Lance Juhas: Okay, maybe '94. But, you know, it's, it's, it hasn't changed. You walk into one of their restaurants now, And I'm like, wow, it's the same as when I was, when I was there.

Chris Doody: It's a great experience.

Lance Juhas: Yeah, it's a great, great experience.

Robert Morier: Thinking out loud, when you do sit across the table from, you know, a potential investor or potential partner, regardless of who it is, what are some of the more difficult questions that you find that you're consistently having to field, you know, that, that at least acknowledge or, or create a recognition that that might be something that we need to address?

Chris Doody: I think it starts with what is their investment time horizon? So the challenge you have with some, you know, investors is they have a very short investment time horizon to say 3 to 5 years. That's typical. And, you know, you can blow it out and pray and hope that, you know, you can triple the size of the company in 3 to 5 years. The chances of that being successful, I think, are really slim. And so I think it's finding the right partner that, you know, shares in the vision of, well, how big, how fast can we grow it? How much capital are we going to deploy? Don't over-leverage the business. The other problem that some companies is they they over-leverage. Now that, that's kind of gone away with interest rates the way they've gone the last several years. But when money was free, you know, 6, 7 years ago, you saw a lot of investment in this business and you saw a lot of companies that could borrow money at a very low rate and they'd scale these businesses and, and they crashed. And, and, you know, again, that is a blow-your-brains-out strategy and, and, Today's environment's really not different. The cost of capital's higher, but I think it's picking a partner that, you know, if you're going to, you know, are you going to use equity capital or are you going to use debt capital? And what's the proper amount? So you don't want to be overleveraged in this business.

Robert Morier: What do you think the restaurant industry understands about Piada that the investment industry will, will need to, to better understand other than time horizon? What do you think the attributes in the restaurant industry could, could teach the investment world when it comes to evaluating a company like Piada?

Chris Doody: Well, I think you have to look at our, you know, our focus. Our focus is, you know, if they're gonna spend, if you're gonna spend \$1 million building a restaurant, you know, is it gonna generate \$2.5 million in sales relatively quickly. And that's a fabulous return on investment. And so we know at that volume that if these restaurants pay for themselves in, you know, 3 years, that's fantastic. The problem you get into is if you build too many restaurants for \$1 million and they only do \$1.6 million, they take a lot longer. And so, you know,

sometimes they may start out at \$1.8 million and, you know, \$2 million and, and build over a 3-year period. That's, that's, that's true because there's not a lot of brand recognition around Piatta as a brand yet outside of the markets we're in. So I don't think there's, there's anything that the, the investment community needs to know, you know, that they obviously would look at our business and say, wow, this is pretty powerful. If you can generate these, these sales per unit, then you can, you know, this is a brand that we would like to invest in and, and it's scalable.

Robert Morier: Well, I know it's a loaded question, but what's the end goal? So when you think about Chris, I don't know how much longer you're, you're thinking about You know, you know, being in the boardroom. Yeah, I can ask you now. I have two questions, actually. First is, you know, what does this all look like, you know, over the next 5 to 10 years for you, Chris? And then Lance, for you, I'm curious, when you sit next to someone like Chris who's been, who's been doing this for a long time, very successfully, how do you say no to him? How do you, how do you question him when things may be in disagreement? I think that's something we hear often from our investors, in particular our allocators, having to tell the boss no.

Lance Juhas: It is definitely something that has been learned over the years. I think Chris and I work very well together. The cool thing about Chris, the great thing about it is he is always open to listen to what you have to say. And there are days where I know I'm 100% right. And he may not feel that way. But then there are also days where I think I'm 100% right, and then I have to go back and put my arm around him and go, hey, I was wrong. You know, I was wrong on that. Um, but we do a good— we do a very good job of that. If there's something that I feel, um, strong about, uh, he's always very open to listening.

Chris Doody: I think 5 to 10 years. Listen, I think the goal is, uh, Hey, let's, let's build the leading fast casual Italian brand in the country and do it, you know, do it successfully. It's not about me. It's about the opportunity that it creates for, for people like Lance and the, the rest of the team. And, you know, being a part of it, obviously, you know, sure, I'm, I'm, I founded it and, you know, I'm the largest, you know, shareholder, but you know, it's not, it's not really about me. It's about, you know, this team, giving them the, the space they need to successfully, you know, scale the business. And I think Piatta is in a very, very good spot to compete with the very best on a national basis. And we got the team to do it and we got the concept. So Really, it's less about me anymore.

Robert Morier: A little lightning round. What's, what's the first metric you check every day?

Lance Juhas: Sales and guest count. So there's two.

Robert Morier: What's the, what's the most underrated role in the business?

Lance Juhas: Training.

Robert Morier: Training. Good. And what's one operational habit that drives success?

Lance Juhas: Hospitality with guests.

Robert Morier: Okay, Chris, what's the best meal you've had recently?

Chris Doody: At Piazza.

Robert Morier: At Piatta and outside Piatta?

Chris Doody: I think the rigatoni burrata with the pesto drizzle and the olive oil on top is kick-ass. I think it's great. It's really kind of a full-service type. It's, you know, it's made with finesse. And so I think that's a great, great item. I had a great, great meal in New York. Obviously, I like to go into New York. My, one of my sons is a chef there and One of my favorite restaurants in New York is Peter Luger's. I think they do a great job with steaks. So I love Peter Luger's in Brooklyn.

Robert Morier: How about a founder that you admire?

Chris Doody: Well, there's a lot of them. I think Danny Meyer obviously has been hugely successful and, and Ron Shaich, you know, so the industry has really, really successful founders and So there's, there's many of them that we study and admire and, and try to learn from.

Robert Morier: When it's all said and done, if you could spend your day in a kitchen or in a boardroom, where would you spend it?

Chris Doody: The kitchen.

Lance Juhas: Kitchen.

Robert Morier: What do you miss about it?

Lance Juhas: Camaraderie. Camaraderie and the pace. It was always fun. Always fun.

Chris Doody: Yeah. I mean, I think every time you create something delicious, it's, it's just, you know, the guests love it. And obviously we do a lot of cooking at

home and, and so we eat very well. And so great food's part of our, part of our culture.

Robert Morier: Well, if not Italian, what's, what's one cuisine you'd build next?

Lance Juhas: I'd do French, but it'll never work.

Chris Doody: Yeah.

Lance Juhas: It's tough.

Robert Morier: It's tough. How about you, Chris?

Chris Doody: It's not so much about maybe what the, you know, what the food is. I think it's about what, the delivery system would be to make restaurants easier to run.

Robert Morier: One word to describe the next 5 years?

Chris Doody: Growth.

Lance Juhas: Amazing. It's going to be an amazing 5 years.

Robert Morier: Amazing. Yeah, I appreciate that. Well, we wish you nothing but continued success. Congratulations on everything that Piada has done to date. On both of your success working together, building this team. It's been wonderful, wonderful for us to learn more about it. We spend so much time, you know, talking to the allocators, the investors, and to speak to a business who is going through this inflection point and scaling at the rate you have this successfully has been wonderful, wonderful for us. So many parallels to the investment industry, almost too many to write down in an hour. But we want to, we want to again congratulate you and thank you for your time.

Chris Doody: Thank you, Robert.

Lance Juhas: Thank you.

Chris Doody: Thanks for having us.

Luke: Hello, my name is Luke. I'm a second-year student at Drexel studying finance and international business. And I was wondering, and also for my fellow students, for young people getting into the industry, I was wondering one piece of advice you have about entrepreneurship or Italian cuisine? What's something we can take away from this? Just a general piece of advice that we can take moving

forward into the industry.

Chris Doody: Go get experience. So I spent a lot of time working for other people and I spent 6 years in the kitchen. And so what's helped my career is the time I spent learning, you know, how to cook. It gave me the foundation of understanding restaurants. And then I moved to the front of the house, did the front of the house thing. And so when I got into, to managing and I had a, I had a pretty strong foundation for how to do it. And so I think it's experience, get experience first and then, and then.

Robert Morier: If you'd like to learn more about Chris Doody and Lance Juhas and the Piada Group, please visit their website at www.mypiada.com. You can find this episode and past episodes on [Spotify](#), [Apple Podcasts](#), or your favorite podcast platform. We're also available on [YouTube](#) if you prefer to watch while you listen. And for more content, please visit us at dakota.com. Sal, thank you again for being here. And to our audience, thank you for investing your time with Dakota.