



Restaurant Industry In Midst Of Shakeout

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BRANDON - Growing up in Dallas, a restaurant hotbed, Ken Boyle always got the same career advice.

"Go into restaurants," people kept telling him, he recalls. "Because if I could learn to cook or learn to wait tables I would always have a job."

These days, Boyle isn't so sure that advice still holds true. Last week, Boyle, 38, had the heartbreaking duty of notifying 1,000 Bennigan's employees in the Tampa area that they were losing their jobs in the recent nationwide shutdown of Bennigan's and Steak & Ale restaurants.

Boyle, the Tampa Bay area manager for Bennigan's, also was thrown out of work by the sudden closure last week. What had been a strong job market for restaurant servers, cooks, hostesses and managers has gotten dramatically tougher in one of the worst periods in years for restaurants.

Restaurant industry experts say they don't expect a wave of shutdowns of other national chain restaurants, noting that Bennigan's and Steak & Ale had been struggling for years. But Florida is in the midst of a shakeout among small chains and independent restaurants, and that could lead to more job losses, experts warn.

Recently, the Tampa-based Sam Seltzer's steakhouse chain shut down four of its 10 restaurants in Florida and has filed for bankruptcy court protection.

If many more restaurants close, it could spell trouble for Florida and the Bay area's labor market, which became somewhat dependent on the restaurant industry as the industry expanded rapidly statewide in recent years.

Between January and July, the percentage of restaurant and bar workers filing unemployment claims in Hillsborough County surged 54 percent over the same period last year.

By comparison, the number of unemployment claims among all industries is up 38 percent, said Michael Garcia of the Tampa Bay Workforce Alliance.

After last week's Bennigan's closure, one industry expert predicted more of the same to follow.

"Now there is more supply than there is demand, and there's too much choice," Chris Muller, director of the University of Central Florida's Center for Multi-Unit Restaurant Management, told the Tribune last week. "This is going to be a very bad summer, and I think before the end of the year you're going to see more of this."

A Once-Plentiful Source Of Jobs

Until Florida's economy slowed and gas prices surged a couple of years ago, restaurants were a plentiful source of jobs for students, those without college educations, and people fleeing economic troubles in the industrial Midwest for Florida's booming economy.

Jobs in the restaurant industry were growing at a healthy clip.

Between June 2003 and this June, the number of restaurant and bar workers in Florida rose to an estimated 600,600 from 519,400 workers, or an increase of 15.6 percent.

By comparison, all other nonagricultural jobs in Florida rose to 7.9 million jobs from 7.2 million, or up 9.7 percent. All told, the restaurant and bar industry makes up about 7.6 percent of the state's total nonagricultural labor force.

Some of the workers Bennigan's let go last week were students earning extra cash, but at the Brandon Bennigan's, where about 30 former employees gathered Friday morning, more than half worked full time and many were supporting families, said restaurant General Manager Jonathan Dorfman.

He estimated 90 percent will try to find work in other restaurants or in retail because of their customer-service skills.

"It's not going to be as easy to find a job as it was in the past," said Jonathan Zombro, a cook at the Brandon Bennigan's.

Restaurants Selective About Hiring

A few years ago, restaurants were desperate to find workers. Today, they are far more selective, said Jim Moore, owner of restaurant recruiting firm Moore Hospitality Search of Jensen Beach, which recruits in the Bay area.

Wages have tumbled, too.

Restaurant manager positions might have paid \$43,000 annually last year, but salaries have fallen to \$39,000 or \$40,000 with the market turning in employers' favor, he said.

Business at Moore's firm has fallen by 50 percent recently.

"Employers have just had this light bulb go off in their head," Moore said. "They've just become very particular about who they hire. They've just been passing on people that would've been a slam-dunk-hire six months, eight months ago."

Sales Plummet In Some Chains

Behind the tight job scene is a significant drop in customers at what the industry calls "casual dining" restaurants, eateries where the average bill runs \$10 to \$20. A common industry measure of the strength of restaurant companies is sales at restaurants open for at least a year, or what's called "comparable store sales."

Among big chains in the niche, Ruby Tuesday may be taking the biggest beating. The Maryville, Tenn.-based chain, which has 12 Tampa area restaurants, saw comparable store sales fall by 10.3 percent at company-owned restaurants in the most recent financial quarter.

If sales fall an additional 15 percent chainwide, the company could be unable to make payments on its sizeable debt, said Bryan Elliott, a securities analyst with Raymond James & Associates. Ruby Tuesday did not return a call seeking comment.

The company has spent heavily on renovations to its restaurants and attracting a more upscale clientele with pricier entrees, but some of its traditional customers are turned off by the shift, Elliott said.

Other chains affected by the slowdown include: Tampa-based Outback Steakhouse, where comparable store sales are down 2.6 percent compared with last year; Longhorn Steakhouse, with sales down 3.2 percent; and Cheesecake Factory, where sales have tumbled 4.1 percent.

Some Restaurants Buck The Trend

Some exceptions in the niche: Olive Garden, where comparable store sales are up 5.8 percent, and Chili's, where sales are up 1.6 percent.

Cheaper restaurants, though, may be profiting at rivals' expense, as customers look to save money.

For example, McDonald's has seen its comparable store sales grow by 3.4 percent in the past financial quarter, and sales at what's called "fast-casual" chains are up. For example, Panera Bread and Chipotle Mexican Grill grew by 6.5 percent and 7.1 percent respectively.

Underscoring the slowdown in Florida's restaurant industry, the number of restaurant and bar workers in Florida overall rose by only 1 percent between June 2007 and June. By comparison, it had been growing by 4 percent to 5 percent a year several years ago.

In the Bay area, restaurant and bar employment has fallen by about 1 percent over the year.

Bob Gershberg, a restaurant executive recruiter in Pinellas County, said restaurant companies are doing some hiring, but instead of adding expansion-oriented employees, such as real estate and construction managers, they now are hiring people for restaurant management and marketing.

Kathleen Kimmel, 25, said she isn't counting on Florida's restaurant industry for a job in the future. A student at the University of South Florida, she and her fiance lost jobs at the Brandon

Bennigan's last week. "We're going to diversify our jobs from now on," she said.

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