



HotSeat

Rainforest Café Creator Steve Schussler

By Robert Carr
June 18, 2007

GlobeSt.com Commercial Real Estate News and Property Resource

Last updated: June 18, 2007 08:40am

Rainforest Café Creator Steve Schussler

By Robert Carr

Steven Schussler, CEO of Schussler Creative, already has had a top restaurant success under his belt. He created the Rainforest Café restaurant concept out of his home in 1989, a chain that 17 years later has 45 locations. Though Schussler sold Rainforest a few years ago to Landry's, he's been hard at work coming up with other groundbreaking retail venues at his 40,000-sf laboratory in Minneapolis, including the new T-Rex restaurant, which of course has a dinosaur theme. There's one T-Rex location now open in Kansas City, KS at RED Development's the Legends at Village West, and another nine planned. He also signed one of the most unusual deals in retail real estate recently, when he teamed up with RED to open 40 new entertainment-themed restaurants and retail stores around the country, with most not even located in RED projects. The Willy Wonka of entertainment retail recently spoke with GSR about the future of attraction-based restaurants, the RED deal and his take on how to make a successful concept.

GSR: What's the future of entertainment retail?

Schussler: We're at the early stages, we're just testing the waters. Entertainment retail wasn't around too much before Planet Hollywood and the Rainforest Café. I mean, the theme restaurant is as old as time, such as Greek restaurants, etc. But a theme restaurant these days has to be inclusive, it has to capture and surround all five senses. There has to be passion in the creation. It's just as much a matter of theatrical application as it is the product.

GSR: The Rainforest Café concept seemed to go extremely well. Why did you sell it to Landry's?

Schussler: Well, we were a public company, and as a public company, the bottom line is the same-store sales increases or decreases. It has nothing to do with profit. If Wall Street had just looked at our past...you've got to remember, we were doing what no one had done before, we had four-hour waiting lines at our locations for six years. When you have that, it's impossible to have same-store sales increases when you're already at peak, you have to wait for a downturn to have return. Also, the Sarbanes Oxley Act had reporting methods that were increasingly hard. Other restaurant companies were expanding into other products. Being private now certainly helps when you're in the margin business that we're in.

GSR: You have a 40,000-sf laboratory to create restaurant concepts at your Golden Valley, MN headquarters. How does that help?

Schussler: This is one of the only labs like this in the country. The reason people don't have labs is that they can't afford it; the single most costly thing is research and development. You have to experiment with food and décor. For example, we had to put fireproofing in greenery process, we had to work for a few years on getting that right, and in getting inspectors to pass it. It takes money, who else is going to do that? It cost us \$18 million to build T-Rex in Kansas City; \$18 million for 21,000 sf. Not a lot of people would do that.

We get totally immersed in our laboratory, it's like an MGM studio set. We build all of our concepts there, we set the tone with music, lighting, air. It always comes down to money, and we built the studio so we could see that it would work, and not have to make money the issue. Like the Rainforest Cafés, it would have been cheaper to not have the water and the storm going through the restaurant, but it wouldn't have been the same. We're only just beginning. We're working on things like 3-D television, things people haven't seen yet. We're also becoming an international test hub, companies are sending their products to us for testing to see how they'll work in the

retail setting.

GSR: Why does retail factor in so much with your stores?

Schussler: Well, first of all, a lot of people just want to come in and shop, they want a pleasant experience that brings them somewhere else. We also try to play an educational part in our retail, you should see the amount of time, energy, effort and research and development that goes into our retail items.

We do focus groups, it's really important. We get kids and adults and pay them. We field test our concepts with them. It's also important to test out the retail section, every restaurant has a retail component. It's not a side view, retail in our restaurants is usually the first thing you see and last thing you see. Every foot in our restaurants is integrated together, what you see inside you can also buy. We also try to make the items affordable, but we have some stores, you'd be surprised, items that go up to \$10,000, gem stones at some of the locations.

We're also trying out new retail concepts. At our Kansas City T-Rex location, we have merged the Build-A-Bear concept with dinosaurs. See, at the Rainforest Café, Beanie Babies were 40% of our retail sales, it was hard to replace that when the trend died down. We talked to the Build-A-Bear people, and saw that it was mostly a female entertainment concept, and we wanted to expand that. Now this dinosaur concept leads our retail sales.

GSR: Why did you do the deal with RED Development?

Schussler: This is one of most incredible things we've ever done. We're taking concepts that are not only in lifestyle centers but into other types of developments, and less than 10% of them will be RED projects. How incredibly un-egotistical, for a developer to say these are great concepts and anchor tenants, we'd like to bring them to the rest of the world. I would say that other developers would think that's an incredible statement of confidence in what we're doing.

GSR: Opening up your first T-Rex location in Kansas City was an interesting place to start the franchise. Why there?

Schussler: Well, we like to say it's because Walt Disney started there, he had a garage in Kansas City. But to be honest, the city wasn't a flag on our office map, the market just didn't seem big enough for us. Then the whole city council and the mayor came up to my office and gave me a heck of a pitch, and I went there to check it out for myself. I saw that they had an incredible number of cars coming in from a 300 mile radius, and some great stores, such as Cabela's and Nebraska Furniture Mart. We are opening our second T-Rex store at Disney World in Orlando in March.

GSR: What's your secret to restaurant success?

Schussler: I've already said that you have to be able to spend money to create great attractions. You also have to love people. Also, the hardest thing isn't raising money, it's building a great team, you have to get people who have the passion and enthusiasm and drive that you do. It really takes a group effort. You also have to be well-funded, and start the menu preparation two years in advance. At the end of the day it's still about food and service. It's also very important to constantly upgrade, take the ego out of the equation and learn how to apply what you've learned from the customer. We like to think of it as we don't build restaurants, we build attractions. A lot of people look at the attraction center as a byproduct, but it's imperative today that you make the location interesting and fun enough that the customer will feel good about it.