

Five-Year Marketing Plan

Adair Family Restaurants



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1. Executive Summary

Description of Issue(s)

Issues addressed throughout this marketing plan include: how can Adair Family Restaurant continue to be successful achieve continuous growth in a highly competitive and volatile market, and how the company can grow into a parallel company in the next five years versus the current segmentation found throughout all three restaurant concepts.

Analysis

Analysis conducted included visiting all restaurant concepts in order to better understand clientele and what they expect when going into the restaurants. Continued analysis was conducted by visiting with owner Gary Adair in his Houston office to understand how he currently views his company, where he sees potential growth, and what he believes needs to be addressed in order to be successful in his future ventures.

Alternatives

This marketing plan details the three-part expansion plan for Adair Family Restaurants. However, alternatives for each of the three parts are: start expanding the current menus to include options that are not as familiar to existing customers, open a new Los Tios Mexican Restaurant to use as a trial for a more trendy and urban atmosphere, and finally, expand into Dallas and San Antonio for growth. These options were not chosen as a first choice because they would result in a greater financial risk to the company and could potentially fail to deliver desired outcomes.

Recommendation(s)

To address the problem of staying competitive in a highly volatile market, Adair Family Restaurants need to continue to manage costs and continue all renovation efforts that are in progress. It is recommended that Adair Family Restaurants amps up Los Tios Mexican Restaurant Westheimer location to impress new customers with a trendy and urban atmosphere. The next growth step will be to expand into nearby Texas cities that are growing because of local universities and reputations for being low-cost of living and family-friendly.

Next Steps

These recommendations will be split into a three-part plan, which will minimize any potential financial commitments the company will need to account for. Begin with part one of the plan, which is to continue renovation efforts, then over the course of three years work on updating the Los Tios Westheimer location. After five years, the company can then expand into nearby Texas cities.

2. Company Description

Adair Family Restaurants is a local restaurant company in the greater Houston area consisting of nine restaurants; Skeeter's, Los Tios Mexican Restaurant, and Adair Kitchen. Local restaurateur, Gary Adair started Adair Restaurants in 1988, opening the first Skeeter's restaurant inside the well-known area, Houston Loop 610. Skeeter's is a one of a kind fast-casual style mesquite restaurant. With a laid back atmosphere, fresh ingredients, classic mesquite style dishes, and reasonable prices, it is the go-to spot for families. Local families have claimed the restaurant as the best place to go after weekend sporting events, casual family dinners, or a quick business lunch. Since the first restaurant, Adair has opened three other Skeeter's Mesquite Grills in the Sugarland, Kingwood, and The Woodlands neighborhood.

In 2000, Adair Family restaurants expanded into the Tex-Mex food market, obtaining Los Tios Mexican Restaurant in the popular Westheimer area. Los Tios had been a Houston staple since 1970, but Adair was able to bring new life to the struggling restaurant with his dedication to the freshest ingredients, incomparable dedication to customer service, and his extensive marketing background. Today, the Adairs have opened three more Los Tios restaurants throughout the Houston area in the Sugarland, Memorial, and inner-Loop 610 areas.

Adair Family restaurants recently expanded again in 2013 via Gary Adair's two oldest children, Katie Barnhart and Nicholas Adair. The duo opened the trendy Adair Kitchen, located in the exclusive Houston Galleria area. Adair Kitchen, fondly known as AK, specializes in innovating simple, classic recipes many grew up on. Adair Kitchen is a popular spot with many young working adults running in to grab a quick breakfast before work, a delicious and healthy lunch, or cocktails during their nightly Happy Hour prior to a sit-down dinner. Their focus on what millennials want is seen all throughout the restaurant. With industrialesque décor, creative cocktails, and a menu full of healthy and satisfying meals, Adair Kitchen is the go-to restaurant during the busy workweek or for a satisfying weekend brunch experience.

3. Strategic Focus and Plan

This section covers three aspects of corporate strategy that influence the marketing plan: (1) The mission, (2) the goals, and (3) core competency/sustainable competitive advantages of Adair Family Restaurants.

Mission

Adair Family Restaurants mission is to be a well-run family restaurant group that is respected by their customers, peers, and vendors.

Gary Adair trusts that if those three things happen and happen well, he will have done his job as owner. He is confident that while this mission statement cannot be found on any of the restaurant concepts' websites, anyone who visits the three restaurant concepts will see the mission being implemented through is employees and through their dedication to running the restaurants.

Goals

Adair Family Restaurants set out with the objective to provide Houstonians with the freshest ingredients, a focus on simple favorite recipes, at affordable prices for anyone looking to try a new restaurant or visit a long-term favorite. Gary Adair has concentrated his short and long-term goals on a physical and image level. Adair wants to rearrange what people are familiar to in his restaurants. He wants to obtain a level of sameness in all three restaurant concepts and is confident through upgrading the design, perceived image, menu, and management of the nine individual restaurants that this can be achieved if they focus on where they are and where they want to go in the next five years. Because this market is so different from where it was when the first Skeeter's opened nearly thirty years ago, Gary understand the need to go out and view competition and see where he can improve.

Physically, Gary Adair knows that some of his restaurants need updating. He has started the process on his Skeeter's Mesquite Grill West University location and Los Tios Mexican Restaurant Sugarland location. These two neighborhoods have seen the greatest change in recent years and Adair has successfully familiarized himself with these changes. This process of remodeling is intended to appeal to the changing clientele in the area.

Increased focus on restaurant image is another factor that Adair wants to see addressed over the next five years. It is vital to understand and know the people who are considered to be "change agents" in the restaurant business. Recently, food bloggers and reviewers have emerged on social media. Social media did not exist twenty years ago and Gary Adair has been learning to alter his marketing strategy accordingly. Foodies take to social media to comment on their experiences in restaurants around they area. They tell people where to go and eat. Adair discovered



Figure 1. Skeeter's Remodel

that using agents such as Greg Marago, a food editor for the Houston Chronicle, has increased exposure to his restaurants. This brings in new clients and a younger demographic. He would also like to increase the company's use of social media. Hiring director of marketing, Alice Johnson, to bring a young person's knowledge, connections, and use of social media has increased Adair Family Restaurants Facebook, Twitter, and Instagram presence. Implementing the use of Facebook boosting has also provided increased social media traffic, and has resulted in greater awareness of Adair Family Restaurant promotions and events.

The future is exciting for Adair Family Restaurants with the addition of a brand new restaurant concept similar to that of Adair Kitchen. Katie Barnhart and Nick Adair have continued to impress with their authority of the growing Houston restaurant market and have capitalized on Adair Kitchen's incredible success with the forecasted opening of their newest restaurant in the fall of 2016.

Core Competency and Sustainable Competitive Advantage

Adair Family Restaurants has set themselves apart from the competitive Houston Restaurant market through (1) their constant attention to their clientele, (2) the ability to offer options and variety for any customer, and (3) their devotion to only serving the best dishes made of the freshest ingredients. Adair Family Restaurants has been in existence since the late 1980s, and with that longevity, they have had ample opportunity to learn what the people of Houston want when dining in one of their three restaurant concepts. Skeeter's has earned the loving title of the "post-sporting event and family" restaurant. On any given Saturday afternoon, Skeeter's is filled with celebrating little league teams and active families in the neighborhood. They have combined their clientele with diners who are not in the family segment with an increased focus on their newly established brunch menu and coffee bar. Skeeter's attracts anyone who likes a good mesquite meal. Los Tios Mexican Restaurant has maintained a steadfast following in the neighborhoods because of the relaxed dining atmosphere and authenticity to the popular Tex-Mex cuisine. Customers are attracted to many familiarities in the restaurant, such as long-term waiters and waitresses, recognizable dishes, and friendly management. Adair Kitchen is the catchall that the Adair Family Restaurant group needed. Serving the popular young working crowd, diners enjoy the reasonable prices along with the high quality ingredients and a focus on home-style comfort food with a healthy twist.

A restaurant group that is located in the extremely diverse Houston, TX needs to have the ability to serve all kinds of people. Adair Family Restaurants prides itself in having vegetarian and vegan options as well as many gluten-free choices. No customer will ever leave because of their inability to provide meal choices for people with strict diets.

Adair Family Restaurants also has found a balance between serving the freshest ingredients and a good price and absorbing the increase of food costs. Loyal customers notice any change in prices, which requires high attention to fixed and variable costs. Adair Family Restaurants has a very intelligent accounting department consisting of accountants Helen and Ana who work very hard to provide solutions that can ensure quality while maintaining a profit that can enable the company to

continue growing.



Figure 2. Images of popular menu items at Skeeter's Mesquite Grill

4. Situation Analysis

Adair Family Restaurants serves a growing market of diners who desire innovation, familiarity, and friendliness during their dining experience. Adair has managed to find a way to satisfy all customers because of the differences found between each restaurant concept. At the core, the restaurants believe in giving people the chance to have a meal that contains fresh ingredients. The advantage of having one company with three different restaurant concepts is that Adair can expand customers they reach. Providing something for everyone is the key to remaining competitive in tough Houston restaurant market. Gary Adair has always said that his restaurants are only as good as the last meal served, so employees are encouraged to ensure that they always give their absolute best to each table they serve. Focus on the customer has given Adair Family Restaurants some of the most loyal customers in all of Houston. Houston has many competitors in the market; making it important that Adair has weekly marketing meetings in order to stay in stride with his competition and to encourage new creative ways to remain on top of the mark.

Adair Family Restaurants have many strengths: their dedicated management, many of whom have been working for the company long before his or her promotion to management, the offerings they provide so that they can reach a greater amount of people, increasing profitability and likeableness in the community, a young marketer who knows how to use social media to get the word out to customers and also has the knowledge on how to analyze the data found in social media hits and visits, their personnel that provide the advantage of very little turnover to the company, and a way of reporting that is easy to understand and manageable for a small company.

Main weaknesses to the company are that food costs have risen exponentially and it is difficult to accommodate those while trying to continue to serve meals that are on the lower end of the average restaurant price. Adair Family Restaurants is also in one of the

most competitive restaurant markets in the world. With 10,000 restaurants in Houston to choose from, it is difficult to stand out from the crowd.

Figure 3. SWOT Analysis for Adair Family Restaurants

Internal Factors	Strengths	Weaknesses
Management	Longevity in managers, opportunity for growth, internal promotion	Internal promotion and longevity can lead to lack of respect, authority, and ability to discipline when needed
Offerings	Fresh ingredients, familiar recipes, and ability to accommodate many	Using such familiar recipes can lead to less innovation
Marketing	Use of marketing practices and a focus on social media is attractive for targeting younger markets and results in ability for tracking	Many core customers do not use social media, so there can be skewed results in findings and promotions can go unnoticed.
Personnel	Loyal employees, hardworking staff, very little turnover and known for high workplace satisfaction.	Small businesses have fewer employees or inability to provide enough hours available to keep current employees satisfied.
Finance	easy to use accounting and finance practices results in easier to understand reports, better understanding of finances	Limited resources can result in more difficulty or inability to grow the business.
External Factors	Opportunities	Threats
Consumer/Social	Ability to provide variety of consumers with an opportunity to enjoy fresh and familiar meals at a reasonable price; tap into fast-growing young working American segments	Houston is extremely diverse, and can be difficult to keep up with a changing consumer base
Competitive	Leverage familiar and trusted name with a loyal following	Houston Restaurant market is always growing and changing, necessary to constantly grow with it.
Technological	New services available such as UberEats and Favor provide Adair with the opportunity to reach consumers who might normally come into the restaurants	Competitors also now have this technology and may be more inept to use the technology available
Economic	Meal prices have remained slow to change over the past years, maintaining reasonable prices that families and young people are willing to pay	Food costs have increased in the past 20 years, finding a way to absorb and manage those costs without raising prices too high

Industry Analysis: Trends in the Restaurant Business in Houston, TX

With over 10,000 restaurants in the Houston area, it is difficult to stand out in the crowd. Houston restaurants represent over 70 countries cuisine so it is crucial to serve the best and freshest dishes that are true representatives of the cultureⁱ. For example, if Los Tios Mexican restaurant served sub-par Tex-Mex food that lacked in authenticity, many people would choose to find another restaurant. Restaurants are thriving in the city, even with the downturn in the economy. Houstonians use roughly 5.5% of their expenditures per day on restaurants and eating out. The average Houstonian spends approximately \$3,600 a year on restaurants, putting them in the top 4 cities that spend the most money per capita a year on dining outⁱⁱ.

These numbers prove that the market size is available, and even with such extensive options; every restaurant has a chance at success. Therefore, it is increasingly important to stand apart in the market. The philosophy that a restaurant is only as good as its last meal is something that sticks with many restaurant owners, especially Gary Adair. As the person responsible for the success of the restaurant, the owner needs to take great strides at practicing smart hiring techniques and strong leadership in order for the restaurant can succeed in this large and fiercely competitive market.

Competitor Analysis

The Tex-Mex restaurant market is 174% higher in Texas than the national average³, so Adair needs to closely follow trends in this market to maintain growth.

Skeeter's Mesquite Grill's main competitor is Jax's Grill in Houston, TX⁴. The restaurant is a popular substitute for Skeeter's Mesquite Grill because it also puts a main focus on post-little league game celebratory dinners and a quick and easy dinner choice for many families. However, they do not offer the same accommodations for people who do not fall into those categories as Skeeter's does.

Contemporary American restaurants have recently seen a huge increase throughout the recent years, so this trend has provided Adair Kitchen a way into the restaurant scene, it is important that Katie Barnhart and Nick Adair push a focus on their competitive prices and promotions such as a monthly happy hour event to continue getting new customers through their doors.

Company Analysis

The Adair family has had over twenty-eight years of experience in the restaurant business. While working alongside with his two oldest children, the team has been able to continuously evolve their restaurant concepts in order to reach the greatest amount of

clientele as possible. They have managed to stay on top of the market because they understand that they need to grow with the market and with what consumers want to eat and experience.

The company uses various, trusted vendors for all food, linen, and other deliveries. The long-term relationships the company has with their vendors has helped Adair Family Restaurants secure the best prices which results in the ability to stretch their money further and to put the excess money into more advertising, planning, and expansion plans. Because Adair Family Restaurants is a local, family owned company, they gravitate towards local family-run vendors. Adair believes that working with another family-owned business leads to better working-relationships. He trusts in the relationships he has built with vendors such as Jake's Foods and Shoemann produce. While using smaller vendors results in slightly more expensive prices, the monetary investment is worth it in order to support other local businesses.

Customer Analysis

In terms of customer analysis, this section describes (1) the characteristics of customers expected to visit Adair Family Restaurants and (2) various concerns of Americans today while dining out.

Customer Characteristics. The clientele that visit Adair Family Restaurants vary depending on many factors including demographics, personal preferences, and convenience factors. Adair Family Restaurants sets itself apart from the highly competitive Houston restaurant market via the ability to offer something for everyone, and the capability of one customer to enjoy all three restaurant concepts.

Skeeter's Mesquite Grill's is a family customer base that is looking for a quick meal after a little league game on a Saturday afternoon or between events on a school night. Tables are covered with brown construction paper, and guests are encouraged to leave their mark with crayons on the tables -- a good distraction for kids waiting on their food! Children are also entertained with the arcade center in the back of the restaurant. Families are the focus at Skeeter's, and Adair has ensured that both children and parents alike enjoy their experience at the mesquite grill. In the future, he wants to make sure that he is not positioning himself in market niche that cannot grow. Because of this, he has started to implement new menu ideas and renovations that will appeal to a broader market.

Los Tios Mexican Restaurant's atmosphere is full of vibrant colors, from the plates and the napkins to the bright orange on the walls. While the focus is still primarily on the family, there is no construction paper or crayons on the tables. The colorful napkins and plates appeal to both young families and older couples. Many diners are families that

have been eating at the restaurant for years. In the Houston area, it is common that families have their go-to Tex-Mex restaurant, and Los Tios has been the longtime favorite for many in the neighborhood locations. On a typical Friday night, there are many families and older couples coming in to eat. Los Tios Mexican Restaurant is working on finding a way to cross over in order to appeal to a younger set of customers as well. Sprucing up the bar areas in each of the restaurants and offering an enticing happy hour are ways that can draw in a younger crowd in the future in order to compete with other trendy local Tex-Mex restaurants, such as Escalante's Fine Tex-Mex and Tequila5.

Adair Kitchen's customers focus much more on popular trends, clean eating, and sleek design. With the opportunity to dine at three different meal times, customers can come in for a home cooked breakfast, a healthy and simple business lunch, or a more sophisticated dinner. Adair Kitchen's goal is to target a younger client, so they put emphasis on providing monthly happy hours that are designed to attract more people to the fairly new restaurant and using the popular social media engine, Instagram, to promote daily specials and offerings in the restaurant. Their clients are familiar with social media and expect restaurants they visit to have a strong social media presence, something very different from the typical Skeeter's or Los Tios clients. Figure 4 shows an image of Katie Barnhart and Nick Adair at Adair Kitchenⁱⁱⁱ.



Figure 4. Image taken from Greg Morago Chronicle article

5. Market-Product Focus

This section explains the five-year marketing and product objectives for Adair Family Restaurants and the target markets, points of difference, and positioning of its restaurants.

Marketing and Product Objectives

Adair Family Restaurants marketing intent is to make simple recipes available to the greatest amount of people and to maintain a satisfied diner. Gary Adair wants to continue growing in the Houston restaurant industry, which can be detailed in the markets below.

- *Current markets.* Adair Family Restaurants has maintained success in the industry offering familiar meals at reasonable prices with a guarantee on high-quality service. This pledge has led to continuous growth in numbers each quarter and the ability to reach out into new markets. Promoting within has also provided a loyal current market because clients who dine in often have their preferred server and enjoy hearing about new opportunities employees have because of Adair's commitment to his people and giving his hardest workers the reward of promotion.
- *New markets.* Adair Family Restaurants made the decision to establish itself as a competitor in the market and the best way to do that is to discover what new customers want and to deliver that to them. Adair can do this by implementing new social media tactics like boosting advertisements and tracking other social media traffic to learn what potential customers want in a dining experience.
- *Catering.* In a new venture for the company, Gary Adair has put an increased focus on the catering. This allows for masses of people to try the restaurants that might normally not. Ronnie Hallenberger is an example of promoting within the company and how it has benefited the company. He was general manager of Los Tios and through hard work, was promoted to director of business management. His dedication to the catering business has resulted in exponential growth for the business. Hallenburger spends his days cold calling local schools, churches, and businesses, setting up appointments for tasting in order to make a catering sale, and putting on scheduled catering events. His greatest strength is his charisma and ability to maintain relationships with previous clients, resulting in referrals and new business. His relentless efforts have made catering one of the most successful new endeavors of the business.

Target Markets

The primary target market for Adair Family Restaurants can be broken into three different categories. Skeeter's Mesquite Grill targets a young family crowd, typically with children under the age of fourteen who do not mind eating with many other families with equally rowdy children. Los Tios Mexican Restaurant targets a slightly older family and more of the senior citizen market. These families enjoy the neighborhood atmosphere; many have grown up eating at Los Tios, while still having a civilized meal. Running around in the restaurant is not encouraged, nor is it punished. Finally, Adair Kitchen's target market is a young adult, typically between the ages of twenty and forty. These people tend to work in the surrounding businesses or could be stay-at-home parents.

Points of Difference

The "points of difference"- characteristics that make Adair Family Restaurants so special versus the competitors is that they are a local Houston family that have been in the industry for nearly thirty years. The neighborhoods that the restaurants are located in favor supporting other local Houstonians and keeping the money they spend on dining out in the Houston economy. Another point of difference is that they are not just one type of restaurant that only caters to one demographic. They have strategically placed themselves in various neighborhoods throughout the greater Houston area that will reach a wide range of people. Gary Adair saw that it is much more difficult to be successful in the diverse city of Houston, TX if they cannot offer differentiation between their concepts. Placing themselves in a market where they will not be confined to one specific type of food service provides a new form of growth that did not exist in 1988.

Positioning

Many restaurants in Houston consist of one type of restaurant that can only reach one demographic, and traps it into a position in the market that is difficult to grow. What sets Adair Family Restaurants apart is that they have the ability to provide three different concepts to appeal to the greatest amount of people. Offering a dining experience to virtually any person in the diverse greater Houston area is the most valuable positioning tactic.

6. Marketing Program

The four marketing mix elements of Adair Family Restaurant marketing program are detailed below. Please note that packaging refers to the presentation of the dishes provided in Adair Family Restaurants.

Product Strategy

Adair Family Restaurants' product strategy is to provide familiar meals to the greatest amount of people possible. There is a main focus on providing customers with the freshest available ingredients, cooked to maintain health standards.

Product Line. Meals at Skeeter's Mesquite Grill range from \$3.25 for a single crispy taco to \$29.95 for Combo Fajitas for two people. Meals at Los Tios Mexican Restaurant range from \$3.95 for a taco to \$42.95 for the El Presidente Fajitas for two people. At Adair Kitchen, meals range between \$5.25 for a granola breakfast parfait and \$21.95 for a 7 oz. filet of beef.

Unique Product Quality. Adair Family Restaurants has established itself in the market with a guarantee to make simple favorite recipes that have a focus on high quality products resulting in the best recipes possible. Adair Family Restaurants ensures that the staff will take no shortcuts in preparing the meals served to the customers. The satisfaction of customers and the pride knowing that they are serving the freshest recipes available is bar none.

Packaging. Adair Family Restaurants meet often with kitchen staff in order to guarantee that all meals are given to the customer in the most visually appealing way. It is commonly believed that people eat with their eyes first^{iv}6. Adair Restaurants take great strides in checking what they are serving and what kind of plating would make the food look the more appealing. Katie Barnhart and Nick Adair understand how important visual eating is in the restaurant world, so they have created a documenting system so certain plates are used for certain foods. They carefully log exactly what they want each dish to look like in a binder that can be referred to if there is any question. This has become a practice in their company that is beneficial both for their clients and for the restaurant itself. Food bloggers play such a large roll in someone's desire to visit a new restaurant so providing visually appealing plates for food bloggers to post about increases potential visits from new customers.

Price Strategy

Adair Family Restaurants believes in keeping meals affordable for everyone. Prices are comparable to other restaurant concepts similar to Adair Family Restaurants. The pricing strategy of providing reasonable prices is advantageous in their target market of a family neighborhood staple.

Promotion Strategy

Key promotion programs features include: table tents advertising seasonal manager specials, happy hour programs throughout the summer, and various school fundraiser coupons.

Table Tent advertisements: Table tent advertisements include catchy slogans offering promotions on manager specials throughout the different seasons. These can include advertisements for the newest margarita, dishes that are only available during certain periods of the year, or advertisements for a certain dollar amount off a customer favorite.

Happy Hour Program: Happy Hour is from 4-7 PM at the restaurants. This program offers house margaritas for \$3.95 versus the regular price of \$5.95. Throughout the summer months, this program also includes a complimentary nacho buffet in the bar areas of Los Tios Mexican Restaurant. Adair Kitchen has monthly happy hour events that include discounts on drinks and features a local Houston DJ.

School Fundraiser Coupons: Following with the neighborhood family theme of Los Tios Mexican Restaurant and Skeeter's Mesquite Grill, the two restaurant concepts offer many fundraiser events for the local schools and churches in the area. Offers such as school nights at Los Tios encourage local families to eat at the restaurant that night and 20% of all sales will be donated back to the school. Skeeter's Mesquite Grill offers coupons for families in the form coupons on the back of raffle tickets for the school. A member of the family can bring in the raffle ticket stub have half off an entrée.

Place Strategy

Adair Family Restaurants have located all nine restaurants in familiar neighborhoods where many target consumers live. This aids in achieving the identity of a friendly neighborhood restaurant where everyone can go and have a good meal at a very reasonable price.



Figure 5. Table Tent example at Los Tios

7. Financial Data and Challenges

Past Sales Revenues

Adair Family Restaurants is approximately an 18 million dollar business. Their locations plays a large factor in their sales revenue, established in the oil hub of the greater Houston, TX area. While other luxury restaurant businesses feel the effects of the recent oil deficit, owner Gary Adair views the drop in oil prices as a means to attract new customers. It seems that luxury restaurants are more sensitive to macroeconomic issues and positioning Adair Family Restaurants as a more casual, every day restaurant group enables them to sustain regular sales even through an economic crisis like Houston is currently experiencing. Adair has learned throughout his years in the restaurant business that customers want to maintain their lifestyle and many families do not want to have to cook every night so they will start searching for restaurants that still offer the food that they like at a more reasonable price. Adair Family Restaurants is known to have prices that customers affected by various macroeconomic issues can still afford. Families that would opt for a more expensive version of a Tex-Mex restaurant, a Mesquite grill, or a contemporary-American restaurant will now give Adair Restaurants a try, increasing and varying their customer base.

Financial Challenges

After meeting with Gary Adair, he believes that it is difficult to provide firm information pertaining to future sales. He considers the future to be extremely bright, resulting from a continuous increase in cash on hand. Adair Restaurants relies on steady growth because running family restaurants are prone to various operational challenges. Many employees have been working for the restaurant group for decades and rely on these jobs. Gary Adair is an extremely caring boss and is committed to his employees' future and well-being. Running a smaller restaurant group means he knows each of his employees personally and wants to provide a stable work environment where they do not have to be worried about potentially losing their jobs with a sudden downturn in the industry. Therefore, ensuring that his numbers stay constant and growing is more important to him from a humanitarian view than a CEO of a large restaurant corporation. Having such a personal relationship with his employees makes shutting down a failing restaurant incredibly difficult so keeping a close eye on macroeconomic trends in Houston is important in a small business like Adair Family Restaurants.

Another unique complication of running a smaller restaurant corporation is having such a loyal customer base. This problem is complicated because it is equally a positive

thing. Los Tios Mexican Restaurant, Skeeter’s Mesquite Grill, and Adair Kitchen most loyal customers visit anywhere between three times a week to nightly, which means that menu price changes are noticed and can leave loyal customers slightly, off-put. Price increases are an important part of adjusting to inflation and growth in the food industry; Adair has found that finding a comfortable balance between raising prices of meals and keeping customers happy has been a challenge in the past. Food costs have increased since 1988, resulting in price of inputs and variable costs affecting profit more than ever before. Because one of Adair Family Restaurants greatest draws is having such reasonable prices for high quality ingredients it is important to make sure that they are not pricing themselves out of that market niche. Therefore, Gary Adair keeps a close eye on his other operating and variable costs on top of the added benefit of stronger purchasing power resulting from the company’s size and volume that can be adjusted in order to absorb increased food costs for his ingredients and will not change menu prices too much too quickly.



Figure 6. Fajitas at Los Tios Mexican Restaurant

8. Organization

Adair Family Restaurants’ present organization appears in Figure 2. It shows the people responsible for daily office operations reporting to Gary Adair.

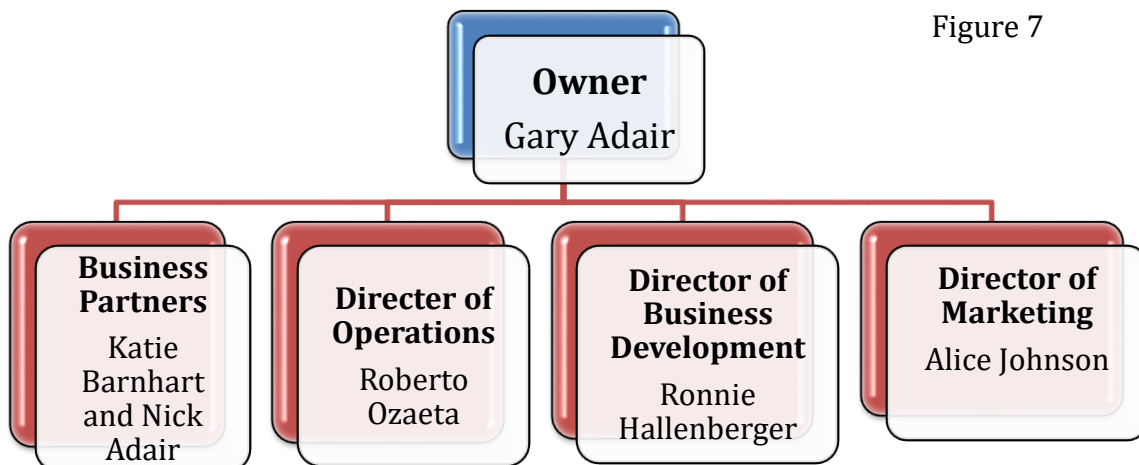


Figure 7

Presently, Adair Family Restaurants operates with seven full time office employees and approximately 25-40 employees per restaurant. As the restaurant grows, they continue to adjust accordingly through hiring in individual restaurants that require more staffing to accommodate growth. Since Adair Family Restaurants have the ability to operate on a smaller scale, Gary Adair and the rest of his team have the advantage of visiting all of the restaurants on either a weekly or bi-monthly basis resulting in the capability of observing day-to-day operations of each restaurant, which aids in performance reliability and eliminates the opportunity of sub-par service and performance that deviates from expected excellence.

9. Implementation and Evaluation

Gary Adair has big plans for the future of Adair Family Restaurants. He hopes to step away from day to day operations in the next five years and see how his dream can grow through his children, Katie Barnhart and Nick Adair. In the past, Los Tios Mexican Restaurant and Skeeter's Mesquite Grill have been grouped together, and Adair Kitchen (while fairly new) has been in a group all their own. Adair believes that with future corporate leadership, all three restaurant concepts can be grouped together in more of one restaurant group, parallel to each other rather than viewed as completely different restaurants. In order to accomplish that Skeeter's Mesquite Grill and Los Tios Mexican Restaurant need to update and upgrade over time and in a way that will not upset current clientele. He wants all three restaurant concepts to stay current with trend and to become more knowledgeable with their new target market. Adair also wants to become more in tune with social media and the positive affect that it can have on the business. This can be achieved with the expertise of his current director of marketing, Alice Johnson. There is a fine line between growing with the market and staying true to their current customers so using the business and market knowledge from Katie Barnhart and Nick Adair who also have the longevity and knowledge of what Adair Family Restaurants was when it started will be the best way to achieve Gary Adair's goals in the next five years.

This plan for expansion and a move towards a more parallel business can be completed in a three-part plan. This plan can be broken into a part one: short term, part two: three year term, and finally part three: long term.

The short term starts with continuing Gary Adair's efforts towards renovating and updating the restaurants that are in the most need. This includes the Skeeters Mesquite Grill Wesleyan location and Los Tios Mexican Restaurant Beechnut location. These restaurants need to be the first that are updated because they are both located in locations that are growing the quickest and have seen the most change in clientele in the recent years. Many young families are moving to these neighborhoods and they

want to see the familiar neighborhood restaurants grow with them. Because renovation efforts are already underway this part of the plan can be continued in the short term.

The next stage of this plan would to save a restaurant that has continuously shown subpar results. Los Tios Westheimer is the original location and while it has a loyal following, it continues to bring the least amount of profit to the company. This restaurant needs to be temporarily shut down and a total overhaul needs to be done. In the past, Escalante's has taken some of their restaurants and turned them into a trendy destination. Because this restaurant is not taking in enough money there is less apprehension about shutting down the restaurant while renovations are being made. Westheimer is becoming a trendy area in Houston and the people in the area expect the restaurants where they eat to put focus on atmosphere, something that is not currently a part of the Los Tios Westheimer restaurant. Other restaurants that have tried this kind of change have been incredibly successful in their ventures and because Adair Family Restaurants has the familiar name and loyal following, the transition into a trendier restaurant will solve Gary's main desire to have a restaurant group that is parallel to each other.

Long term, Adair Family Restaurants will start to expand into neighboring cities. These cities have been carefully selected based on the demographics of the areas. First, Adair Family Restaurants will open a Los Tios Mexican Restaurant in the College Station area. College Station, TX is home to Texas A&M University and is merely 95 miles away from Houston. Therefore, many people from Houston live in College Station or go to school at Texas A&M University. Los Tios Mexican Restaurant will be appealing to people from College Station because it offers customers a non-chain restaurant that is still affordable. Adair Family Restaurants will want to choose a city where cost of living is relatively affordable because that tends to be the demographic of the current Houston customers. Once Los Tios reaches success in College Station, Skeeters Mesquite Grill can move into Waco, TX which is another growing Texas city because of the expanding Baylor University, family atmosphere, and low cost of living.

This three-part plan will lead Adair Family Restaurants to achieve their goals in a reasonable amount of time. These three parts will result in slow but continuous growth in the restaurant group and will make transitions and costs easier to absorb for the company.

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