



Union Square Hospitality Group

Restaurateur Meyer takes a bite out of The Big Apple with concepts that range from fine-dining landmark to outdoor burger stand

■ BY SONYA MOORE

With the 2005 launch of the high-profile fine-dining restaurant The Modern in New York's Museum of Modern Art and the startup of a new catering division, Union Square Hospitality Group is coming off one of the busiest years in its two-decade history.

Paradoxically, when founder Danny Meyer was opening his first restaurant, Union Square Cafe, in 1985, the creation of a sophisticated, multifaceted restaurant company was the furthest thing from his mind. In fact, if someone had asked him at the time about opening a second location, Meyer insists his answer would have been, "Absolutely not!"

"Back in those days multiunit restaurant groups were not nearly as prevalent," Meyer says. "There were really only two different types of ways to do business: Single-unit fine dining, if you wanted to be taken seriously, [and] chain operators."

Before launching Union Square Cafe, Meyer had worked for a year in the food-service industry in a handful of restaurants in Italy and France and as an assistant lunch manager at a seafood restaurant in New York.

"At that point I wasn't certain how to get in the business," he says.

On the other hand, he says Union Square Cafe was "a restaurant that I had to give birth to or I would go crazy."

For the next nine years, Meyer focused exclusively on Union Square Cafe. Then in 1993 chef Tom Colicchio — who previously had attracted critical attention at Mondrian, a New York restaurant that folded in the early '90s — approached Meyer about opening a restaurant with him. Up to that point Meyer had rejected other opportunities. But this was different.

"My fondness for his cooking was too compelling," Meyer says. "And we were able to find a neat space near the Green Market [in New York's Union Square]. I think once you break a barrier for the first time, it's hard to go back."

The resulting partnership would yield



Since opening Union Square Cafe, bottom, 20 years ago, Union Square Hospitality Group has developed eight other New York restaurants, including the upscale Eleven Madison Park, center, and barbecue concept Blue Smoke, top.



USHG's second hit restaurant, Gramercy Tavern.

Moreover, as time passed, Meyer began to recognize the benefits of developing a strong infrastructure to support his restaurants. USHG partner and chief financial and business development officer David Swinghamer recalls how Meyer wrote a letter to Richard Melman, the founder of Lettuce Entertain You Enterprises, hoping to learn how he ran his organization.

Swinghamer, who at the time was a partner in the Chicago-based LEYE, says Melman wanted to help Meyer and asked Swinghamer to work with him. A working relationship grew between Lettuce and Union Square Cafe, and ultimately Swinghamer became partners with Meyer.

Today, USHG operates nine distinct properties in New York in the fine-dining and casual segments. Union Square Cafe, Gramercy Tavern and Eleven Madison Park specialize in sea-

sonal American cuisine, Tabla is influenced by the cooking of India, and Blue Smoke is USHG's foray into the world of barbecue.

The Museum of Modern Art is home to three USHG restaurants: The Modern, which is helmed by acclaimed chef Gabriel Kreuther, and Cafe 2 and Terrace 5, both of which are more casual operations. The Shake Shack in Madison Square Park is USHG's only quick-service location. It specializes in burgers and frozen custard.

In addition, USHG is in the process of organizing the company's latest venture: Hudson Yards Catering, which specializes in hosting private parties.

Prices vary at each location, which Swinghamer says is great because it creates a wider demographic that USHG can appeal to by providing different dining experiences. On the low end, a meal at Shake Shack can average about \$9 per person while the tab at Cafe 2 can cost \$12. Prices in the middle range run between \$35 at Blue Smoke and \$60 at Union Square Cafe. At Gramercy Tavern, dinner for one can top the \$100 mark.

"That's the fun of it," Meyer says. "I always viewed it as a bunch of beautiful stations on the radio dial, and it's fun to tune in. And the key is to tune in."

Clearly, the company has evolved since Meyer opened the doors of Union Square Cafe 20 years ago. USHG did not even have an official headquarters until the fall of 2003.

"It was an incredibly decentralized group for many, many years," Meyer says, admitting that it took him a while to realize that there was a need to centralize. "I really believed that a smart corporate organization would lead to dumb restaurants, and I refused to do that."

"I am not comfortable with growing corporate at the expense of handcrafted



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ingenuity," he continues. "I never want the corporate structure to squash the brilliant entrepreneurial and hospitality spirit, so I resisted for a long, long time."

But as specific areas such as human resources, accounting and information technology grew along with the number of restaurants, Meyer says Swinghamer began to argue in favor of more centralization.

"If you're not there all the time, you have to have certain systems in place that allow you to extend your reach and run a higher quality restaurant," Swinghamer explains.

That was a critical point for the hands-on Meyer, who claims he "refused to open a restaurant if I couldn't walk to it in five minutes from my apartment." He began to realize the company needed to support him as an owner and enable him to constantly improve each of the restaurants and make them more profitable.

Meyer says the key to developing both a smart organization and smart restaurants lies

in the checks and balances of having each restaurant striving to operate in its own, unique way while having a founder like Meyer responsible for expressing an overall direction for the company.

"It's important to me to surround

Though Union Square Hospitality Group began as a fine-dining specialist, it now competes in other segments with more casual concepts at the Museum of Modern Art in New York, right, as well as the quick-service concept Shake Shack, below.



myself with people who have more expertise than I have in certain things ... to represent my point of view and judgment," Meyer says. "While we'd all love to have everyone agree with everything that we think, a lot of times more good heads are better. It's a real give-and-take culture."

Paul Bolles-Beaven, USHG partner and chief people officer, says the company's strength is dealing with employees. "The standards of how we treat our people has been central to the success of our company," he says.

USHG's human resources philosophy can be distilled down to three points, Bolles-Beaven says: "Who we hire, how we train them and the work environment that we provide."

"The trick to hiring the right people is looking for what we cannot train," he explains. "We can train people to have certain abilities, but we can't train someone to have a great work ethic. We can't train someone to be intelligent and to be curious about themselves and their work."

Bolles-Beaven started out as a waiter at Union Square Cafe in 1985. Before that, he points out, the sum total of his restaurant experience was working at the bar of a bowling alley in Middletown, R.I., for six weeks.

"Danny Meyer did not hire me as a waiter for Union Square Cafe because I had the most experience," Bolles-Beaven says. "He hired me because of what he

saw as my emotional skills and decided he could train me to be a waiter."

While training is individualized to each operation because of their different styles and personalities, the process also requires participation by everyone on staff at each restaurant.

Swinghamer points out that hiring the right type of people enables

each restaurant to run efficiently and independently. "We want to get the best out of them instead of telling them every move they have to make," he says.

"We encourage people to find creative ways to do things on their own while following our mission of enlightened hospitality," says partner and chief operating officer Richard Coraine. "As long as people do that, we encourage them to come up with new and better ways to do things."

Such support and encouragement also influences retention. "I think the work environment we strive to create every day is one that will cause people who are driven to excellence in hospitality to thrive," Coraine says. "If we provide an environment where the kind of person we're looking for will feel successful, not only will we be able to retain them, but [good] people will be attracted. Time and time again when people join our company, they do so because they have heard from friends who work here."

However, the company has standards and boundaries, and Meyer insists certain things are non-negotiable. The budget is one of those things, he says, as are pricing standards, which cannot be decided independently by each restaurant to ensure that the company's principle of excellent value is upheld. The philosophy of enlightened hospitality also is critical, determining the way the staff, community, suppliers and customers are treated.

One strategy that allows USHG to

retain a pool of talented individuals is to provide opportunities for career growth by creating new businesses. At the same time, the company's standards help "incubate" a new restaurant so management learns to hire and train properly and position the menu correctly. So whatever the new business

is, Meyer explains, philosophically and culturally it feels like a Union Square Hospitality restaurant, ultimately helping a new business "feel like it was raised in the same family."

USHG's dedication to its brand is not lost on customers or observers. New York Times restaurant critic Frank Bruni says diners are loyal to the restaurants in the Union Square Hospitality Group — however, to them it is better known as a "Danny Meyer restaurant."

"I think the Union Square Hospitality Group has been very smart about creating ways for customers who find its restaurants dependable to eat under the group's banner at different price points and in different ways," Bruni says.

He says that to New Yorkers, the Union Square Hospitality brand guarantees dependably respectable food as well as a high level of professionalism and considerate service, no matter how much they are paying for their meal.

While USHG continues to fine-tune its restaurants around the city, it currently is focused on developing its Hudson Yards Catering venture. Chef Kerry Heffernan of Eleven Madison Park is on board as executive chef. But while Hudson Yards marks the next step for the company, other steps are expected to follow.

"I don't have an appetite for a new concept," Meyer says, hinting at a different direction for USHG. "The challenge would be to replicate something. It's a mountain we've never climbed."

Expansion outside of Manhattan also is a possibility. "We've thought about it for many, many years," Meyer says.

Swinghamer agrees that the company wouldn't rule out the possibility of opening outside of New York. "A lot of interest has come from out of the city," he says. "So we are open to it and looking at it. But we feel that it's not essential to our future."

Nonetheless, Swinghamer also says that while nothing has been set, "we've had a very strong interest in something international, and we're very open to that."

Eventually, Meyer says: "We'll do something out of town. It's the next logical thing. I'm interested in trying something we've never tried before." ■

AT A GLANCE

COMPANY: Union Square Hospitality Group

HEADQUARTERS: New York

YEAR FOUNDED: 1985

NUMBER OF UNITS: 9

CONCEPTS: Union Square Cafe, fine dining; Gramercy Tavern, fine dining; Eleven Madison Park, fine dining; Tabla, fine dining; Blue Smoke, barbecue; The Modern, fine dining; Shake Shack, quick-service; Cafe 2, casual; Terrace 5, casual

ANNUAL SALES: undisclosed

WHERE IT TRADES: New York

NEW MARKET TARGETS: none presently

TOP EXECUTIVES: Danny Meyer, president and chief executive; David Swinghamer, chief financial and business development officer; Richard Coraine, chief operations officer; Paul Bolles-Beaven, chief people officer; Michael Romano, chief culinary officer

WEBSITE: www.ushgny.com