



gameroom **guru**

New Shakey's Mounts its Comeback

By **GEORGE McAULIFFE**

[Editor's Note: This month marks the return of industry veteran George McAuliffe to RePlay as a regular columnist. He penned the original Fun By George column and now returns with plans to contribute at least four times each year to our pages.]



A contrast in styles is apparent in the old look of the Shakey's signage above and the new below. Updated styling at the food and fun outlets is among the changes being instituted in the venerable chain's locations.

The great Shakey's Pizza name was long known throughout the United States (and many parts of the world) as the place to go for great pizza and good times.

In recent years, outside of California and a few other selected markets, the question has been, "Where did Shakey's go?" Forty years ago, the chain boasted over 500 restaurants in North America; however, that number shrank to about 60 in 2005.

The cause of the retrench-

ment was a series of bad franchisors, companies that didn't understand the brand or failed to support its franchisees in return for their hard-earned royalties. Enter Jacmar Foodservice Distribution of Los Angeles, a food and beverage distributor that was also the largest U.S. Shakey's franchisee. Understanding their Shakey's customers and the power of the brand they operated, Jacmar set about planning the Shakey's comeback.

Three Steps for a Comeback

Drawing on the restaurant experience of its founder, Bill Tilley (who had also been involved with the early Taco Bell and, more recently, BJ's Restaurant and Brewery) and Jacmar's management team headed by president Randy Hill, Jacmar put together a deal.

Step One: Acquire the rights to the Shakey's name, buy out the franchisor (then a Singapore holding company), recapitalize the company (contributing some 17 Jacmar-owned Shakey's as company stores), and create Shakey's USA as a go-forward entity.

Step Two: Bring in outside talent to add depth to the management ranks.

Step Three: Reinvigorate the brand by updating décor and menu, retaining the old time traditions of great pizza and great fun but with a 21st

century package.

The power of the brand is best described by the early research results: Shakey's received more than 90% "positive assisted awareness" in consumer polls across the U.S. This means that when consumers were asked if they remember the Shakey's brand they not only did, but they volunteered that they remembered it fondly, had nostalgia for their past family fun experiences and would patronize it gladly in the future.

Coin-op games had become the entertainment component of Shakey's since the 1980s, providing a significant contribution to the customer experience, complementing the pizza dominated menu and the family orientation the brand was famous for.

Shakey's put together a terrific management team:

Joseph Remsa was lured from academia, where he taught franchising at the University of South Florida, first as Chief Operating Officer and since late last year as CEO. Joe has a long history in senior management roles with franchisors such as Einstein's. Randy Hill moved over from Jacmar and led the store design, construction, and operations teams, as well as the gameroom reinvention project. Rebecca Black, a longtime associate of Joe Remsa and veteran restaurant operator (much of her career was spent with Pizza Hut and Panera Bread) joined the team





The new Shakey's in Auburn, Alabama's more modern exterior (above) coupled with the redesigned interior draws crowds (see below).



as director of training. Once the training programs were established, she became director of operations. Steve Hersey, a Jacmar and Shakey's brand veteran, as director of information systems was charged with upgrading the company's MIS resources. Steve also played a lead role in the gameroom reinvention project. Cindy Staats, long time director of marketing for Jacmar's Shakey's stores, put her talents to work creating national media and marketing strategies. Last but certainly not least, the company retained my company, Pinnacle Entertainment Group, to advise on the reinvention of the gameroom.

Prototype Developed

The process described above has been underway for almost four years, the first

two in organizing, planning and the design of the go-forward prototype. That prototype, which opened in September 2006, has been very successful. The menu centerpieces of Shakey's pizza selections, fried chicken and famous Mojo potatoes were expanded with burgers, sandwiches and enhanced salad selections. The burgers and sandwiches have since been dropped but the salad menu remains a popular favorite.

The design and décor package is a huge step forward. All good restaurateurs (and FEC operators for that matter) manage their day parts. Shakey's was very popular with families on weekends and business folks for the weekday lunch buffet, but the management team wanted to appeal to 20- and 30-something couples on weeknights. This consideration was a cen-

tral driver in the design process. The result was a hip, open and comfortable atmosphere with contemporary features, such as open kitchens and more booth seating, while preserving Shakey's signature flexible tables combined for large families and group dining.

Gamerooms Enhanced

Jacmar had introduced games into the Shakey's concept back in the 1980s, and games have been an important contributor since. Management recognized, however, that their game operations needed updating and that more professional chain management systems were needed to support growth, with new franchisees as well as new company stores.

Shakey's contacted Pinnacle, and we got involved early in the life of the new Shakey's USA. We implemented a three-step process to address improvements in the fun side of Shakey's: analysis of existing operations, testing of concepts and implementation. This process was used to help the management team improve existing stores and plan the game side of the prototype.

In order to isolate impact of proposed changes, we tested pieces of our game and redemption management systems, established over a 30-year career of operating arcades and FECs, in separate stores one at a time. We tested updated game mixes, implemented Redemption Plus and its system of redemption product and controls in one store, installed a debit card system in another, introduced cranes to the game mix and helped the management team improve chain reporting and controls.

At the same time, we assisted with the design of the prototype store with respect to gameroom and redemption center. This included gameroom design, game selection, debit card system selection, marketing and the general integration of the game and family fun component into the new Shakey's USA package. The prototyped turned out to be a home run with significantly better revenue, games and food and beverage than old Shakey's averages and has been very well received by the customers. The management team has succeeded in capturing that old-time/good time Shakey's fun while updating, modernizing and truly improving the concept. We then took the best producers from our testing and implemented them throughout the corporate stores, upgrading games, implementing Redemption Plus as the lead supplier, enhancing redemption centers



Loving the past: The Auburn, Ala., location owner and director held on tight to the charm that has welcomed so many Americans over the years by their mint condition Shakey's collectibles. Seen here with pitcher of beer on top is the Shakey's player piano pulled from a long-closed location in Denver.

and general controls. Corporate stores also implemented a store renovation program to update the concept.

New Franchises Opening

Having been a part of the project and having worked with the talented management team at Shakey's, it was great to attend the March opening of the first new franchise operation outside of Southern California. Located in Auburn, Ala., this Shakey's is an advance on the prototype. From the building to the interior to the game room, it is a beautiful and smoothly functioning restaurant.

Owned by Bert Hunter and director of operations Richard Coopetillo, the restaurant serves the university community of Auburn and surrounding areas. Bert has bought into the Shakey's tradition in a big way displaying a huge collection of original, mint-condition Shakey's collectibles. The items range from ash trays and beer steins to an original player piano that was actually operated in a long closed Shakey's in Denver, Colo.

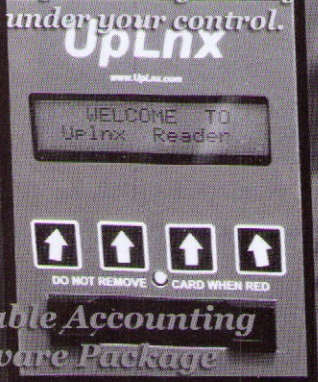
The memorabilia collection also includes six banjos played in Shakey's restaurants, one of which was played by a member of the singing group The Andrews Sisters. True believers in the fun/entertainment side of the concept, Bert and Richard have the player piano going all the time and bring in singers and banjo players on weekends. While I was there, we were serenaded by the Yale University Men's Choir in town for a visit. The game room, of course, exists to entertain Shakey's Auburn customers all day, every day. Judging from the crowds lined up at the door, this latest Shakey's is proving to be a successful milestone in the rebuilding process of this terrific family pizza brand.

George McAuliffe is in his 30th year in family entertainment and is president of the consulting firm Pinnacle Entertainment Group, Inc. (www.grouppinnacle.com) He also serves on the management team and manages the Customer Success Program for Redemption Plus, a leading distributor of redemption and crane merchandise to the industry (www.redemption-plus.com). George can be reached via email: georgeme@grouppinnacle.com.

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