

the Habit BURGER GRILL

Sherleen Mahoney

GET in the HABIT

The Habit Burger Grill, which recently went public, prepares for nationwide expansion

The Habit Burger Grill, simply known as “The Habit,” is a popular California burger-centric fast-casual restaurant, famous for its Charburger, made with 100-percent fresh— never frozen—ground beef that is chargrilled over an open flame.

Unless you're from California, Arizona or Utah, you may not be familiar with The Habit, but that's about to change. The brand, which originated in Santa Barbara, Calif., in 1969, went public in November 2014. It is the first of its competitors to do so.

Russ Bendel, CEO at The Habit Burger Grill, said the newly public company will now focus on becoming a national brand.

“The net result is that this gives us an incredibly strong balance sheet and allows us to focus on building and running restaurants,” Bendel said in a press release.

The first expansion was to the East Coast, where two new restaurants opened in New Jersey. Later this year, restaurants will also open in Florida and Washington, D.C.

“We have been thrilled by the reception we have received in the new markets and believe there is room for more than 2,000 Habit Burger Grill restaurants in the United States,” said Matt Hood, Chief Marketing Officer at The Habit Burger Grill.

Currently, there are 114 company-owned Habits, and the company plans to build between 26 and 28 new restaurants this year. To build these new restaurants, they will look for end-cap locations with patios.

“We prefer inline spaces with other national fast-casual concepts,” said Rob Wach, CRFP, Vice President of Facilities. “The landlords like the synergy, and it works for us too, because we can hold our own with our competition next to us. This configuration generates a lot of traffic in the shopping area.”

Wach said it is a good time to build right now because The Habit is in high demand, which gives the company leverage.

The brand also would like to expand its drive-through locations. There are four now, but as the company expands across the country and into states that experience more seasons and inclement weather, management wants guests to be able to pick up their food without leaving the car.

Lastly, the first freestanding location opened last year in California, and as those opportunities arise and make sense, the company will build more.

One Voice

With the nationwide expansion, The Habit wants to ensure its restaurants speak with one voice. That's why all restaurants, no matter the location, will feature the same delicious menu, décor and design.

Every restaurant will include artwork that depicts California's active outdoor lifestyle: windsurfing, surfing, biking and climbing. There's also a storyboard that shows the history of the brand.

“We're proud of our history in Santa Barbara; its ‘California-casual’ feel makes the brand very approachable, and we want to keep that feel and take it nationwide,” Wach said.

Though the restaurants have a distinct California look and feel, each restaurant strives to be closely tied with the local community. So, for every opening The Habit partners with three local charities for three separate pre-opening events. During those events 100% of the net sales goes back to the local charity.

When the two new Bergen County, N.J., restaurants opened, The Habit hosted three fundraising events that benefitted Cherry Hill Elementary School, Alpine Learning Group and River Edge D.A.R.E. program, which teaches children to live drug- and violence-free lives. One hundred percent of the proceeds were donated to the groups.

“The Habit brand has built an incredibly loyal following over the years, and our guests were telling their friends, neighbors, parents, aunts and uncles on the East Coast that they had to go to The Habit when it opened in New Jersey,” Hood said. “Sales have continued to exceed our expectations and, all in all, we could not be more proud of how we have been welcomed into the Bergen County community.”

Respecting the Brand

As the brand prepares for growth, leaders were hired to bring it to the next level. Wach, who joined the company a year ago, is tasked with keeping the restaurants in like-new condition.

“We're very mindful of the guest experience and the quality of food,” he said. “We will not grow too fast to risk compromising either of the two.”

Working leanly, with two facility managers and a department coordinator, the facilities team's strategy is to empower the operators with knowledge.

Leveraging Microsoft's SharePoint, the store operators can find almost every answer to their questions in one place. But just because the facilities team relies on an online platform, it doesn't mean that Wach and his team are removed from the restaurants.

“My philosophy is to ‘Stay close to the burger,’” Wach said. “That means our facility managers interact closely with the operations team to make sure all their needs are met. They are encouraged to visit the stores once a week, including walking through the sites and getting on the roofs with cameras to take pictures and look for issues.”

When repairs and maintenance are required, the operators have a list of carefully sourced and qualified regional service providers, accessible on SharePoint, to call. But, according to Wach, it's not enough just knowing who to call when there's a problem; he wants the operators to understand why the problem occurred in the first place or why a piece of equipment failed. He likens this knowledge to the “teach a man to fish” proverb.

When operators ask the same question three times, Wach takes the cue to write a blog post or record a video about the issue to share with everyone on SharePoint.

And when operators experience a particularly technical or challenging issue or if an emergency occurs, they immediately contact Wach and his team.

“It's all about the operations team,” Wach said. “Our department mission statement is ‘Protect the brand, protect the people and protect the profits’. We do that by never making compromises on safety. I'll never ask anyone to do anything that would cause us to lose sleep at night. We avoid short-term, save-a-nickel solutions—it's just not worth it. And, most importantly, the upper management of the company supports this approach, which is why I work for them. I wouldn't work for a company that asked

otherwise.”

One new initiative Wach is working on is writing disaster preparedness plans for the East Coast.

“Those locations will have snow and hurricanes to contend with,” he said. “It’s a new environment for us, and we want to be 100-percent prepared.”

Lastly, to keep the restaurants looking fresh and new, the company has a remodel program that refreshes restaurants every five years. This year, the company plans to remodel a handful of restaurants, which involves fresh colors, new flooring and booths, and the latest furniture package that will make dated restaurants look like new.

“Remodels send a message to guests that says we’re staying current and fresh, we’re attending to the brand, and we plan to be here for the long run,” Wach said.

It’s All About the Burger

To say that the burger industry is a competitive market is an understatement. There are a handful of leaders in the fast-casual burger segment vying to edge each other out, attract loyal customers and gain sales.

Customers are as loyal to their burgers as they are to pizza. Burger aficionados say the quality of the meat and the toppings are the two most important attributes of a burger. And while price is considered, customers have shown they are willing to pay a little more for high-quality ingredients.

The Habit stands apart from its competition because the burgers are chargrilled over an open flame for extra flavor, and the ground beef is always 100-percent fresh, never frozen. The lettuce, tomatoes and onions are cut fresh daily, and the tempura green beans, French fries, onion rings and sweet potato fries are cooked in soybean oil, making them 100-percent trans-fat free. Each restaurant’s condiment bar features peppers, lemons, limes and sauces.

The attention to fresh, high-quality ingredients is what earned The Habit Consumer Report’s Best Tasting Burger in America ranking, beating out more well-known burger chains.

Consumer Reports surveyed its subscribers who ate more than 96,000 meals at 65 fast-food and fast-casual chains. Out of 21 burger chains, they ranked The Habit as the tastiest burger.

“There are a lot of places to get a good burger today, but The Habit’s signature Charburgers are the only premium fresh, never frozen burgers, seasoned with our proprietary spice blend, grilled over an open flame and cooked to order just the way guests like it,” Hood said. “It’s just not the same without the flame.”

Better Burgers are Just the Beginning

Another differentiator is the expanded menu. In addition to the chargrilled burgers, the menu offers sandwiches that feature chicken, steak and tuna, and handmade-to-order salads.

The chicken and steak are fresh, hand-filleted and marinated in-house, and the Ahi tuna is line-caught, sushi-grade and flown in three times a week from Fiji. Even the house-made ranch dressing is prepared fresh daily.

“Our expanded menu makes our concept a success,” Wach said. “Our demographics are 50 percent male and female, so if you want to take your concept nationwide, you have to have something for everyone.”

The Habit wants guests to not only enjoy some great food but also to have a pleasant dining experience, which Wach calls the winning formula. He said many brands focus on the food but neglect the dining area.

“You’ll see fast-casual restaurants with polished concrete floors, harsh fluorescent lighting, posters on the walls and uncomfortable steel chairs,” he said.

The Habit does not make that mistake. The restaurants are welcoming and inviting. Warm wood tones with complementary accent colors, colorful artwork and plants surround the guests, and the soft LED lighting showcases the food and the interior design perfectly.

“The brand is valuable. Over the years we have built a great brand reputation and we are diligent about protecting it,” Wach said. “All the details—the paint colors, the look and feel of the restaurants, the temperature, the sound, the seat cushions, and the lighting and its angles—all have been well thought out. Guests may not notice such details, but when they come in, they’ll feel good about being in the space. It’s the little things that make a difference. Our job is to ensure everything is maintained properly and that’s going to make a difference between a company that succeeds and one that fades away.”

Good Problems to Have

Ever since Consumer Reports ranked The Habit as America’s Best Tasting Burger, sales have dramatically increased.

“Our whole world changed the day that issue came out,” Wach said. “It was quite an honor to earn that ranking, and it brought in a lot of new customers.”

With the bigger lunch and dinner rushes, the restaurants have had trouble keeping up with the demand. For example, many of the operators found themselves needing bigger charbroilers to grill more burgers and larger ice machines because the restaurants were running out of ice.

“Recently, we’ve been busy dealing with the brand’s success, which is a good problem to have,” Wach said.

As the company expands and brings its tasty food across the country and beyond, it’s only a matter of time before more guests will discover their new habit, one they won’t want to break.

Sherleen Mahoney is a staff writer for Facilitator.