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Michigan Restaurant Association
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**The Mongolians of Michigan
(or, A Yurt of Your Own)
by Karel Juhl**

When it comes to concepts, BD's Mongolian Barbeque is in a century of its own: the 12th. Billy Downs has created an interactive, party-oriented place to eat that's taking Michigan -- and the nation -- back to the good old days of stir-frying dead animals on your trusty battle shield.

Don't let the overflowing parking lot intimidate you out of dinner at BD's Mongolian Barbeque. The wait for a table is never long, and you'll be entertained from the moment you walk through the door. In fact, the story of how this vivacious restaurant came to be is entertaining in itself.

An Englishman by the name of Matthew Kirby saw the Mongolian concept at work in South Africa. He was confident it would work in London, as well, and brought Michigan's Billy Downs on board to help with the execution.

That was 1988. Downs, fresh from Michigan State University's Hotel, Restaurant and Institutional Management program, knew he wanted a restaurant of his own. He also knew he didn't have the money for one. So he began his London internship with this goal: Prove to his new boss that he could be a good manager, and get Kirby to invest in him in the future.

"I had no idea it would be the same concept," says Billy Downs, "but once we worked together to develop the concept it became very clear there was an opportunity to do Mongolian in the United States."

They made a good team. Two years and three units later, Kirby offered Downs a partnership in the U.K. operation. Instead, Billy chose to return to the States, and Matthew provided the seed money for the first BD's Mongolian Barbeque.

Today, there are 20 restaurants in the United Kingdom and 14 in the United States. The London operation owns 20

percent of the U.S. operation, and provides ongoing support and financing as BD's grows.

The Concept:

12th Century Cooking and 20th Century Palates

The best way to understand the concept behind BD's Mongolian Barbeque is to get thee to the nearest location and belly up to the grill. That said, I'll try to explain:

The Menu: Stir fry.

That's it. No burgers, steaks or chicken cordon bleu. BD's won't -- and can't -- char, steam, broil, deep fry or braise your selection. Instead, you'll work your way through a long buffet line, filling your plain white ceramic bowl with raw beef, pork, lamb or seafood, and a heaping serving of fresh vegetables. After adding one of the selected oils and your choice of sauces and spices, you'll take your bowl to the huge flat-top grill that's the focal point of the restaurant.

There the chefs stir-fry your meal as they try to one-up each other with jokes and stories, sing off-key and show off their grilling techniques. Take the finished dish back to your table and enjoy your creation along with rice or tortillas. Repeat.

"I used to say the number of combinations you can make was infinitesimal," says Billy, "but we asked a Denver mathematician to figure it out and there are something like nine billion *billion* combinations." I don't even know how many zeros that is, but this much is certain:

It's a lot of trips through the buffet line.

BD's also offers a soup and salad bar, dessert menu, and full bar.

The Set-Up: The circular, 3,000 pound, 600° grill, symbolizing the underside of an ancient Mongolian shield, is the center of each unit. "Our goal is to see the grill from every corner of the restaurant," says Billy. "We've worked over time to develop the grill we use. Today we use one main supplier, who manufacturers it exclusively for us."

The dining area is simple, with wooden floors and sturdy chairs and tables to host 180-200 guests. The actual layout varies depending on the unit, since most are adapted to existing buildings. Newer units include a Mongolian home -- called a yurt -- above the grill.

See the grill and you've seen the majority of the kitchen. Hidden from view are a storage area and small prep area where the desserts, soups and sauces are prepared. That's about it. Any investment dollars saved

in typical kitchen equipment, though, are more than used up by the type of ventilation system required when you have an open kitchen in the middle of your dining room.

The Building: The majority of BD's are inline existing restaurants. In strip malls they're the end cap, and there are currently two free-standing units. Target size is 6,000 square feet, though they range from 4,800-6,500.

The first build-to-suit location for BD's will soon open in Auburn Hills, Michigan. They've developed a modular prototype that allows them to move elements around to match the community and the market. Bethesda and Denver, for instance, have a same-but-different feel, and franchisees are encouraged to let their own personalities shine through.

The Bar: BD's considers itself a food interactive destination atmosphere but if their quest for a new location reveals no liquor license is available, the site is scratched. About 15% of Michigan's sales come from the bar, while the figure jumps to 30% in the Chicago area.

The Atmosphere: Music, noise and interaction all play important roles in establishing the atmosphere of BD's. "If you want to conduct a serious business meeting or have an intimate date, this is not the place," says Billy. "We're an interactive, party-oriented, come-in-and-meet-some-people kind of place."

The key to creating, and maintaining, such an atmosphere is the employees. Most are college upperclassmen who are there because it's a fun place to make some fast money for the upcoming weekend. Turnover is high, and to be expected: Working at BD's must be like being on stage.

"Over time you can only get up for work so many days," says Billy. "We do try to keep turnover down, but having a person who's fired up and wants to have fun tonight is much more important than trying to long-term keep someone happy who's not."

There is no behind-the-scenes, temperamental chef at BD's; the rowdy group out front does it all. "We're a very team-oriented concept. We cross-train employees to do all the different jobs, and we're able to keep our labor down by keeping it simple. It doesn't take us long to develop even the most skilled trade of being a chef. When you look at unit economics we have some great numbers, and that makes us very attractive to franchisees."

Growth:

Zero to 14 in Seven Years

Critics point out that once the novelty wears off, BD's Mongolian Barbeque will be simply a stir-fry joint. Billy Downs isn't cowed. For one thing, the Mongolian barbeque concept has been around since the 12th century.

"In the U.K. our first restaurant has been going strong for twelve years. The food itself is whatever you make it. Interactive dining is new to some markets, but I think people see this is a way to control their diets. If that's a fad, it's a 30-year fad. Now, how we keep up with changing dietary needs, dining needs in terms of convenience and making it easy for guests, that's our responsibility. We're trying to stay ahead of the game, and I think we can."

Royal Oak, 1991: The choice of Royal Oak as the site for the first BD's Mongolian Barbeque wasn't made lightly, nor did it happen easily. Downs spent a year researching -- and working -- the market. "I wanted the first one to be in the best market possible, the one most willing to accept a new concept."

Today, BD's has developed a model of what they look for in terms of traffic counts, demographics and site requirements. Urban neighborhoods, central business districts and regional shopping centers are ideal. Income level isn't a big factor, but their primary market is 18-35, white color, dual income. "A higher concentration of young professionals without kids is best for us," says Downs.

The appeal of BD's is broader than that; a typical weeknight dinner crowd is generously sprinkled with older couples and children. The buffet appeals to the finicky appetites of youngsters and the health consciousness of dieters or people with restricted diets.

The formula is working, as evidenced by eleven existing sites in seven states and two more set to open in Michigan. They're "close" on three more locations, which will add two new states to the mix.

"You'll see a lot of growth over the next two years in Michigan," Billy promises. "We're going to be coming to a city near you."

"System-wide we're doing phenomenal. On a unit-by-unit basis we do about \$2.6 million in sales per unit, and that's a little stronger in Michigan. We'd like to repeat that pattern across the United States; we expect to be a 50-unit organization in the next four years."

**The Franchise System:
Sharing the Wealth**

Franchise and company stores run under the same system, from training to standards. "We're honored right now that our franchisees are leading the way in guest satisfaction and employee satisfaction," says Downs.

The franchise fee for BD's Mongolian Barbeque is \$35,000, with a royalty of five percent of sales. Just one-half percent of franchise sales goes to a national advertising fund, and most advertising is driven to the local market.

Territories are generous, with good development agreements, so the franchisee has the ability to grow and doesn't feel the pressure of corporate stores or other franchisees in their market. Additionally, franchisees are not required to buy from the corporate commissary. Instead, the corporate office works with franchisees to purchase products in the most efficient, least expensive way to generate a better bottom line.

"We found that advertising, territories and commissaries were the three biggest complaints in franchisee/franchisor relationships, and we try to answer all three of those problems before we go into business," says Downs.

As the company has expanded, their franchisee base has become more sophisticated. Currently BD's is looking for multi-unit restaurant operators from markets outside Michigan who would like to grow the concept. "Look at our location card. Where there are locations, the territory is sold. Otherwise the territory is pretty much available. There is a lot of opportunity to grow this concept in the south, southeast and on the west coast."

**The Corporate Team:
(Meanwhile, back at the yurt...)**

The corporate office recently moved from Berkley to Ferndale. There, about 15 people keep the business moving ahead. "I think we have the team in place to grow."

Billy likes being his own boss, but has no interest in working alone. "I like being part of a team. I like being accountable to a team. The team counts on me, and that drives me every day to be more successful.

"We're a very people-oriented company, and we haven't lost sight of that. We've grown tremendously from a mom-and-pop type of organization to a systemized, fun, great place to work. And we're excited to be Michigan-based. There haven't been a lot of emerging concepts out of Michigan lately on a national level."

Billy Downs may be striving for that 50-unit goal, but he won't be rushed. "We have turned down a lot of locations because they weren't the right sites. That home run location is so important to your business."

If that's the case, BD's just knocked one out of the park.

Sidebar #1

The Menu
BD's Mongolian Barbeque

Grab a bowl and work your way down the long buffet filled with raw meats, poultry, seafood and veggies, then take it to the grill for the chefs to stir-fry under your supervision. Don't bother complaining if you don't like the finished product because you created it -- right down to the seasoning. Instead, simply grab a clean bowl and start over.

Dinner

All you can eat.....\$11.95

Lunch

All you can eat.....\$9.95

One bowl & Salad\$8.95

One bowl\$6.95

Kids (12 and under) .\$.4.95

Carry Out

One bowl.....\$6.95

Salad.....\$4.95

Soup.....\$2.50

Homemade soup & salad bar

Rice and tortillas included with your meal

Selection of beer, wine and spirits

Dessert menu

Sidebar #2

The Stats
BD's Mongolian Barbeque

Average check: \$15/person

Percent of sales from food & beverage: 83% and 17%, respectively

Metro Detroit units: Average 1,000 diners daily

Customer count: Approximately 200,000/year

Annual per-unit sales: \$2.6 million

US system-wide sales for 1998: \$18 million

US system-wide sales forecast for 1999: \$35 million

Sidebar #3

The Locations
BD's Mongolian Barbeque

Michigan

Royal Oak
Ann Arbor
Okemos
Grand Rapids
Dearborn
Novi
Traverse City*
Auburn Hills*

Maryland

Bethesda

Illinois

Wrigleyville
Naperville

Ohio

Cleveland
Columbus**

Colorado

Denver

Indiana

Indianapolis

Kansas

Overland Park

Missouri

St. Louis**

Arizona

Phoenix**

*Coming soon

** Under development

Visit them online: www.bdsmongolianbarbeque.com