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MARKET INTELLIGENCE ON THE WINE, SPIRITS & BEER BUSINESS

# MARKET WATCH

A DECADE AFTER SPAGO BURST ONTO THE L.A. SCENE, WOLFGANG PUCK IS

# STILL COOKING



*Terrific Twosome: Wolfgang Puck and Barbara Lazaroff, seated in their latest venture in Malibu, Granita, have become fixtures in the Los Angeles and San Francisco restaurant scene.*

by Jean T. Barrett

**W**ith five high-profile restaurants, a \$9 million frozen food company, an interest in a brewery and a sixth restaurant in the construction phase, one might expect to find Wolfgang Puck on a plane, in a car, or behind a desk — anywhere but in the kitchen. And yet, a decade after he created the seminal California cuisine restaurant, Spago,

the kitchen is exactly where you're likely to find him.

"I don't like being behind a desk," admits Puck, cornered in an upstairs office at Spago. "I think we don't make money behind a desk; the money is made downstairs."

But it's a bit of a guessing game to determine in which kitchen you'll find the indefatigable Puck. On a given day when he's in town, Puck may visit

each of his four Los Angeles restaurants. Typically, he'll pop into Spago in the morning, then he might swing by Eureka in West Los Angeles or the new Granita in Malibu for the lunch hour. On either trip, he may stop off at his second restaurant, Chinois on Main in Santa Monica. He generally ends the day at Spago, chatting with the regular customers, bantering with the staff and, believe it or not, cooking.



*Spago*

PASTRY CHEF ROCHELLE HUPPIN

Granita of espresso with vanilla ice cream and chocolate shavings  
 Granita di panzanella with lemon gelato in an almond tuile  
 Granita of strawberry with vanilla ice cream in a chocolate heart  
 Pot de crème au chocolat caramellé  
 Apple turnover tart with crème fraîche ice cream  
 Chocolate tortoni with apricot anglaise  
 Classic crème brûlée  
 Kor's macarons with honeyed pecans  
 Walnut chocolate turtle cake  
 Bûche au rum with rum flame raisins and strawberry compote  
 Hubbard crisp with Hubbard sorbet  
 Trio of berry sorbets with berry compote and shortbread hearts  
 \$8.50

PORTS		GRAPPA	
Fonseca Br N. 27	\$5.00	Altevo Grappa di Brutto	\$10.00
Gemmenet Tasty Port	\$7.00	Jermann Grappa	\$8.00
Wente's LBV 1979	\$10.00	Altevo Pol Anzosa di Merlot	\$15.00
Voyu's 1977	\$15.00	Jacopo Pol Anzosa di Cabernet	\$15.00
Dow's 1972	\$20.00	Grappa di Barbacena Boccione	\$25.00
Dow's 1963	\$25.00		

DESSERT WINES

	1989	1988	1987
Soligny D'Or Muscat Cavell, Santa Cruz	\$28.00	\$25.00	\$9.00
Muscat de Sauternes de Venise	\$28.00	\$25.00	\$9.00
Chateau Haut-Brionac Sauternes	\$28.00	\$25.00	\$9.00
Muscat de Lunel C. Hauer	\$48.00	\$40.00	\$9.50



Photos: Al Parrish

"He is omnipresent," says Spago's manager, Tom Kaplan. "When he's there, he's constantly tasting and checking. As much as he's talking to the customers or joking with somebody's little kid, he's still sticking his finger in something or telling somebody to change this or change that."

Of course, Puck is hardly chained to a stove. No stranger to airports, he is in demand around the world on TV talk shows, at food and wine festivals and as a celebrity chef at charity events. Ruth Reichl, the food and restaurant editor of the *Los Angeles Times*, once researched an article on Puck by following him around for a week. She reported in the 1988 story that he is "almost unbelievably energetic." During that week, "he hit Cleveland, Phoenix and Denver, with a stop at home in between. He hardly ever slept, he never lost his sense of humor, and everywhere he went he seemed to be having a wonderful time."

#### Close To Home

But until three years ago, Puck and his partner and wife, Barbara Lazaroff, cannily kept their burgeoning restaurant empire pretty close to home (a consulting gig led to the opening of Spago Tokyo in Japan, but Puck and Lazaroff are no longer active in the project). Then, in 1989, they cast their net into the Bay area, opening Postrio in San Francisco's Prescott Hotel in partnership with hotelier/developer Bill Kimpton and Blackman & Flynn, an investment group. While San Francisco is a quick plane hop from Los Angeles, restaurant industry insiders and foodies wondered aloud if the Puck magic would play to jaded Northern California audiences.

The wondering lasted until the Postrio reservation line was hooked up. Postrio "has taken the town by storm," gushed the following year's "Zagat San Francisco Restaurant Survey." The restaurant grossed \$9.5 million last year, on an initial investment of \$3.5 million.



**Grand Granita:**  
The latest Barbara Lazaroff creation in Malibu has won rave reviews for its stylish decor.

**"I don't like being behind a desk.  
I think we don't make money  
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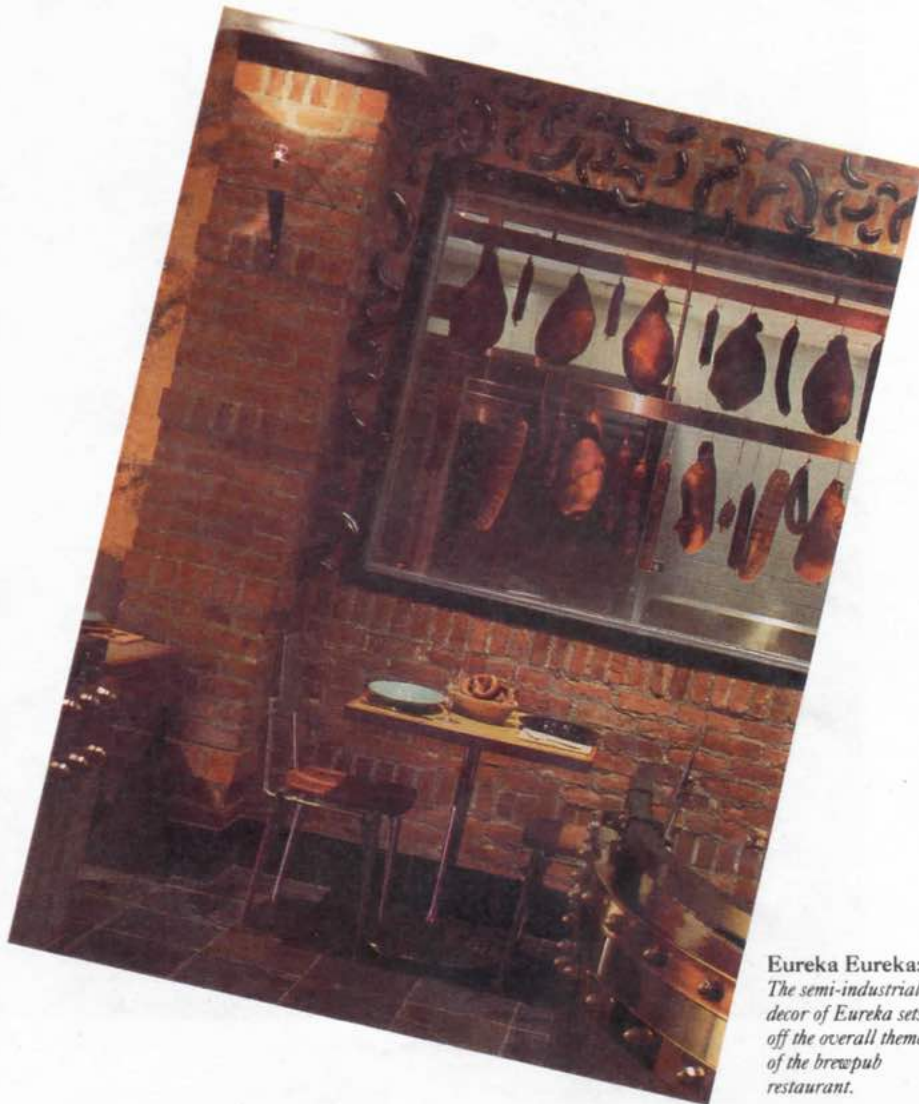
**Wolfgang Puck**

Since Postrio's opening, Puck and Lazaroff have solidified their position as California's premier restaurateurs by opening two other high-profile establishments: Eureka, an upscale, original take on the brewpub concept, and Granita, a seafood restaurant located steps away from the exclusive Malibu Colony. They have also made a move that they resisted for years: late this summer, they will open another Spago, in Las Vegas. A partnership with developer Sheldon M. Gordon, the restaurant will be a starring attraction in the Forum Shops at Caesars, a \$100 million retail/restaurant complex attached to Caesars Palace that will open in May.

"It's a chance for Wolf to take advantage of the successes he's had at Spago, which he really hasn't ever wanted to bastardize," explains Kaplan. "There have been people who wanted him to open California Pizza Kitchen-type versions of Spago, which could probably make him a lot of money, but would really cheapen what this restaurant is all about. This was a chance to open another Spago, in an area that attracts a clientele from all over the world, and in an exciting environment with good economic potential."

The Las Vegas Spago, which is being designed by Adam Tihany, will be Puck's largest establishment by far, with 185 seats in the main room, a smaller 65-seat bar/cafe, and a 120-seat banquet room for private parties. Puck says the menu will be similar to Spago's.

"Las Vegas ... is sort of restaurant starved when you look outside of the hotel community," asserts W. Dan Reichartz, president and chief operating officer of Caesars Palace. "Obviously there are some great restaurants in town, but in comparison to the population base that is here, when one includes the 70,000



**Eureka Eureka:**  
*The semi-industrial  
decor of Eureka sets  
off the overall theme  
of the brewpub  
restaurant.*

hotel rooms that are typically full every weekend, there is a great reservoir of dining customers. We believe that in terms of the restaurant scene, Spago will be a tremendous addition and really bring a whole new dimension to Las Vegas."

Puck himself acknowledges that Las Vegas is a far cry from Los Angeles, but he downplays the gamble. "It is different, but San Francisco is very different, and meanwhile we became the most successful restaurant in San Francisco," he points out. "We will get involved in the (Las Vegas) community. I don't try to find out how many tourists go to Las Vegas, I find out how many people live in Las Vegas. I want to cater first to the people who live there. And if some tourists come, it's a plus, but it's not our main goal. That's how so many restaurants screw up; they don't find out who are their neighbors."

### One Of A Kind

The Las Vegas Spago will be the fourth Puck-Lazaroff restaurant to open in as many years. Importantly, these are no cookie-cutter chain places; each is a destination restaurant with a well-crafted image and solid customer base. Despite the pace of new restaurant openings, Puck's more established restaurants, Spago and Chinois, appear not to have suffered one whit. Nine years after its debut, the tiny Chinois still wins raves for its evolving, imaginative Pacific Rim cuisine, turned out by executive chef Makoto Tanaka. The restaurant grosses upwards of \$3 million a year.

And Spago remains a leading hang-out for celebrities, power brokers and their hangers-on, plus it continues to dispense superior, exciting food, lately from the hands of executive chef François Kwaku-Dongo. The restaurant grosses some \$6.2 million a year, \$1.2 million of which is wine sales.



Photo: Al Parrish

**Stove King:** Wolfgang Puck is often found cooking in one of his restaurants.

The wine list runs the gamut from a modest Duboeuf Beaujolais at \$18 to Château Lafite-Rothschild 1961 at \$495. It includes curiosities for the cognoscenti, good values for the price-conscious, and prestige bottlings for those who want to show off. Puck says that a recently instituted incentive program, whereby the waitstaffer who sells the most bottles per month receives a dinner for two at any one of the restaurants, has been extremely successful in motivating the staff and boosting wine sales.

The newer restaurants are doing fine, too, despite the recession. Eureka grossed \$5 million last year, \$1.2 million of which was generated by wine and beer sales. It's still hard to get into the 170-seat Postrio. And Puck says that Granita is surpassing his projections. "I was expecting to do an average of 220 dinners, year-round, summer included," he says. "We're doing better than that in the wintertime."

### No Big Secret

How, one can imagine legions of envious restaurateurs asking, does Puck do it?

There's no big secret. Wolfgang Puck has extraordinary talent, works extremely hard and surrounds himself with the right people.

"Wolf is a legend, and he deserves his reputation," declares Barbara Lazaroff. "He works his butt off. He's really talented. But what becomes a legend most is a lot of little legends. You need a lot of good people to sustain the business."

And, in fact, Spago and subsequently the other Puck restaurants have become training grounds that have turned out numerous chefs who have gone on to fame at their own restaurants: among them Mark Peel and Nancy Silverton of L.A.'s Campanile and Hiroyoshi Sone of Terra in St. Helena. Kazuto Matsusaka, the former chef at Chinois, is expected to open his own restaurant in Santa Monica this spring. Within the Puck-

Lazaroff restaurant empire, efforts are clearly made to retain and promote talent, both in the kitchen and in the front of the house. Anne and David Gingrass, chefs at Postrio, are former Spago chefs. Manager Tom Kaplan has been with Puck for a decade, as has Spago's celebrated maitre d'hotel, Bernard Ericpium.

Unlike many competitors, Puck appears neither to begrudge the publicity that his budding stars receive while on his payroll, nor to bemoan the departures of former protégés. "The people who do the work every day in one restaurant, they should get also some publicity," he contends. "Also, I have no problems when people leave. ... I think when somebody does a good job for years, and then he leaves, giving you three months' notice, you're not going to tell him he's an idiot. ... If we stay friends, we help each other. If somebody goes to Napa, I'm going to send them to Terra, Hiro Sone's restaurant up there, because he used to work for us."

"There is only one other Los Angeles chef who turned out talented people the way Wolf does, and that was Jean Bertranou (the founder and chef of L'Ermitage, now deceased)," observes Steve Wallace, owner of Wally's Wines and Spirits in West Los Angeles. "Wolf is an educator, a teacher, and he has been responsible for training a lot of talented chefs."

### Dynamic Duo

Among the many gifted individuals that Wolfgang Puck has attracted into his orbit, one would have to count Barbara Lazaroff first. They met 13 years ago and they were married in 1983. But for well over a decade, she has been his partner in every sense of the word. "She's as important as I am, and I am as important as she is," offers Puck, in trying to explain Lazaroff's role in the businesses. Then, he grins. "She might think she's more important!"

Lazaroff says she originally intended to be a doctor, but found that her early training in theatrical design came in handy when Puck began planning Spago. In a run-down restaurant building overlooking the Sunset Strip, Lazaroff created a spare, open interior with a much-imitated exhibition kitchen, on a shoestring budget of \$750,000.

She has since gone on to create designs for Chinois on Main, Eureka and Granita, as well as several other restaurants. As her and Puck's resources have expanded, so have the design and construction budgets for their restaurants, which are funded by partnerships of individual investors. Lazaroff completed Chinois for \$850,000, but by 1990, when she designed Eureka, her neo-Industrial interpretation cost some \$2 million.

Granita, the newest Lazaroff creation, cost \$3 million, and it is breathtaking. She acknowledges it may be the last restaurant she builds for herself and her husband. "I feel very lucky to have had that opportunity once in my life," she says.

Lazaroff's restaurant designs make strong statements, but she is conscious of walking a narrow line. "It has to have a certain zeitgeist and yet it can't be so avant-garde that people can't comprehend it in its

**"It has to have a certain zeitgeist and yet it can't be so avant-garde that people can't comprehend it in its own time."**

Barbara Lazaroff

own time," she explains. "And yet it has to have a little forethought that it's not going to be outmoded in 10 years. Because the difference between what Wolf does and what I do, basically, is that, hell, if the dish is bad, he can change it tomorrow ... but I can't take a \$3 million restaurant and redo the whole thing."

But Lazaroff's role in the restaurants is hardly limited to design and supervision of construction. She is involved in virtually every aspect of running the businesses, from major investment decisions to poring over

the faxed-in reservation lists for each restaurant every afternoon. Evenings, she is often on duty at Spago, dressed to the nines in one of the flamboyant ensembles that have become her trademark, playing the role, as she puts it, of a "modern-day geisha girl" with the restaurant patrons. "Now that we have so many establishments, it's really important that somebody show their face, not just for the customers but also for the staff," she observes. "Even though they do their job and they do it really well, if you slip out the door too often it leaves a bad impression."

### The Flip Side

The spectacular successes of Puck's and Lazaroff's ventures have not, of course, been free of problems. The two times that the duo ventured outside the restaurant arena — once to penetrate the super-market frozen food business and later to debut Eureka lager beer, pro-



Photo: Al Parrish

**Design Boss:** Barbara Lazaroff has been the guiding force behind the designs of all of Wolfgang Puck's restaurants.

duced by the brewery/restaurant in West Los Angeles – proved to be expensive learning experiences.

The Wolfgang Puck Food Company, which was launched in 1987 to market a line of frozen desserts at retail and later introduced frozen pizzas, lost money for two years as it sought to compete with the major players in the cutthroat frozen food business. In September 1989, Puck hired former investment banker Selwyn Joffe to take over the operation. Joffe helped to engineer a recapitalization of the faltering company, refocused the marketing effort on upscale outlets and repositioned the pizzas to compete not with other frozen supermarket pizzas, but with take-out and home-delivered pizzas. (The desserts were discontinued two years ago, although they may be reintroduced.)

Now, says Joffe, the company has no debt and has been profitable since September 1989. "I don't think it's unusual for a start-up company to run into problems," he observes. "But now, the pizza company is very successful for (Puck and Lazaroff)." Joffe adds that several new products under the Wolfgang Puck brand name are in the offing.

The Los Angeles Brewing Company, which produces Eureka beer at its West L.A. brewery, is another story. Liquor laws prohibit Puck and Lazaroff from owning more than 10 percent of the company, although they run the restaurant side of the operation. But the brewing side was plagued with troubles from the start, including local community opposition, construction delays and cost overruns, and production problems. The complications ate into the initial funding for the project and left little capital to properly support the new beer entry. The result was that while Eureka, the restaurant, took off, Eureka, the beer, stumbled.

Despite his minority interest, Puck remains committed to seeing the project through. He's in the process of hiring a permanent chief executive officer to manage the brewing end of the business and is completing a \$1.8 million recapitalization effort designed to give Eureka beer a fresh push. The additional funding was generated from the original Eureka investors.

Photo: Lou Manna



**Wine Prize:** Christian Moreau, owner of J. Moreau in Chablis, France, presents the annual Vatel Club award to Wolfgang Puck (Barbara Lazaroff is on the right) in New York last January. The prize honors a chef in the United States.

Puck says he is optimistic about the outlook for the brewing operation, although the experience has left him chastened. "Each time that I go into a business which I don't know and I don't do daily, it's very rough at the beginning," he acknowledges. "I learned now, for sure, that if somebody asks me to go into the clothing business, or anything other than restaurants, I'm not going to do it anymore. I think it's very hard to run a business where you cannot go in and say, 'Listen, if you don't do it right, I'm going to do it.'"

### The Next Step

What's next for Wolfgang Puck and Barbara Lazaroff? He is excited about a deal between the Wolfgang Puck Food Company and Macy's Cellar in San Francisco. The department store food and cookware emporium now features a Wolfgang Puck California Pizza kiosk that, according to Puck, grosses the highest sales per square foot of any space in the store. The kiosks sell Puck's pizzas (whole or sliced, made fresh to order), Caesar salads and beverages, and they also retail the frozen pizzas. Plans are for the kiosks to expand within the Macy's chain; Puck expects to open five additional units

in 1992. "Macy's wants to do it everywhere," says Puck. "They are in Chapter 11, but they still have money because they have a big credit line."

There are some changes planned, too, at the place where it all began. Like many of its celebrity customers, Spago is slated for a face-lift this year. Puck and Lazaroff will turn the back area of the restaurant, a tented patio popularly known as Siberia, into a permanent structure. She will also redesign the notoriously uncomfortable chairs and make several other cosmetic improvements, although she vows to keep the "cottage-y" feel of the place.

One thing won't change: Spago will only be open for dinner. "Everybody wants me to open Spago for lunch," complains Puck. "But we are so busy for dinner and it would almost be impossible. We would have people here working during the nighttime. If we make a little more money, do \$8 or \$9 million instead of \$6 million, it wouldn't make any difference. I'd much rather do a new place, something new and exciting." □

*Jean T. Barrett, a Los Angeles-based freelance writer, is a frequent contributor to Market Watch.*