

The Orange County Register

Saturday, March 19, 2005

The Morning Read: Tapping in

Restaurant boss Steele Platt of Yard House is back on top after hitting bottom.

By **TIFFANY MONTGOMERY**

Yard House, Irvine, Friday night. The Rolling Stones blast over the sound system as the young, happy-hour crowd drinks half-price beer and martinis. Most are standing near the massive, racetrack-shaped bar lined with 200 beer taps, the focal point of the room.

The energy spills out to neighboring tables, where large groups laugh, drink and munch on buffalo wings and moo shu eggrolls.

Steele Platt watches it all with a satisfied smile.

"It's really cool to sit back and realize this was your idea," he said.



Platt, 45, may be flying high now – the \$3 million house in Newport Coast, the nine Yard House restaurants that gross \$65 million a year. But he still remembers hitting bottom.

TAKING RISKS

Platt made his first big bet at 24 when he opened Kailua's in Denver, armed with a \$150,000 inheritance and more than \$1 million from a Denver developer. Like many entrepreneurs, Platt's a disarming salesman, and has used his ability to convince landlords to invest in his deals throughout his career.

Kailua's, named after his hometown in Hawaii, specialized in stir fries and was a hit. It helped that Platt has a knack for gimmicks, like picking up downtown office workers for lunch in pink Cadillacs.

Eventually, Platt was involved in a handful of restaurants, bars and nightclubs. Life was good. He was young, rich, and the toast of the town. The Denver Business Journal in 1987 described him as "handsome," "brawny," and a "very persuasive businessman."

"I could do no wrong," Platt said.

But actually, he could. His landlord began pressuring him about nightclub noise. Platt got mad, and after negotiations for a new space stalled, decided to close his businesses and move to California.

He paid his taxes and employees but admits that he stiffed some vendors. More importantly, he had personally guaranteed the nightclub lease.

In hindsight, Platt believes he could have worked out the dispute. Instead, he put \$50,000 in a briefcase, asked his girlfriend to pack up his house, which he forfeited to creditors, and drove west.

"I figured, 'No problem. I'll just find other investors and open another club.' "

HARD TIMES IN CALIFORNIA

After taking some time off, Platt tried to line up investors to open a new place.

"Nobody knew who I was," he said. "Nobody really cared what I had done."

By 1993, he was out of money and filed for bankruptcy to erase \$1.6 million in debts, mostly money owed on the Denver lease.

Desperate, Platt sold cars at a Honda dealership for a month. He later lied his way into the bartending job at the country and western nightclub Denim & Diamonds, claiming he had experience. But while he had owned a bar, he had never made drinks before. He remembers the terror of mixing his first margarita.

"What do you think I was thinking about when I was pouring drinks? 'I used to have 600 employees. I used to make \$1 million a year.' " he said.

His entrepreneurial juices started flowing again, though, when he saw a "for lease" sign on an empty restaurant space in Shoreline Village while riding his bike in Long Beach.

Landlord Northwestern Mutual had taken over Shoreline Village after the previous owner had defaulted on its loan. There were lots of vacancies, and the center was run-down. Northwestern needed an exciting restaurant to draw people back.

And in walked Platt and three partners with their vision for Yard House, which Northwestern executives loved because they believed it could attract crowds.

"We thought it was a 'Wow'," said Gary Farmer, Southern California regional director for Northwestern Mutual's real-estate investment division. "Two hundred beers on tap; it was a beer drinker's dream. ... That coupled with really good food; we thought it was a natural."

But there were a few problems. Platt had no money and had filed for bankruptcy.

Looking back, Farmer admits it sounds like a crazy gamble, especially since Northwestern ended up investing a majority of the funds – nearly \$2 million according to Platt – needed to build the restaurant. But the company checked out Platt's story from Denver and mitigated the risk as much as possible.

"I was really rolling the dice," Farmer said. "I did say 'Whew!' in the end."

The first few years were rough and included partner squabbles, staffing challenges and refining operations.

"The first six months were the scariest of my life," said Harald Herrmann, now president and chief operating officer. "I didn't know if I would get my paycheck week to week. We were undercapitalized the whole way."

Platt worked nearly every day that first year, making sure the lighting and music were appropriate, greeting customers, overseeing Herrmann's work.

"We came out of the shoot a little disheveled," Platt admits.

But by 2000, the restaurant was bustling. The Los Angeles Business Journal ranked it No. 3 in sales for independent restaurants in the county behind Gladstone's in Malibu and Lawry's in Los Angeles.

Platt had bet big – and won again.

"You give me an opportunity," he said. "And I'll take it."

THE PARTY CONTINUES

Back at the Yard House, Platt is again adjusting the volume of the music. He takes music very seriously, picking each song that is played at every restaurant by composing playlists on his Apple computer and e-mailing them to restaurant managers.

Platt turns the volume slightly higher, matching the party atmosphere. About 60 bartenders, waiters, cooks and kitchen workers hustle to keep up with orders. Salads, onion rings and steaks are flying out of the kitchen; the crowd is two or three deep at the bar.

The boldness of the place – the big space, the hundreds of beers on tap, the brave menu – reflects Platt's big way of thinking, said John Reyhons, Platt's former partner during his time in Denver.

"It's just so Steele," Reyhons said. "He's all about the vision."

For now, the company plans to open about four Yard Houses a year, including in December in Brea. A new concept, Yard House Bar & Grill, a mini-version of Yard House that will target the Applebee's, Outback Steakhouse and Macaroni Grill crowd, will open in Temecula in February.

Eventually, the company may be sold or go public. In the meantime, Platt keeps pushing and tries not to forget about the bad times.

"I'll never feel like a success again," he said. "Once you do, you fail."