

# *It's a beach party every day at Islands*

*by Judy Kneiszel*

Islands Fine Burgers & Drinks has built up a successful chain of casual full service restaurants by capturing the fun of a beach party without the hot sand or risk of sunburn.

To carry out the party theme, the restaurants include a full bar specializing in tropical drinks, the staff wears bright floral print Hawaiian shirts and the chain's signature menu item is a burger called "The Big Wave™." Every Islands restaurant interior has the feel of a beachside tiki hut, albeit a tiki hut that is 5,000 square feet in size and has seating for 220 people.

Entrepreneur Tony DeGrazier founded Islands restaurants in 1982 because he wanted to recreate the

dining experiences he had with his Navy buddies in the 1960s while stationed in Oahu. DeGrazier, who remains the company's CEO, had a vision of a restaurant offering a simple, original menu featuring gourmet hamburgers, specialty drinks and a fun, tropical theme. His idea was an instant hit: the original Islands in West Los Angeles ran out of food on its first night, and Islands has been building a loyal following ever since.

Islands is a privately held company, headquartered in Carlsbad, CA, with 53 restaurants in California, Arizona, Nevada and plans to open in Hawaii in the first quarter of 2006. Islands restaurants are not franchised, but rather the company



is comprised of numerous limited partnerships and limited liability companies, and controlled and managed by a master limited partnership.

## Burgers and Fries with a Tropical Twist

Over the years, the Islands menu has grown beyond its core of gourmet burgers and two-pound baskets of fresh-cut fries to include salads, chicken sandwiches, soup, soft tacos and fruit smoothies. But Jason Krupp, food and beverage manager for Islands' restaurants, says despite the additions to the menu, burgers still account for 35 percent of Islands sales.

Although the top-selling Big Wave is a classic burger with lettuce, tomato, onion, pickles and mustard, burgers come dressed up in a variety of ways at Islands. Some of the more interesting offerings include: the Bleunami, a burger with bleu cheese dressing, lettuce, tomato, red onion and crumbled bleu cheese; the Maui with guacamole, lettuce, tomato, Swiss cheese and mayo; and the Pipeline with chili, cheese, lettuce, tomato, onion and pickle.

Despite all those burgers, it's what the kitchen does with a potato that causes Krupp to call the 'Island Fries' the restaurant's "signature item," and they sell a lot of them. The company's marketing department claims that in two weeks their restaurants make enough of the famous Island Fries to stretch from San Diego to Los Angeles — a distance of about 120 miles. The secret to the fries is that they are cut fresh every day and cooked in oil heated with natural gas, Krupp says.

"Without the natural gas we couldn't have our fries," he says. "Natural gas distributes the heat evenly and keeps it at the proper temperature. It also has a quick reaction time to bring the oil back to the temperature we need. That's important for fries. They get greasy or limp if the temperature of the oil is not maintained correctly."

The burgers at Islands are all cooked on a natural gas griddle and done to medium or above to insure food safety. A separate natural gas griddle is kept precisely at 350°F to toast the buns.

"The buns have to be timed with the burger so they don't burn but have a crispy outside and a fluffy inside," Krupp explains.

The buns at Islands are made especially for them by a small, family-owned bakery.

"They use a special dough so the buns stay fluffier when toasted on the griddle," Krupp says. "They take dough and let it rise a long time. It's about a six-hour process; a lot of other bakeries do it in an hour."

Most Islands restaurants are open from 11 a.m. to 10 p.m. on weekdays and 11 p.m. on weekends. For lunch and dinner, Islands' gourmet burgers are priced between \$6.29 and \$7.39, bringing the cost of a meal up to about \$12 with fries and a beverage.



In addition to burgers, Islands serves a variety of tacos including the Island Fish Tacos for \$8.19 which includes three corn tortillas stuffed with premium fried fish, cabbage, cilantro, chipotle-white sauce and diced tomato. The Northshore, Yaki and Baja tacos feature grilled chicken while the Cabo Loco contains grilled seasoned pork.

Krupp says Islands' cooks rely on natural gas to cook the fish, chicken and pork as well as the burgers. They also rely on their natural gas provider, Southern California Gas Company.

"The Gas Company® is like a partner to us," Krupp says. "If we have a piece of equipment that's malfunctioning, we call The Gas Company first because they are trained on all the equipment. When they come out, they know what they are looking at, and most times they will be able to fix the problem."

Southern California Gas Company's Food Service Equipment Center Manager Melisa Marks says the servicing and calibrating of natural gas equipment is free to the utility's foodservice customers.

"If they don't have to spend money on equipment repairs, they have higher profits," she says.

It's a service Krupp does not take for granted.

"The Gas Company can often provide the parts they need to fix the equipment, and the visit is free," he says. "Plus, they always get here within a couple of hours when we call."

He says all Islands restaurants in Southern California Gas Company's service territory have their equipment calibrated on a quarterly schedule. In addition, kitchen staff tests the surface temperature of the griddles every day and if it's not right, they call The Gas Company immediately.

## Carbs, Calories and Cocktails

While the Atkins diet craze is not as popular as it was a couple of years ago, Islands still includes "Hi-Protein Platters" on its menu. For \$9.99 diners can order a platter with two hamburger patties, American cheese and bacon; two chicken breasts with Swiss cheese and sautéed mushrooms; or half of a rotisserie chicken. All of the platters include avocado, tomato and a wedge salad.

"We still get a lot of people ordering the protein platters," Krupp says. "People are still trying to cut back on bread and bleached flour, even if they are not doing Atkins. Not only are the platters high in protein — they are a good value. You get a lot of food."

For those who don't have to watch their carbs or simply don't care, Islands offers some heavy-duty desserts including Kona Pie, which consists of mocha almond fudge ice cream topped with chocolate and whipped cream all in a cookie crust. Chocolate Lava — a heated brownie sundae — is popular, and even though this is a West Coast beach party, Islands serves

New York-style cheesecake. The desserts are all made exclusively for Islands and are assembled in house.

"We sell a good amount of desserts," Krupp says. "Plus, our coffee is not just restaurant coffee, it's Diedrich Coffee, which is very popular in California. This is a selling point of ours. When servers offer dessert, they also mention Diedrich Coffee at the table. The name sells it."

About 10 percent of Islands' sales come from the bar, which is known for its tropical blended cocktails and non-alcoholic smoothies

"The bar business is crucial," Krupp says. "The profit margins in the bar are great."

## Learning to Serve

Nobody is hired to work at Islands as a server. A new hire will start as a host, then work as an expeditor and finally become a server... if he or she passes all the tests.

"At every level they take food tests and quality-check tests," Krupp says. "So they know if something is missing from an order, for example."

The job of expeditor is to check everything that comes out of the kitchen.

"The expeditor test is the hardest," Krupp says.

He says it usually takes between six months and a year to go from host to server.

"People are quite invested in the training, which improves our retention rate," Krupp says. "They see their friends moving up to be servers and see how much money they are making, and that motivates them to stay and become servers too."

## Islands To-Go

While it's fun to eat in the restaurant, not everyone

*Islands relies on gas-fired fryers for their signature 'Island Fries'. They credit natural gas for bringing the oil back up to temperature quickly which is critical to keep fries from getting greasy or limp.*





*Certified Service Technician, Marston Medlook, calibrates a gas griddle at an Islands location. Southern California Gas Company technicians calibrate the gas equipment quarterly for all Islands restaurants in their service territory at no charge.*

who wants Islands' food has time to soak up the tropical atmosphere, which has made takeout a growing portion of the business.

"People live their lives today at a very fast pace," Krupp says. "Some of our restaurants are really busy, and people don't want to wait for a table. Carryout can make their lives a little easier. And we are dedicated to 100 percent perfection so people know their order will be right when they open it up at home."

Islands customers at certain locations can take advantage of "Curbside To-Go" service. They simply fax, call or go online to [www.islandsrestaurants.com](http://www.islandsrestaurants.com) to place their order and someone brings it out to their car when they arrive at the restaurant. Krupp says it is smart business to promote carryout.

"It is added sales that you don't have to have added labor for," he says. "Sometimes it impacts the kitchen, and you have to staff a to-go person and maybe an extra cook, but it's a way to build sales when you can't fit more people in the door."

It's also a great promotional tool.

"People go back to their office with an Islands meal, and the smell goes everywhere," Krupp says. "Word spreads fast and we get more business either in the restaurant or to-go."

Krupp sees carryout sales as a growth opportunity. To that end, the chain is testing new takeout packaging in four of its restaurant locations.

"We sought out a company that does plastic packaging in which all the components are in one container. It is black on the bottom and has a clear top with vent holes so it doesn't steam up," Krupp says. "Tacos and other foods ordered to-go can get soggy. Venting holes keep food hot but prevent it from getting soggy."

## Islands Fine Burgers & Drinks Gas Equipment in a typical Islands restaurant

2 – 4 ft. Wolf Griddles

5 – Pitco Fryers

1 – Wolf Salamander



### The Islands Community

In the daytime, business people at some locations outnumber kids at Islands, but in the evening, families rule. In fact, Krupp says, at some locations, as much as 13 percent of the total sales are kids meals. The kids' choices are found on the "Gremmie Menu"—gremmie being a slang term for a beginner surfer. Kids can choose a hamburger, grilled cheese, hot dog, chicken tenders or quesadilla and their meal comes with Island Fries and a drink for \$4.49 or \$5.49.

"At night we get a lot of families, a lot of people on dates and a lot of people out with friends," Krupp says. "Some of our restaurants are close to high schools, so we get kids coming in after games and school events, or for dinner before school dances."

Each Islands store is dedicated to building up the community they live and work in through sponsorship of youth sports teams and fundraising events for schools.

"On the local level, we have fundraiser nights where a group will hand out flyers, and for all sales from people who bring in a flyer on the designated night, 20 percent goes to their group in the form of a check," Krupp says.

Recently, Islands matched employees' and vendors' donations for Hurricane Katrina relief raising \$55,000 to be donated to the American Red Cross.

Each region also does several fundraisers each year for which they provide all the food for a youth-oriented event free of charge.

"We bring the food, the people, the grills, and do the cooking and the cleanup," Krupp says. "They get the profits. This can cost us a couple thousand dollars, and we ask nothing from the school, church or organization holding the event."

He says Islands regional managers handle the requests from the groups.

"They have a budget and put requests on a



calendar or schedule. If one store already has several events planned, they will refer the group to another one of our locations,” Krupp explains.

These charity events expose Islands to a lot of potential customers, as do the restaurants’ flyers and cable television commercials featuring well-known surfers. All of these efforts have helped Islands grow significantly in the past 23 years, but for many years that growth was slow, spreading first through its own backyard of Southern California before expanding beyond the region.

The pace seems to have quickened a bit recently as the company was named as one of the fastest growing privately-held companies for 2004 by the *San Diego Business Journal* and one of the *Nation’s Restaurant News’* “Fastest Growing Chains of 2004.” And although it may be awhile before the company spreads to areas of the country where more people own snow boards than surf boards, the popularity of the “Big Wave” promises to spread inland as more people get a taste for beach-party dining.





## Test Kitchen Helps Southern California Gas Company Foodservice Customers Maximize Efficiency and Optimize Performance

Islands Fine Burgers & Drinks has a standing invitation from Southern California Gas Company's Food Service Equipment Center (FSEC) to come in and try out new recipes or menu items, test the latest equipment, learn new techniques, or get tips to help save money on new equipment. It's an invitation they frequently and happily accept.

"We use their test kitchen for checking out equipment we want to buy," says Jason Krupp, food and beverage manager for the 53-store Islands chain, which is based in Carlsbad, California. "And every six weeks we have a food fair at the test kitchen. We bring in general managers, managers in training, operations people, regional managers and kitchen managers. We have a full day where we make every single recipe on our menu from scratch so the managers who don't necessarily get back in the

kitchen every day can taste and see the food and know what it's supposed to be like, so they can work with their cooks to improve food quality every day."

Krupp says 45 to 50 managers attend each of Islands' food fairs.

"Two people are assigned one recipe, and then they teach it to the others," he says. "We give them two or three weeks notice beforehand so they can really learn it from a regional kitchen manager."

Each of Islands' five regional kitchen managers coach five or six of the two-person recipe teams.

"Islands really focuses on getting the best product and having the right equipment to achieve that" says Melisa Marks, Southern California Gas Company's Foodservice Equipment Manager. "What we do for customers like Islands who use the test kitchen is explain the services of the FSEC, talk about the services of the gas company out in the field and provide information on rebates and energy efficiency."

About 5,000 foodservice customers use the Southern California Gas Company's FSEC each year. Everyone from culinary school students to celebrity chefs, supermarket deli employees to owners of independent restaurants and R&D teams



*Customers, like Islands, can come to Southern California Gas Company's Food Service Equipment Center to "test drive" more than 150 pieces of natural gas equipment.*

from regional and national restaurant chains use the Food Service Equipment Center's test kitchen regularly. And they do so at no charge.

More than 150 pieces of natural gas equipment from 60 leading manufacturers can be tested at the FSEC located in Downey, California. And the kitchen is always state of the art because manufacturers replace older equipment with new technology as soon as it is available. The addition of a Ventilation & Bakery Lab to the FSEC in 2003 provided customers the opportunity to test new gas rack ovens and accessories used for high-production baking from three different manufacturers.

"The kitchen allows customers to try recipes and techniques on various models of equipment before they buy," says Marks. "The idea is to educate our foodservice customers, so when they go out to buy a

piece of equipment, they have more knowledge and the ability to use energy more efficiently."

Southern California Gas Company does not sell any of the equipment but will refer customers to dealers, supply houses or marketing agents where they are able to purchase the gas equipment they tested.

Information on equipment rebates, which can be as high as 10 percent of the cost on select energy-efficient commercial foodservice equipment, is provided to customers who visit the test kitchen.

To spread the word about the Food Service Equipment Center, Southern California Gas also sponsors monthly educational seminars with guest celebrity chefs. To learn more about upcoming events or to arrange a "test drive" visit [www.socalgas.com/business](http://www.socalgas.com/business) or call (800) GAS 2000.



*In 2003, a Ventilation and Bakery Lab was added to the Food Service Equipment Center.*

