

STEAKHOUSE
RESURGENCE

WOMEN
RESTAURATEURS
TAKE CHARGE

WINE'S
DIVERSITY GAP

BLUEGRASS
COUNTRY
FLAVORS

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THE SKY IS THE LIMIT

'BILLIONAIRE
BUYER'
**TILMAN
FERTITTA**
IS TAKING
LANDRY'S
TO THE
NEXT LEVEL



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Superlatives

SPECIAL REPORT

MEET THE
RESTAURANT
LEADERS
AND
BRANDS
THAT
READERS
ADMIRE
THE MOST



**TILMAN FERTITTA
IS READY FOR THE
ROARING '20S.**

COURTESY OF FERTITTA ENTERTAINMENT

THE RESTAURANT TITAN

Tilman Fertitta's no-nonsense approach to business has built one of the industry's largest, most lucrative companies and made him a billionaire. Now with Landry's heading back on the stock market, the leader is gearing up for an economic boom in the post-COVID future.

BY NICOLE DUNCAN

TILMAN FERTITTA doesn't mince words. That's not to say he's brusque or dismissive. But where many restaurant executives might dance around questions or polish their words to a gleam before answering, Fertitta speaks his mind.

And why should he do any different? In an industry known for high turnover and thin margins, he's managed to stay at the top of his game for four decades despite recessions, wars, and now a global pandemic.

What began with the purchase of Landry's in the 1980s has ballooned into an empire of more than 600 properties in the U.S. and abroad. In addition to Golden Nugget casinos, the system comprises dozens of restaurant brands including Landry's, McCormick & Schmick's, Del Frisco's Double Eagle Steakhouse, Bubba Gump Shrimp Co., and Saltgrass Steak House. Fertitta, whose net worth is estimated at \$4.6 billion, was also the star of the CNBC reality series "Billion Dollar Buyer," and now makes regular appearances on the network's news program "Power Lunch." In 2019, his debut book, *Shut Up and Listen: Hard Business Truths That Will Help You Succeed*, landed on *The New York Times'* Best Sellers list.

So when Fertitta talks, people tend to listen—and that's remained constant through the turmoil of the past year. Despite the challenges, Landry's closed the 2020 fiscal year in the black.

“What’s amazing is what an unbelievable job my team has done, and even though this crisis went on, we made money every quarter. Everything just continued to trek along. Of course, we didn’t make near the money we did in 2019, but 2020 was still a profitable year for us,” he says. “We’re excited about ’21, especially ’22. I think 2022 is going to be the Roaring ’20s.”

TRAVERSING 2020

Like everyone, Fertitta remembers when the reality of the coronavirus first became tangible. A few days before shutdowns swept the country, he was on a private flight to Los Angeles to watch the Lakers square off against the Houston Rockets (Fertitta purchased the team in 2017) when the plane was turned around. The game had been suspended as a spate of positive COVID-19 cases popped up within the NBA.

From the get-go, Fertitta knew the virus wasn’t going to be a two-weeks-and-done affair. It’s perhaps one of the reasons why he was an early proponent for re-opening businesses, at least at a limited capacity. He warned of an extended economic crisis if shutdowns persisted. Other leaders rallied behind this stance, but he also faced immediate backlash. Critics accused him of prioritizing the company’s bottom line over public safety.

A year later, he’s still nettled by some COVID-era policies that vary widely by state. The company, which is based in Houston, was able to reopen its Texas locations at the beginning of May 2020. By contrast, its Los Angeles restaurants didn’t reopen until nearly a year later.

Although Fertitta has disagreed with certain regulations, they didn’t stop him from taking swift action. In March 2020, Landry’s furloughed 40,000 employ-

ees (about 70 percent of staff) but also took steps to support workers and keep the restaurants afloat. The company expanded its partnership with on-demand food ordering and delivery provider Waitr, which in turn offered jobs to furloughed Landry’s employees.

By April, a more aggressive plan was in place. Under the shutdowns, Landry’s was losing \$1 million per day in revenue and had drawn \$300 million of its existing credit line. So the company invited investors to participate in a \$250 million loan with an enticing 15 percent interest rate that would mature by October 2023.

Fertitta also funneled \$50 million of his own money into the loan.

The whole episode illustrated the dual nature of running a large, private venture. On one hand, the company didn’t have the same on-demand capital of public companies. On the other, it was able to act fast.

“People come to us from big corporations and they go, ‘Wow, we can’t believe how quickly decisions get made and how much red tape is cut out.’ We’re a very streamlined company, and I think that comes again from Tilman and how he’s able to make a decision and move on,” says Gerry Del Prete, senior vice president of gaming at Fertitta Entertainment.

But that decisive nature is not tied to the business’s status as a private company so much as it is to the founder. In 1993, Landry’s made its initial public offering and subsequently operated as a public company before going private again in 2000. Before COVID-19 hit, Fertitta was already exploring the possibility of another IPO. Based on a typical market cycle, he’d been expecting a period of contraction—though not something as drastic as a pandemic—followed by an economic boom. Landry’s was also being outbid by public entities on a number of acquisitions, and Fer-

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THE LAS VEGAS CHART HOUSE IS LOCATED WITHIN THE GOLDEN NUGGET CASINO, WHICH FERTITTA ALSO OWNS.

titta knew going public would give it more bargaining power.

The pandemic may have delayed the timeline, but the company is now slated to go public by the end of the first quarter. That said, it's an entirely different process from nearly two decades ago when Landry's entered the stock market with a mere 10 restaurants—something that Fertitta says would never happen today.

This time around, the company—valued at \$6.6 billion—is merging with a special purpose acquisition company, FAST Acquisition Corp., to expedite the process. Fertitta will maintain a 60 percent controlling interest and continue to serve as CEO and president, as well as chairman of the board.

MASTER OF ALL TRADES

For as turbulent as the past year has been, it does serve as a microcosm for how Fertitta has approached business his whole career, namely proactive but also patient. In the high stakes world of mergers and acquisitions, having the foresight—and restraint—to not rush into deals can pay dividends long-term, even if it means losing some bids.

“There are a lot of people that do silly things in order to win RFPs. Tilman’s a very disciplined buyer, so sometimes being a disciplined buyer means you lose out on opportunities,” says Steve Scheinthal, executive vice president and general counsel for Landry’s.

Del Prete echoes this sentiment. “He’s patient. Things always come around. He is not emotional. As much as you’d like to have an asset, it doesn’t become emotional for him,” he says. “If you wait long enough, he knows the opportunity will present itself again.”

Del Prete, who describes himself as “new to the game” compared with the dozen or so executives with 20-plus-year tenures, recalls an exchange with Fertitta when he joined the company in 2006. Del Prete asked the CEO what made him more successful than others in the industry. Fertitta credited his long-game strategy; he always plans five to 10 years out.

TILMAN FERTITTA

Indeed, Fertitta has been lauded—both within and outside of the company—for his ability to suss out consumer behavior and predict how it will evolve over time.

“Tilman has this innate sense of knowing what customers like, and his mastery of numbers is incredible. He can look at a restaurant [and] its financials, and he can say, “This is a great concept. And you know what? It should be making more money than what it is,” Scheinthal says. “What makes Tilman unique is he knows all facets. He can negotiate the purchase and sale agreement. He understands the financials. He knows what buttons to push from a financial performance standpoint. And he’s an operator. He’s got detailed knowledge of every

aspect of the business.”

But for all this business savvy, Fertitta keeps an open mind. With many acquisitions, he has cited the brands not reaching their full potential, with the fault often lying in the C-suite, not the front-line workers, managers, and store operators. He brings these employees into the fold, but also makes changes to ensure Landry’s has a strong core culture across all its concepts.

Despite the acquired companies’ struggles, there was always a possibility that they had a certain process or best practice that was superior to an existing one at Landry’s. In such cases, the practice would be incorporated into the larger system.

“What I like about Tillman is that he

comes in with no preconceived notions. ... We adopt what they do right, so we’ve sort of become this melting pot. It’s not that Landry’s way is the only way,” Del Prete says. “Morton’s, for example, did a phenomenal job on private dining. We did a horrible job in that respect on private dining, and we learned from them, and we implemented their systems.”

THE BATTLE-TESTED BRAND

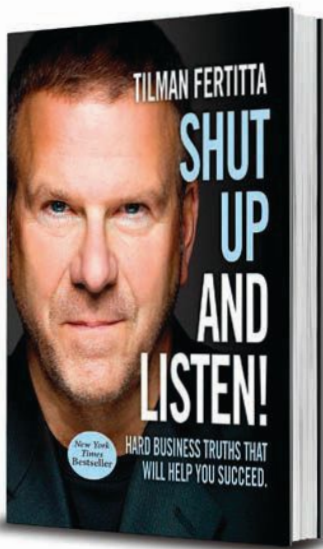
Like many in the industry, Fertitta was indoctrinated into foodservice at a young age. His father owned a single restaurant in Galveston, Texas, where he first learned the basics of running a restaurant. Years later, while only in his mid-20s, Fertitta would build and develop the Key Largo Hotel in the same coastal city.

THE FIVE ‘TILMANISMS’

IN HIS DEBUT BOOK *Shut Up and Listen*, Tilman Fertitta lays out his business philosophy and actionable strategies for success. The topics run the gamut, from customer service to property leases. Here are a few nuggets of wisdom gleaned from 40 years in the industry and working with other entrepreneurs through “Billion Dollar Buyer.”

1 CATER TO THE MASSES: At a time when many restaurateurs adhere to the “you can’t be everything to everyone” mentality, Fertitta stands firmly on the other side. The reason boils down to simple math: “It’s still the amount of numbers and covers that you can get in. I think today there’s a lot of disposable income out there, and you want to be in a position to cater to everybody,” he says.

2 REMOVE THE WORD “NO” FROM YOUR VOCABULARY: Similar to the old adage that the customer is always right, Fertitta asserts that all too often, saying “no” is a matter of choice, not ability. An example would be a restaurant choosing not to make a requested substitution, rather than being unable to do so because of a shipment delay or supply shortage.



3 LIVE BY THE 95:5 RULE: Fertitta maintains that successful companies have a 95:5 ratio wherein 95 percent of the business consistently performs smoothly. The remaining 5 percent is both an opportunity and a potential pitfall. It can be a blindspot that tarnishes the 95 percent or it can be a special detail, such as knowing regular customers by name, that sets the brand apart.

4 ALWAYS HAVE WORKING CAPITAL: Even when business is strong, Fertitta recommends borrowing money to ensure a company has enough liquidity to weather economic downturns and unexpected crises—like a global pandemic. He points to lines of credit and loans as viable sources.

5 WELCOME CHANGE: If 2020 has taught the world anything, it’s that change is inevitable and unpredictable. Fertitta hasn’t built and maintained a hospitality empire by clinging to a static formula, rather he’s welcomed new people and new ideas into the fold. And, he says, in cases where things don’t work out, move on and don’t overthink it.



COURTESY OF MASTRO'S RESTAURANTS

THE LANDRY'S
PORTFOLIO
INCLUDES MORE
THAN A DOZEN
FINE-DINING
CONCEPTS,
LIKE MASTRO'S
STEAKHOUSE.

TILMAN FERTITTA

The venture suffered as the savings and loan crisis of the 1980s wreaked havoc on a number of businesses. Cutting his losses—but not before incurring some debt—Fertitta sold his portion of the hotel. With enough cash on hand, he took a controlling interest in Landry's, which at the time comprised only two restaurants, and by 1988, he was the sole proprietor.

Since then, Landry's has surfed a number of economic swells and contractions, all the while continuing to pick up new concepts. As the restaurant landscape has changed, so too has the company and its various properties.

"It's a real fast-moving industry from food to employees to design. It's definitely become an entertainment industry where people used to just use a restaurant to go eat ... and look for their entertainment afterward," Fertitta says. "Today, to be successful in the restaurant business, I think you have to create that energetic, fun type of establishment that

makes it the [whole] evening and not just a quick stop to go onto the next part of your evening."

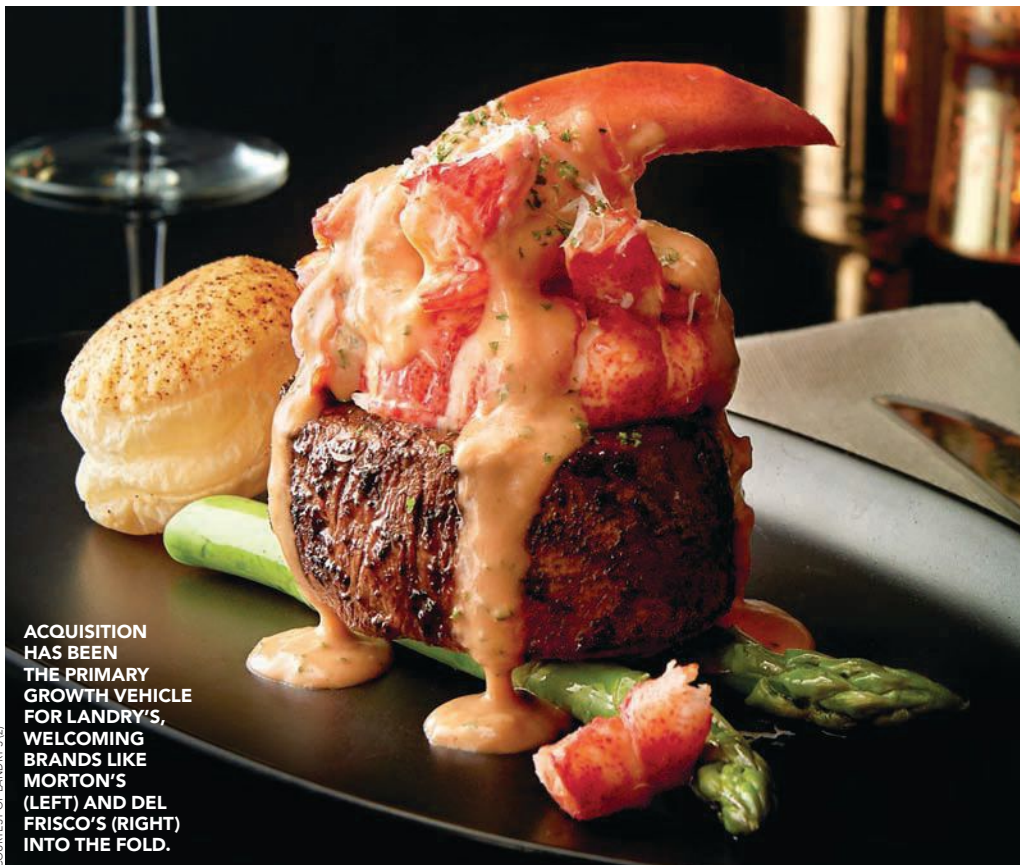
Through this and other shifts, Landry's has proved itself to be a battle-tested company. And once the post-COVID economy recovers, it will be among the big players charging forward. Fertitta says the hardships of the

"I like that people see that this is a great industry, and you don't have to just be in real estate or oil or technology or biotech to become a billionaire or be on Forbes list, that you can just be a small guy that started out in the restaurant industry and grew his business."

past year will mean a slow recovery for many restaurants while other companies may exit foodservice altogether. He anticipates business consolidation across many industries, and given his prowess in M&As and the fresh injection of capital from going public, Landry's will be well situated for growth.

Fertitta recognizes that unlike past deals, many post-COVID acquisitions will have little to do with leadership missteps and more to do with unforeseeable circumstances beyond anyone's control.

"We hadn't had a downturn in 12 years, and you always get a downturn in the world every eight to 10 years," Fertitta says. "Early last year, you could see the slowdown coming, but you expect it to be because we over-loaned again to people we shouldn't have or we overbuilt buildings or we overbuilt houses. It's always because we get fat in a particular area that causes a bump. And who would have ever thought that bump would have been a pandemic?"



ACQUISITION HAS BEEN THE PRIMARY GROWTH VEHICLE FOR LANDRY'S, WELCOMING BRANDS LIKE MORTON'S (LEFT) AND DEL FRISCO'S (RIGHT) INTO THE FOLD.

STILL BRINGING THE A-GAME

Although Fertitta has arguably reached the pinnacle of corporate foodservice, he doesn't give any indication of slowing down or relaxing his involvement in the company.

After all, hands-on leadership and sweat equity have been cornerstones of his career. He may have a talent for numbers, negotiation, and market forecasting, but any natural ability is amplified by an intense work ethic—one that trickles down to others in the company.

“That kind of attitude persists throughout the company,” says Keith Beitler, executive vice president and COO of Landry's. “His attitude that he takes and his work ethic, it's infectious, and it comes over to us and exemplifies that. I work on weekends. I don't work on weekends because I want him to know I'm working. I work on weekends because we have that attitude of we-want-to-win. And in order to win, you've got to know what's going on.”

For those willing to follow his example and give it their all, opportunities for advancement abound. Beitler started as a general manager in the mid-90s before rising through the ranks. Similarly, Del Prete began his career at Fertitta Entertainment as a casino host.

And just as the CEO holds himself to a high standard, he sets high expectations for employees, especially company leaders.

“From the top executive standpoint, you really have to bring your A-game with Tilman. He's very intelligent. In my opinion, he has a photographic memory, particularly when it comes to numbers. He knows the numbers better than we do, and he's very crafty. He usually will ask you a question and knows the answer, but he wants to see if you know. So it's kind of like a trap,” Del Prete says. “When you're going to meet with him, you better have a stack in your hand and you better know what you're talking about.”

Over the years, Del Prete adds that he's learned to be upfront if he doesn't have the answer. When he is able to answer a volley of questions, he says it's almost like bragging rights.

Fertitta may run a tight ship in the corporate offices, but he also makes a point to visit the restaurants, talk with the staff, and see first-hand how the operation is running. Just as the title of his book suggests, the inability to really listen is an all too common pitfall in the business world. Fertitta is direct and candid in his own rhetoric, but when the time comes to listen, he follows his own advice.

“He still knows everything that goes on and everybody talks to him,” Beitler says. “As a matter of fact, I talked to him yesterday and he was sitting in one of the restaurants, talking to the general manager about business, and watching the operation. How many owners of a [restaurant chain] would be sitting in a restaurant on a Sunday afternoon talking to the management team about their business?”

But while showing up at his company and in his restaurants is a top priority, Fertitta is something of a recluse when it comes to industry shows and conferences. His television appearances notwithstanding, the CEO maintains a pretty low profile and admits he doesn't know too many people in the sector. To him, it's more about the actual work than networking.

If anything, he'd rather stand as a success story that inspires other entrepreneurs to take a second look at foodservice and see it for what it is: a potentially lucrative career path.

“I run my business. I don't need to give speeches at conferences so people can tell me how wonderful I am. I've done so much TV and that's how people know me, [but] my circle's pretty small,” Fertitta says. “I like that people see that this is a great industry, and you don't have to just be in real estate or oil or technology or biotech to become a billionaire or be on Forbes list, that you can just be a small guy that started out in the restaurant industry and grew his business.” ■

