

How this CEO brought a legacy food service brand back to success, growth



Adam Romo, CEO of Eatzi's

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More than 30 years after its founding, [Eatzi's Market & Bakery](#) is back in growth mode.

Created by restaurateur [Phil Romano](#) in partnership with Brinker International (NYSE: EAT) in 1996, the prepared food concept has become a North Texas favorite, with six locations across the metroplex.

But Eatzi's has seen its fair share of hardship. In its early days, over-expansion caused stores to fail, diminishing profits. Romano and Brinker sold the brand to a private equity firm in 2002, but the firm placed less emphasis on prepared foods, the core of Eatzi's sales, and revenue dropped further.

As it seemed on the brink of collapse, Romano purchased Eatzi's back in 2007. He called in [Adam Romo](#), who had served at the company's chief financial officer when it was owned by Brinker, to lead Eatzi's rebuilding efforts.

Upon his return to Eatzi's in 2011, Romo says he started taking the concept from "an entrepreneurial start up to a professional growth organization." He built leadership teams, operating processes, data analysis and a social media strategy to preserve Romano's original vision while propelling the concept toward future growth.

That work is paying off. Last year, Eatzi's opened two stores in Fort Worth and Dallas. While it doesn't have a firm number of stores it expects to open this year, Romo is actively looking for sites. After the brand expands across DFW, it plans to take its first steps out of market into other Texas cities.

Romo told us more about what's driving Eatzi's success.

What has been your biggest challenge as CEO?

What's occurring in the industry now is it's overbuilt. There are too many restaurants for the consumer population. Then you have all these non-traditional food service businesses like grocery stores and even gas stations, all providing some ready-to-eat meal options. They're all trying to attain some share of the consumer stomach, so competition has grown from non-traditional businesses and traditional establishments. The other pressure for us is from a labor standpoint. Dallas is incredibly oversupplied with restaurants. Now there's a shortage of food service employees for all these businesses opening at a rapid pace. The shortage of employees has driven wage increases, and everyone is paying more for people they hire, from higher-ups to hourly staff. Everyone is going to be dealing with that for the next few years until we get a shakeout in the industry and we start to right-size the number of establishments out there.

How are you positioned to survive when industry right-sizes?

Everyone is pushing not to just provide food service, but to provide it in a convenient format. Our concept was originally conceived as a convenient meal solution, and that's a core concept. The thing that I think separates us from other businesses is our foods are high quality. We have a variety that's unparalleled. We have a data base of over 4,000 scratch recipes. And the format of our retail stores is convenient. It's prepared so you can come in and shop it by the pound or piece, and it's already cooked.

What are your growth plans, and how are you avoiding over-building?

Before we started opening new stores, I looked at our site demographics and put together a matrix of key demographics in our existing stores. From there, it's easy to look at any market area and find areas with similar site characteristics and demographics. The tougher thing, once you identify an area, is seeing if there's sites available. Then it comes down to timing on when something opens up. East Dallas is a part of town I'm looking at because demographically, it fits our site profile. Once we've filled all of the demographic areas that are right for an Eatzi's, we'll start expanding out of DFW to Houston, Austin and San Antonio and go through the process there. I'm not concerned that we're going to over-expand, because being a private company, one advantage we have is we're not beholden to Wall Street growth rates. We're going to open stores when we find the right site.

Would Eatzi's consider a buyout or going public?

We're definitely not interested in an IPO. Being public has changed so much in the last several years. It brings a whole host of challenges. Our approach and strategy is to keep opening stores. Our business is good, so we're able to fund our growth through internal operations. I guess if someone ever approached us with some type of transaction that made sense for the brand, we'd consider it, but it would have to be very compelling.