

Click to Print Now

Dealmaker: Steven Graul, president and CEO, Innovative Concept Associates Inc.

Steven Graul, president and CEO, Innovative Concept Associates Inc.

Real Estate Inc. Extra: Dealmaker

■ SUBSCRIBER CONTENT: Nov 7, 2014, 6:00am EST | UPDATED: Nov 7, 2014, 10:21am EST



Vandana Sinha
Assistant Managing Editor/Print-
Washington Business Journal
Email

Steven K. Graul took a couple decades to figure out what he wanted to do, but has never questioned it for a second once he did.

This Chicago native's parents moved him to the Washington area when he was in high school, finishing up at Annandale High School — coincidentally about a half-dozen miles from one of his career's most notable projects today, the newly

revived Springfield Town Center's spread of restaurants. Graul first got into the restaurant business after college, managing a few from here to Annapolis and Baltimore, bartending at others. At age 30, he was ready for a career change and dove into commercial real estate, driving taxis and tending bar in between to survive. But soon he began landing big clients, doing land deals along the Dulles Toll Road corridor before the road was built and specializing in restaurant leasing. Today, he's helped land restaurants from Jeff Buben's Vidalia to the offerings at Springfield Town Center and advised such chefs as Eric Ziebold and Jose Andres.

Your big start: Vidalia at 1990 M St. — that was Jeff Buben's first restaurant. It has been out of that relationship that Jeff Buben has produced a lot of great chefs: Eric Ziebold, Cathal Armstrong, RJ Cooper. My relationship with Jeff and the success of Vidalia is a real sentimental favorite for it, and it helped launch our career. It was also where my wife and I had our wedding dinner, courtesy of Jeff Buben.

On your relationship with ThinkFoodGroup: This relationship goes way back from when Rob owned Austin Grills. I was helping him work with that. He worked with Roberto Alvarez and went to Spain and came back and brought this guy named Jose Andres. That was when I first met Jose. And everyone knows what happened next.

Biggest current challenge: Finding desirable real estate at achievable economics for clients. Restaurant sales have not increased nearly at the rate that occupancy costs have increased. We've seen an almost doubling of rents in D.C. in the last five to 10 years. It's outrageous. It's just a question of how the restaurants doing these crazy deals are going to be able to afford to pay these rents.

What's the answer? To be honest with you, we're steering a lot of our clients outside of D.C. We're taking them to markets where the deal economics make more sense. The other answer is if you have desirable clients, it gives you leverage to negotiate much better deals. That helps us but at the same time, landlords aren't willing to take haircuts on deals just because you have a sexy client.

How did you get involved with leasing restaurants for Springfield Town Center? We were looking for space in Springfield for some of our clients and not much was available. We knew Vornado had been threatening to redevelop Springfield since before the recession and a couple years thereafter they scaled down some fairly ambitious plans. I met with Jill, who was doing the leasing and we hit it off. They were trying to do a fourth anchor and hopefully get a Nordstrom for the front entrance of the mall. I was successful in convincing her and Vornado that instead of doing a department store, we should do a collection of restaurants that would be compelling and unique. There was tremendous demand in the market. I thought there would be plenty of folks interested in being a part of that opportunity.

Your first thought when you took on that assignment: I went to Annandale High School for two years. I spent a lot of time in that mall. It was a train wreck. But we all knew they were going to throw a lot of money at it and do it right. It was a great piece of real estate that had simply been lost in time and overlooked. We really believed the demand so great that if we could put together a collection of restaurants, it would attract a lot of



Joanne S. Lawton

Steven Graul, president and CEO, Innovative Concept Associates Inc.



tenants and be wildly successful.

A turning point for Springfield Town Center: Getting Yard House was very important. Restaurants follow, they don't lead. It was a safety-in-numbers philosophy. That was probably a real key deal. It helped us get Wood Ranch BBQ.

A lease that didn't work out there: We were actually way down the road with Brio. We got the CEO to come in. At the last minute, he decided he wanted to make this a Bravo instead of a Brio, which was exactly what we did not want to do. We said no and called his bluff. I don't think he expected us to do that. So we turned around and Maggianos was there, and we signed with them. That was a memorable twist.

What would you have done differently there? We were involved in trying to steer the development team toward how to approach these transactions and how to lay the groundwork physically for the infrastructure for the restaurants to make it easy for them to say yes and make timelines. Maybe I would have pushed a little harder on what our recommendations were, because some of them weren't initially received, and I think it probably cost us project delays. We could have potentially had more of these restaurants open now for the grand opening rather than have them staged in over time.

What do you think is still missing? You can certainly say that we'd love to have a culinary component to this. I mean not so many quote-unquote chains. We tried to do some of that, but the reality is Springfield is not the uptown arts. And you have to be mindful of your demographic. And a lot of these chefs, the perception of Springfield is that's not where they want to be right now.

What was your best advice to Jose Andres: My best advice to them they didn't take. I tried to talk them out of going to Crystal City back when they did that deal with Jaleo and Oyamel. I wasn't convinced it was the right thing to do and despite my recommendations they went ahead. Of course, I made a very nice fee on it, but I would have been very happy to give that fee back if we had done that deal differently. Neither restaurant was very successful there.

What do you think has been his best move: Partnering with Rob Wilder. Jose is wonderful. He's incredibly passionate, incredibly talented, he wants to bring Spain to the United States. I think Rob has been the nuts and bolts and business sense and direction behind the success of the company. I don't think the company would be successful without either of them.

What do you think has been his worst move: I would have loved to see them expand their full-service brands a few years ago, when Jose was just awarded the James Beard Award. My hope was we were going to take some of those concepts to some of the other major markets. They've done that selectively through partnership agreements in hotels, where they've had no risk and very little to low liability. But I would have loved to see a more sustained rollout of those brands.

Best business decision: Our motto is fewer clients, better clients. I'm a big believer in that. I don't want to be everything to everyone.

What has been a turning point deal for local restaurant world? Of course, I'm going to say Vidalia. and prior to that, Oliver Carr opening Occidental restaurant, which spawned most of the people I've had relationships with in my career. I think that was a birthplace for a lot of the great talent of the '90s that started a big trend in making Washington a culinary place.

What do you think has been the key thing to make this a foodie town? One was the 9/11 disaster. We had restaurants literally fleeing New York City to come to Washington because a lot of people were put out of business completely. That, followed up by the recession. The restaurant business is one of the first ones impacted by the recession because it's very much a cash-flow business. But it was also the first one out of the recession because we had to figure out very quickly how we adapt. We were well on our way back in the 1990s with attracting and cultivating great chefs in Washington.

What's next? All the investors out there are chasing fast casual. You're going to see fast casual continue to explode because I think millennials eat that way more often than not. People want to go out, have a great meal and great drink and not feel like they have to be in a formal atmosphere. I think you'll see more great neighborhood places putting out culinary comfort food.

Biggest restaurant deal this year: Bringing Daniel Boulud to D.C. has to be on that list.

Biggest misconception about restaurant industry: Just because the place is packed doesn't mean it's making money. It's a hard business. The margins are very slim.

What are you like to work for? I'm pretty intense. I'm very direct and I think that's one of the challenges I have. I have to learn to measure that a little bit. Not everybody wants to share my level of intensity.

Best lesson from your mentor: To put yourself in your client's shoes. To perform on their behalf as if their business was your business.

Hardest lesson learned: Loyalty is not always a two-way street. It's always disappointing when things don't end up ultimately going the direction you want it to go.

What would you change about your job? The counterintuitive way that tenant brokers are compensated. As a tenant broker, your job is to be an advocate for your client and negotiate the best deal, which means trying to keep the rent low. But because the landlord compensates you, you get more money to do the opposite and not do what you were supposed to do. I've never liked that.

Your earliest memory: Going to Wrigley Field in Chicago with my father, sitting in center field bleachers. He was a big Cardinals fan. Watching Stan Musial roam center field. That's how I was taught how to play baseball. I played all the way through college until I tore my rotator cuff.

Guilty pleasure: Del Maguey Single Village Mezcal

Favorite movie star: I'm a big "Matrix" fan, so Keanu Reeves might be on that list. But I'm also a big Mel Brooks fan. Jack Nicholson would definitely be on that list.

What one word would you use to describe yourself: Complex

If you had \$1 million, you would: Probably buy small flats in Chicago, Amsterdam and Hawaii, and my wife and I would spend the rest of our lives traveling.

Businessperson you most admire: Outside of my mentors, I have a lot of respect for Robert Simon, who started Reston Town Center. This was a guy with a vision that was completely unique. He watched it go bankrupt, came back, revived it and still, at 90 years old, lives here and believes in the change daily.

Personality in high school: I was very reserved, very conscientious. I was a little bit shy, yeah. I was an athlete, but kind of kept to myself. Did my grades, did what I was supposed to, I was a good kid.

Your go-to karaoke song: I'm allergic to karaoke. I don't go anywhere near karaoke. If I walk into a place that has karaoke, I turn around and walk out.

What did you want to be when you grew up? Believe it not, I wanted to be a weatherman. I don't know why. I was fascinated. Growing up in Chicago, we had a lot of big thunderstorm. Later in life, I wanted to be a writer and journalist. I did it for a while after college. I love to write.

Favorite book: Probably the one book that for me is something I always go back to, "The Tao Te Ching," the bible of Taoism, by Lao Tzu. Then at the other end of the spectrum, "Women" by Charles Bukowski. Those are two extreme ends.

What would you do if not this? I might own a cycling vacation company like Backroads. I'd own a dog-walking business. I'd be working for myself probably.

Favorite hobby: Besides travel, which is No. 1, would be road bicycling. I have a Trek Madone 5.2.

Favorite movie: "Blazing Saddles" and "The Matrix" are two of my favorite movies

Favorite thing you like to cook: Veal ossobuco, which has turned into a holiday tradition.

First thing you look for on a menu: I look for anything on the menu that's different. I get so tired of the same stuff when I go out. Anybody who takes a little bit of a chance, I'd probably go there.

Favorite restaurant: Is it kind of like asking a parent who their favorite child is? I don't think I can answer that one. Let me say a great neighborhood saloon with a great burger.

Favorite place outside of the office: We've already talked about the left-field bleachers in Wrigley Field. I'd say at home cooking with my wife and two dogs.

What do most people not know about you? Inside the hard outer shell, there's a soft gooey center. We'll just leave it at that.

What's one thing you cannot do without each day? I need to exercise daily — bicycling, pilates, even going for a long walk.

Pet peeve: Greed, closed-mindedness and people who don't have any bar etiquette

Most important piece of bar etiquette: How do I say this nicely? There's several. You don't need to lean over people to order a drink. You can stand by and make eye contact with the bartender. They know you're there, but people think they need to be demonstrative. And say please, thank you and sorry. Just basic manners. People think they enter bars, and all that goes out the window.

What's on your iPod? Eric Clapton, Elvis Costello, Amy Winehouse, Collective Soul, Everclear.

The basics

- **Age:** 60
- **Education:** Bachelor's in management, business administration, College of William and Mary
- **Residence:** Reston
- **Family:** Wife [Mary Mullaney](#) , two rescue dogs Cocoa (chocolate lab) and Mimi (probably part Shepherd, part Collie)
- **First job:** Flaming Pit Steakhouse. I was a busboy in Glenview, Illinois

Vandana Sinha oversees print edition.

A Model Home. An Ideal Investment.



