

inSpired

FOR INVESTORS, BY AN INVESTOR

with MIKE ROCKEFELLER

EPISODE 06 • KEVIN HOCHMAN • CEO OF BRINKER

Kevin Hochman, CEO of Brinker: How Chili's Won Over a New Generation

Mike Rockefeller and guest host Ben Rosen of Woodline Partners sit down with Kevin Hochman, CEO of Brinker International, at Chili's in Dallas. A conversation on mastering food, service, and atmosphere, turning a viral moment into lasting growth, and delivering value that beats fast food.

"We're not just winning. We're winning the right way."

KEVIN HOCHMAN, CEO OF BRINKER INTERNATIONAL

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Cold open

KEVIN HOCHMAN

We're laser focused on what matters, and anything that doesn't matter is our enemy.

MIKE ROCKEFELLER

I am here to sit down with Kevin Hochman, the CEO and president of Brinker International.

KEVIN HOCHMAN

We're not just winning, we're winning the right way. Great food and great service and great atmosphere. They view, like, labor as a cost and not an investment. It's like, how do I use AI and automation to remove labor? And we've gone just the opposite.

MIKE ROCKEFELLER

Brinker is the owner of Chili's Grill and Bar and Maggiano's, with about 1,600 restaurants and \$5.8 billion in annual revenue. Since joining Brinker in 2022, Kevin has led one of the most remarkable turnarounds in the restaurant industry.

KEVIN HOCHMAN

And they got their cheese plank and they'd pull it and it kept going and going. Like, what do you do? You film it and you share it, right? Low key, when did Chili's get so good?

MIKE ROCKEFELLER

Together with my colleague from Woodline, Ben Rosen, we speak to Kevin about his career, approach to turning around Chili's, and what's next in the years ahead.

KEVIN HOCHMAN

We're positioned to continue to grow share. The strong continue to get stronger as the macro gets weaker. July's been phenomenal. A big part of that was being ready for that viral trend and executing it well versus executing it fast. Whenever we do these marketing things, we see the business lift and it doesn't look back.

MIKE ROCKEFELLER

For investors, by an investor. Conversations with executives building tomorrow's great companies.

KEVIN HOCHMAN

As we graduate AUVs and we spread more of the fixed cost over more sales, we're going to blow through those numbers. I wanted to set targets I felt confident we could meet or exceed.

MIKE ROCKEFELLER

I'm Mike Rockefeller, co-chief investment officer of Woodline Partners, and this is inSpired. Kevin, thank you for hosting us here in Dallas.

KEVIN HOCHMAN

Hey, it's exciting that you are here. You know, we just had our investor day a couple weeks ago. So the place is looking amazing and we're in our, you know, our basically our restaurant where we can shoot social media and do some other things in here. And it's just exciting time for you guys to be here to hear about our next chapter of our story.

CHAPTER 02 • 1:57

What Kevin inherited at Chili's

MIKE ROCKEFELLER

Yeah, it's been so fun so far. I think it's fair to say that everybody knows Chili's. It is an iconic brand. What I don't think is well understood is the transformation that has occurred under your leadership. So to start, tell us what you inherited in June of 2022, the good and the bad, and how it compares to what Chili's is today.

KEVIN HOCHMAN

Yeah. So I remember I was interviewing with the board and for the role. So this would have been call it February of 2020, and I did a lot of ghost shops, meaning I went to a lot of Chili's that didn't know where I was and just had the experience through the eyes of the guest and saw a lot of opportunities. And the, you know, my hypothesis going in was, you know, everybody in America, you know, in terms of the investment community, a lot of them believed that the casual dining segment was dead. People didn't want to go out to eat anymore. They wanted to order on their, you know, on their phones and not talk to anybody. And, but I saw, concepts that were winning year after year.

So, two pretty good competitors, Texas Roadhouse and Darden, they didn't have any problem with casual dining. Everybody else had problems and they were making a lot of excuses about why we weren't winning. Chili's was no different. And so my belief was based on what I experienced in these ghost shops is like if we had focused just on the core stuff, food, service and atmosphere and really like very, very focused on that and not get distracted, that we could have some of the returns that these other guys had win. So that was the hypothesis when I got into the, into the business, basically confirmed all that. And there were some other issues I hadn't seen as someone that had never worked in casual dining before and owned our own restaurants.

My prior jobs were in franchise systems. And the big thing that I had missed in my ghost shops was the facilities had a lot of investment that we needed to make. They just didn't sparkle. There's a lot of deferred repairs. You typically see that in dying restaurants or restaurants that are not winning they find ways to kind of cut costs that, you know, maybe it looks good for a quarter or two, but when you add all those cuts up, you're sacrificing the guest experience. And so that was really my mindset going in was like, okay, if we can deliver on food, service, and atmosphere, we will win. And that's what we embarked on. And, you know, the first thing, the most important thing we need to do was get everybody on the same page.

So I met with a lot of investors. I met with, obviously, my board many times met with a lot of the employees. I spent my first 100 days, I spent a ton of time in the field asking the managers, what's going on, and what do

you appreciate about this company and what are the things that we can do differently? And about 90, 100 days in, we formulated together a strategy on how we were going to improve food service and atmosphere. And that's what we've been doing in the last, you know, four plus years is focused on the fundamentals of casual dining. We are going to win with that guest and we're going to do it better than everybody else. And I don't know if we're all the way at the top right now, but we are dramatically improved when you look at key brand attributes and both our internal metrics and our external guest metrics have dramatically improved.

We're one or two in most key categories now on casual dining on the things that matter like taste and value and overall experience. And the good news is there's still plenty more runway to continue to improve, but that's essentially what we've been up to the last four plus years.

CHAPTER 03 • 5:16

Lessons from P&G and KFC

MIKE ROCKEFELLER

Yeah. Now, prior to Brinker, you were at KFC and, and did a great job there. You spent almost two decades at Procter and Gamble. What lessons from those experiences did you bring over at Chili's?

KEVIN HOCHMAN

Yeah, I think the most important thing is like, I think we all know what the right thing to do is. And yet in industries that have been challenged, you talk to yourself out of those things, right? So, like, for example, in my first, you know, 30 days of restaurant visits, I saw a lot of the ill repair in the restaurants. And I come back to the home office, and we talk about, you know, what are we going to do to fix these restaurants? And it was always these, you know, well, they're not that bad. Or we already spend, you know, over \$100 million in repairs and we really need to spend more. And it was like a lot of debating about whether we should do these things.

It's like, well, do you want to eat a restaurant with a leaky roof? Because I don't, right? And 40% of our restaurants have leaky roofs after we had done an audit on it. And so we had to do the right thing. It's very hard to create a payback model for a leaky roof. Like, I can't promise my board, you know, some comp growth out of that. But we also know if we want to be number one in the category or number two, whatever it is, whatever that big, hairy goal is, we're not going to be able to do that with restaurants and no repair. So we really shifted from debating the right thing to do, which is a big lesson I learned at Procter & Gamble and at Yum!

Brands, to spending time on how are we going to do this? So we can spend all of our time debating whether we should do this or not fix roofs or fix plumbing, or we can spend all of our time, how do we finance this, how fast can we go, you know, what other choices do we have to make in the business in order to fund these things, right? And so I think that's the biggest thing, was we all know the right thing, the long-term thing to do in these businesses. This is not, we're not, you know, this is not. AI and we're not, you know, curing illnesses that, you know, nobody's ever been able to cure, but this is about feeding people in an atmosphere that's, that's fun with service that wows them.

That is not very complex, right? But there's all these challenges that I think a lot of these companies have that get in the way of actually delivering that. And so that was the, that was always my North Star was we have to do these things. It might take longer than I would hope and maybe we have to sacrifice in other areas, but we are going to do that. And I think that's been the biggest lesson in this. And if you look at our leadership to today, four years later, we no longer debate what the right thing. We all know what the right thing to do is we spend all of our time on how are we going to get this done, right? And especially when they're big, hairy challenges that requires some good, you know, deep level of thinking and, and, and testing and that rigor to be able to spend all that time on that and that on the time on, you know, you know, debating whether we should do the right thing, which you really shouldn't ever do.

That's been a big unlock. I think that I learned at P&G. P&G is a, I mean, it's always about if you have a superior product, you will win, right? That's the, that's the name of the game of. P&G. It's like, we're going to win in, you know, in fabric care. We're going to win. We're going to win in oral care and we're going to win in hair care because we're going to have the products that work the best. And that's true here. What's the product that we're selling? We're selling food, service, and atmosphere. If we can do that better than our competitors. Forget about the marketing. We do those things better at our competitors. We will win over time. It will be sustainable because people will come and try us and they will repeat.

And then they will build on top of each other. Now, thankfully for us, we also have a world-class marketing team. They're bringing a lot of new guests in. So, and they're becoming quickly looking like existing guests. And that frequency is not changing. It's just, new guests just keep going up and they become, Chili's becomes a part of their rotation, right? Think about where you guys like to go out to eat, right? Like, you start with like, well, what am I in the mood for? Immediately after you see, say that, there's maybe three or four restaurants that come into mind. If Chili's isn't one of those restaurants, what's our chance of ever getting you to go there? There's zero, right? So, well, as we become more relevant and people talk about us and we're in the consideration set more often, that's why this is a sustainable growth.

And it's just a, it's a very exciting time to be here because we're not just winning. We're winning the right way. So like, I think a lot of people think that the other, the other shoe's going to drop. And that's kind of the, I think, the bear case about our company right now is like, well, I can't run forever. And it's like, okay, it's been five years. We've had 71% growth. It's been 100% same store sales through the existing four wall economics of the business. Five years, 21 quarters, right? You know, I don't know how many more years we've got to put together before that goes away. But I think we've proven we have made a product that's superior. Now as we market it, we just continue to grow.

So, but I think that's the biggest lesson. It's like, get a superior product market it like crazy and you're going to win in a long term.

How Chili's won Gen Z

MIKE ROCKEFELLER

Yeah. One of the amazing aspects about Chili's is that it's been around for over 50 years, yet it really appeals to the younger generation. Gen Z is 25% of your guests. Why do TikTok and Gen Z love Chili's so much?

KEVIN HOCHMAN

Yeah. What's interesting, so I think young guests in particular, everybody wants to make them out to be some completely different customer. And I think they do receive information completely differently, and they do have some changes and, you know, and their taste are a little bit different. You know, for example, you know, I grew up on eating fried chicken in the bone, like younger generations, like, you know, meat on bone is not that relevant, right? So there's some, there's some changes there. But overall, are they looking for great food in a fun atmosphere with great service? Yeah. I mean, that's universal. No matter whether you're 18 or you're 80, those are the base expectations about why you go out to eat and why you don't go out to eat if you don't deliver on that, right?

So I think, first of all, the fact that we've improved all those things has been the base of why we're even considered by young people, why we even have a chance to get them to come to our restaurants, right? And then we have an incredible marketing team that's done some really neat things in social media that has gotten people to reconsider us, right? So, you know, the one that I think a lot of people talk about, this is over three years ago now, where we briefed an agency on, it was the, we were just getting started in social media and, we had just gotten back on TV and it was like, okay, we're now going to broaden getting the social media. And we had a, we have an item on the menu called the Triple Dipper.

It's been around forever. It's not like some new item that's promotional or something. It's been, I think over two decades, maybe even three decades that we've offered a Triple Dipper. Triple Dipper is a really simple idea. So you pick three appetizers from a list of appetizer in the menu. We give you slightly smaller portions of each appetizer in one basket and it comes to three dips. That's why it's called the Triple Dipper, right? And we had already been spending about a year and a half on just continuing to improve how we make those items in the basket. Just, you know, are we cleaning the oil as often as we need to, you know, are they breading things the way they're supposed to do when we handbred chicken?

Are we, are we, you know, making sure we're cooking an order based on what's on the screen? Like, so we spent a lot of time just getting the operation better. And we went to market and we worked with an agency and we say, hey, here's the Triple Dipper. This is what people tell us while they love it, do whatever you want with the product, right? Like, this is, this is, you know, this is the dish, go, go order it, do whatever you want, you know, whatever, whatever's relevant to your audiences. And one of the, one or two of them might, might have been, there's two that, we think that kind of started this. They took the, you have these giant mozzarella planks that we have, and they're much bigger than a normal mozzarella stick.

And they bit it and they kind of pulled it and it had this long pull. And then I think when people started seeing that, they're like, everybody wanted to go do that. And so we're not the first restaurant brand that's gone

viral. Tons of restaurant brands go viral, right? Well, probably the first restaurant brand that's held on to all that line, because when people went in and ordered the Triple Dipper and they got their cheese plank and they'd pull it and it kept going and going, like, what do you do when you get, you film it and you share it, right? If you had pulled it and it just snapped and the place was dirty and the service wasn't good, you'd probably film that and share that.

And it would be just the opposite, right? That's typically why a lot of restaurants don't go, when they go viral, they don't hold on to the business is because it's not, like, we got a little bit lucky here. Like, let's be candid. Like, we, you know, we briefed some things, but we didn't tell them to do this. Like, they came up with on their own. And that's typically what happens with virality. It's, you know, if someone tells you they have the secret sauce, you know, of success for virality, they're lying to you, right? Like, you know, people gravitate to different things. It's very hard to predict what that's going to be. But the question is, is that when people come and follow to repeat that behavior, are they going to have the same experience or not, right?

And they were all having the same experience because their operation was so much stronger. And then it just kept growing. And, I think when we started that viral piece, it was maybe it was five or six percent of the business. It's now 16 or 17 percent of the business. So we've grown, you know, 70 percent. So it's, you know, it's a fraction of the overall growth. But it certainly had introduced a new generation to this business, and that's the thing I always tell the team. If the food looks like, we call it social media radio food. So if the food looks as good as it does on social media or on an ad, you've nailed it, send it out, right? Because we want people to come in and go, be surprised with how good the food looks.

Because there's an insight in advertising in restaurants, which is the food looks really great on the ad, and then you come in and it's like, that's not what it looks like in the ad. It's just the opposite of Chili's people go in and they're like, I'm surprised. The food looks exactly like it did on TikTok or it looks exactly like it did on the football game, right? Like, that's been a secret to our success is like, we didn't just go viral. Like, we've kept the volume because the operation's so much better because the restaurant teams are taking care of our guests. So when that happens, you know, people want to share and they just come and repeat. So, I mean, there's no secret to this thing.

Like, I think everybody who would be listening to us be like, oh, yeah, of course, you know, great food and great service and great atmosphere. But how many actually do that in this industry if we're being candid, right? And fortunately for us, we're now one of the inside track that are doing this. And that's why we have sustainable growth.

BEN ROSEN

When the Triple Dipper came out and you saw this virality, what did you do to lean into it? Like, you know, did you change some of your plans to kind of lean into this incredible engagement?

Yeah. So it's a great, it's a great point. So, you know, one of the things that I've really tried to ingrain with in our teams is, like, pick a few big things and just keep hammering them. Like, like, you can always get better. So, like, triple, you know, it took off. I think it was like March and April of 24, and, you know, volume started coming in. And it was like, okay. Okay, like, we've got to make sure we staff up. We got to make sure we keep restaurants clean. More people that come to restaurants, the dirty restaurants get, like, clean the bathrooms as quickly. Are we busing tables as fast? Are we maintaining our fryers? A lot of the food and a Triple Dipper will come out of the fry zone.

So are we changing our oil as fast as we need to change. You know, are we making sure the teams are trained to do things, right? So that's like, point one was like, forget about new items right now, just make sure we continue to master the fundamentals. So when people come in for their Triple Dippers to have exact experience that we want that which is fast and friendly and the food tastes great, et cetera. Then we started saying, how can we put some gas on the fire, right? And our supply chain head, James Butler, came with this idea. We were in a test kitchen for some other things. And he's like, I wonder if you just, you know, dip the, we were tasting Nashville hot chicken tenders.

It's a kind of a very unique flavor that was born in Nashville that is now ubiquitous everywhere. And we said, what if we put that in a, on a, on a, one of our mozzarella sticks? So they literally just did it on the fly. We all try it and we're like, oh, my God, this tastes. It looked amazing. It tasted amazing. So we put that on the, not on the menu. We created a, so this is a great example of, like, the attention to detail our teams do now. So I think, like, a normal concept would just be like, oh, let's just, like, put it on social media. And then people would come in because they'd see this, like, glowing Nashville hot mozzarella stick and to be excited about it.

And then, like, the team members were like, what are you talking about? Like, so before we ever did that, we said, let's get the team's, try trained on this, how to make it. Let's get a key in the IT system so they can ring it up, right? Let's tell them it's coming in social media, right? So they're all ready for it so that they're not like, what are they talking about? Like, you know, that would piss a customer up so much. I see it on social media. You're coming like, we don't offer, we don't offer that, right? So let's get all the teams trained. Let's get all the necessary things in place. Let's make sure we buy enough mozz sticks. Let's make sure we buy enough Nashville hot sauce.

So a big cross-functional effort, right? And then we hit the button on social media and then it went viral again. People like, oh, my God, I want the Nashville hot. And then we said, hey, maybe we can do that with another flavor. And then, oh, hey, maybe we can do that and put that on a, you know, one of our little sliders that come on the Triple Dipper and pull it that way. And so we've created a lot of commercial news behind a Triple Dipper to keep it going. But I think the biggest thing that we do in addition to that is just continue to stay focused on the fundamental. So as we build traffic, making sure the restaurants are staffed to have great experience and keep the restaurants clean and make sure the food's hot and fresh.

And like, I think those two things are, the key and we haven't and we haven't tried to innovate ahead of the of building the muscle that we need like that Nashville hot example I think the the obvious thing to go do is just do it fast because it's a really good idea but the more disciplined thing is to make sure that like when people come in what do they see it they actually have that experience versus being told we don't this doesn't we

don't sell this or it's not made properly or I got rung up for way way higher than it should have been because there was no IT key on how to ring that up. Like, all those little things in restaurants, like, I think a lot of our competitors don't think about if I'm being candid.

I think the better players think about that stuff, and that's why we're winning.

BEN ROSEN

How big of a deal is, you know, essentially an appetizer dish going from 4% to 16% of mix for profitability? It kind of is a, it feels like a little bit of a P&L game changer at the time.

KEVIN HOCHMAN

Well, I mean, I think it's a little bit more profitable than I think the rest of our menu. I mean, to be candid, about 80 to 90% of people use it as, use the Triple Dipper as an entree. So it is a trade-up on entrees, but it's not like this 100% incremental appetizer that I think people, some people would lead to believe. The biggest thing I think it was is it created a window of relevance for us with a younger generation that our marketing team has just ran with. So, like, if you talk to people that are in the Chili's now, young people, Triple Dipper is obviously a part of the Chili's world, but like, so is a lot all the cool marketing things that they're doing, right?

And they discover, you know, the Big Crispy and discover a \$10.99 meal and the fact that you can get unlimited chips and salsa. And then they find menu hacks. It's like four months ago. And then we started seeing people order the skillet cookie and have the molten on top of it. And it's like, whoa. And then like, okay, I remember the marketing is like, hey, we got to go. I'm like, hey, I know we got to go. We also got to do all the things that we talked about in Nashville hot. We've got to have a key that bring it up. We've got to train the teams. We got to make sure they understand what it is. So we don't, we want people to have great experience.

A couple months later, we launch it. You know, we had great results. You know, we talked about, you know, July's been phenomenal on a last earnings call. A big part of that was being ready for that viral trend and doing, doing, doing, executing it well versus executing it fast, right? So, you know, so anyway, to get back to the answer, yeah, Triple Dipper has been a huge part, but I think it's about introducing a whole other generation to our, to our business and then us being able to capitalize that with the world of Chili's.

I think, you know, this is the fourth time I work with this marketing team. So our head of marketing is George Felix. His right-hand person is Jesse Johnson. Jesse came from an advertising agency, Wieden+Kennedy, that did all the Old Spice stuff I did at P&G, but lots of teams, it wasn't just me. And then when we did the resurgence of KFC, we had eight years of growth in KFC US, and it really spilled over to the world with the Colonel campaign, which is one of the most famous advertising campaigns in history of, food, that's the same team that's doing this thing at Chili's. And we talk about the ribfruit, made me think of them. They always are going to do something that's a little unexpected, but that everybody is excited about, right?

Like, they figure out how to take these brands like Old Spice and KFC and make them relevant for a young generation again. And it's like, there's things that, like, people my age, I see a rib flute. I'm like, I don't really understand it, but like these guys, they always seem to have the pulse on the zeitgeist. You know, a recent one was an incredible job. We sponsor a NASCAR driver, Carson Hocevar. He's a guy young, a little bit rebellious driver, one of the top drivers now, and they designed one, they designed, they can do different

wraps on their cars during the weeks that you have, and they, they designed a car called Ride the 'Dente. 'Dente is our number one, Margarita, if you had in business forever, it's called a Presidente Margarita.

It comes into like a special blue shaker. It's a very unique part of the Chili's world. Many people know what it is. And so they created this whole, like, world about Ride the 'Dente, that a Ride the 'Dente wrap. And I was like, man, that seems complex and, like, he ends up winning in the car. He wins his first race, Talladega in the car. And now it's become a vernacular in NASCAR. It's like, we're going to go ahead and Ride the 'Dente. And, like, people have, they are all buying all this merch with the Ride the 'Dente graphics and Chili's front and center. But it's a great example of, like, this advertising team knows how to enter worlds and make them a little bit more fun.

Like, they don't try to come in and go, hey, you know, Chili's is now sponsoring NASCAR, or Chili's is now, you know, in doing whatever this problem, they always try to get in and just make it a little bit more fun and just be a part of the fun. And, you know, hopefully the branding gets through. Sometimes it maybe it won't. Maybe people won't get that Ride the 'Dente's part of Chili's. But it's more important to meet guests where they are and make them feel special and make them feel like we're a part of whatever the world that we're entering like NASCAR, then we're just here to sell you Triple Dippers and burgers and we really just want you to see our logo. And I think that has been a huge difference with this marketing team than a conventional marketing team.

It's like they get the idea of like we need to meet the guests where they are based on their insights. How do we wow the guests and have a little bit more fun with them? And then the belief is we'll be rewarded if we do that well.

CHAPTER 05 • 24:36

Majoring in major segments

BEN ROSEN

You just launched the Big Crispy six months ago. We relaunched it on track to do over 130% growth to over \$200 million of sales. The burger renovation is up to over \$600 million of sales. Is that the opportunity set for the Big Crispy? Do you think it can be that big incremental?

KEVIN HOCHMAN

Yeah, we shared us on the investor day. The longer term idea is if you think about where people go out to eat, it start with center of the plate. Like, I'm in the move for steak, or I'm going to move for chicken, or I'm going to eat for burgers, whatever it is. And then once the group decides what they want to eat, then it shrinks the subset of restaurants from here to all the way to here. And then it's like, so we're trying to major in segments that Chili's has historically won in that are still very big segments in America, right? That things that people think about eating and drinking a lot, right? So we have a five to drive. So we've got burgers, which is I think the number one segment now that people, eat in America.

We've got boneless fried chicken, so our fried chicken tenders, which is like third or so. I mean, it's humongous. We now have chicken sandwiches as a part of that, too. Tex-Mex, so the Hispanic population

here has been growing for many, many decades. And so Tex-Mex and Hispanic foods and the influence that has across the entire country has been humongous. And you've seen that in other cuisines that have a great run in that cuisine. And then margaritas, tequila is now the number one spirit and margarita's number one drink, mixed drink. And we are the number one margarita restaurant in the world. And we sell incredible, a ton of margaritas, right? So we're in the right segments. And so the idea is we just kind of, how do we innovate in those segments to continue to be relevant?

Because we want, if you're in the mood for one of those segments, we want you to go, oh, chili's this part. And then I got a shot to get you, right? So how do we just make those items so good, such great value that it's a part of your consideration set, right? So chicken sandwiches, to get back to your question, is a big part of that because chicken sandwiches are eaten a ton, but it's actually a global thing. It's not just a U.S. thing, right? But it's a humongous segment that we want to have a major presence. And so that's why we spent two years working on the operation, making sure we're able to make a ton of chicken sandwiches. We're spending a lot of money, obviously, advertising it now.

The business is almost tripled now from when we started the relaunch, incredibly successful. But it's part of a bigger strategy, which is major and major segments. It's one of the advantages of being in a grill and bar, especially with our history, is like, hey, if I'm a steak place, a steakhouse, that's the one segment I really play in. It's like, I'm in the mood for shrimp. I'm not going to think of a steakhouse. Or I'm in the mood for a burger. I don't think of a steakhouse, right? Or like an Italian place, like, okay, I've got to be in the mood for Italian to go to an Italian place, right? Like, we are American favorites. And by the way, American favorites will likely span globally, right?

Like, think about some of the major restaurant chains that have gone global. You know, the best selling items for, you know, McDonald's in China are not, it's not rice. It's the things that sell in the U.S., right? So majoring in major segments that have both U.S. and global opinions is a really good strategy to be on. And now we just got to continue it, right? So because we want to be in the long-term consideration set for more of your trips. And so if you own those segments, and so chicken sandwiches is a big one, you know, we're going to continue to ride that at least for another six months and maybe another year and a half until that's firmly established, because then we're just getting a bunch of trips in that.

And then we're going to move on to whatever the next big segment is that we've been working on until the prior two years, right? So it's a very, it's like, I think you look at some other concepts and it's all about excitement news and like yeah, that's cool. But when you bring new stuff in, it makes it really hard for the teams to execute. And so it dilutes your execution. So like we believe in doing fewer things. Make sure they're in really impactful segments that could drive long-term traffic, not just short-term traffic. And then let's go execute like crazy. And that's been working for us the last four and a half years. I don't know why it's going to change. Like I think that's why we have sustainable traffic growth versus sometimes you see a concept to have a plus 20 or a plus 30 like we did.

And then the next year, you know, they're minus eight, but they're reminding the master community, oh, but the two years really good, right? We don't do that. Like, everybody's like, oh, how are you going to roll the 20? We're going to roll it with an eight. And how are you going to roll the eight? We're going to roll it with a 10. And like, because we're doing things the right way. We're not going to use. We're not, you know, I just, I just not a believer in short term growth for the sake of short term growth. It's all the same resource. It's all the same, you know, capital we got to deploy against these things. Like, why not just deploy the things to have a

long-term chance of sustaining your growth than, you know, a short, like, you know, World Cup is a great example.

Everybody knows World Cup, right? I got asked by so many investors, why aren't you guys getting after World Cup? You have a bar. You have great food. Like, all these new international guests can be introduced to Chili's. And it's like, that's true. But like, what are the things I'd have to do to, like, get after that six weeks, you know, to get another point of sales? I got I got to, I got to discount the product with some specials. I got to, like, maybe make some new menu items. I got to train the teams on all this stuff. Yeah, I, I, T guy's got to go coat all that, you know, in our systems. Like, everybody's got to do something on that. It's all the same people that are working on my chicken sandwich that are going to be working on my, you know, my taco lineup that I'm going to launch and then I'm working on continuing to improve the ribs or whatever.

It's like, it's my choice is the leader. I choose the long term. I'm going to let everybody else get the World Cup, you know, and how's that worked out for us? Like, you know, we had a roar in Q4, right? We said it bled in July. Like, like, we got tons of momentum right now because we didn't do those things and we let other people worry about that, right? And then, you know, and then the results that, even the more successful ones, you know, maybe had a point or two for, you know, six weeks. And it's like, what are they going to, what are you going to do next year? There's no World Cup in the U.S., right? And like, so they've been deploying all that resource on that.

And that's great. I'm congratulations. And I've been able to deploy my resource on things that are going to be the gift that keeps given for years.

BEN ROSEN

I got to preview some of the Tex-Mex dishes that you guys are working on. And I know it's some time out before we get to that. But can you kind of give us context or kind of a frame up what kind of opportunity that is?

KEVIN HOCHMAN

Yeah. So we were talking about the innovation that we're doing, right? So we've got, you know, we started with burgers and fries. That took us a year to fix and, like, grow and growing exponentially. Then we do it with boneless, we do it with chicken tenders and chicken sandwiches. These are, so these are categories that are giant in fast food, like humongous segments. People take a ton of trips every week to go by, right? And so the history of Chili's, it was built on that. Everybody thinks we're like a Mexican brand. We're not. We're American favorites. It was always about fast food favorites that were just elevated like a better value through more premium experience, both in the quality of the food and the service.

And so we got back to those roots, right? And so the next big segment when you look at the chart of fast food segments is Tex-Mex, right, and Mexican. We call it QSR Mexican. So we think that, so that's a humongous amount of trips that happened in the United States for that category. We happen to be a Tex-Mex restaurant. We happen to have a lot of Tex-Mex items. And so now we're trying to think about how do we create items that are, directly comparable to the most popular combo meals, like just like we did in chicken sandwiches, just like we did in hamburgers. We're going to be able to do that in chicken tender too. We have never advertised that. We have a great basket that would go head to head with some of the biggest combo meals here.

And so we're going to go major in. QSR Mexican. Now, you know, the items that we talked about our investor day were we got these crispy chicken tacos, which were absolutely phenomenal, you know, way more protein than kind of the comparable version in fast food. We also showcased fajita steak, quesadillas, which could also be potentially in a \$10.99 meal. So think about that as like, you know, we launched the Big Smasher, which was comparable to the taste of like a Big Mac. We did that \$10.99. Then a year later, we did the Big QP, which is comparable to the Quarter Pounder, right, but had 80% more beef. And then most recently we did the Big Crispy, which was in our testing about 81% bigger than the McCrispy, right?

So it lends itself to go after these combo meals that people are familiar with. The reason why we do that is, like, people know basically how big those items are, how much they cost in the market. So it's a really good foil to use to compare our value, because then you can see them side by side and see how much bigger or how much more protein ours are. So that's, so that's the QSR Mexican's next one. But we also got QSR chicken tenders. Chicken tenders are a global thing, not just a U.S. Thing anymore. We've got humongous chicken tenders. They're already fixed. We spent a year and a half getting better sauces, getting better breading procedures, improving the sides. We got improving even the merchandising.

Like, you know, we weren't even selling with multiple counts. We had like just, you could just buy a four count. Like, that's not the way you go to a chicken tender place the way you sell it, right? That business has more than doubled based on. We haven't even advertised it, right? So we have so much more white space to continue to drive those core categories that drive long-term traffic. That's why we're so bullish about this company. We're working operationally. We even talked about, we continue to have all these operational initiatives to make food service the atmosphere better, but then we've got these big white space segments that, quite frankly, are winning for us right now that we have, you know, we've probably at least another five years of innovation ahead of us.

MIKE ROCKEFELLER

Wow. So much opportunity. So despite Ben being one of the leading experts on the restaurant industry, he is a vegetarian. And so he can only get so excited about chicken and ribs. Sorry, Ben. What do you have for Ben, but and many others in the world on your menu for people who are just looking for an alternative for burgers?

KEVIN HOCHMAN

Yeah, well, that's one of great things about casual dining is like we don't have as simple a menu as a QSR menu. This is not unique to Chili's, but we have a lot of items. We have salads and a lot of the things that we sell can be customized. So we have a veggie fajita that you've been to order out last night. That's really delicious. And we're actually doing some things to improve that even more. We've got a whole new salad program we're going to bring, bringing you out that's veggie. But like, whether your diets, like, you know, most like, more times often I get about, asked about GLP-1s diets, but vegetarian diet, there's so many different ways that you can order at Chili's and cattle dining in general just because there's more vast menus.

And we have people that are really cooking in the heart of house and our kitchens so there's a lot like that's one of the things that I think people don't 100% understand about our business because everybody's like worried about GLP-1s and is not going to you know dramatically reduce the amount of trips that people take and the reality is number one there's so many options that you can get at a casual dining restaurant and

Chili's that we're not you know you can eat you can eat as healthy or as unhealthy as you want at Chili's it really depends on what you want to order and how you want to indulge right but two like I think as people, you know, people, like, why they use GLP-1s, a lot of it is about socialization, right?

And so typically when people want to socialize, casual dine is a pretty darn good place to go socialize. So I think you've got like, you've got pulls. You got, you know, one pull will be, oh, they'll be eating a little bit less. I think that's true, right? And they might need some different things. We can deliver on that. But the flip side is they probably are going to want to socialize more, which is also going to be a, will be a tailwind. So, you know, I think as long as we continue to innovate in things like Guiltless Grill and continue to offer those options, I don't think there's going to be any issues that we have in the business on people with dietary restrictions.

BEN ROSEN

Yeah.

MIKE ROCKEFELLER

And of course, you can have a margarita. It doesn't matter if you're a vegetarian or not.

KEVIN HOCHMAN

Well, you could pat a lot of chips salsa, our guacamole is freshly made every day and our housemaid. You'll be just fine. But there's also a lot of other options than every day menu, too.

MIKE ROCKEFELLER

I did not know that you were the number one seller of margaritas in the country. What is driving that?

KEVIN HOCHMAN

Yeah, well, it starts with being the number one casual dining brand now in traffic. So, you know, we, it was a long road. Like, you know, we were there years ago, and then we weren't there. And then we've had such a resurgence, you know, we're talking about 71% growth in sales. We are now the number one traffic brand in the United States. And then because we don't even have that big of an alcohol incident. It's about 10% mix is alcohol. Every reason, like, worried about, let's say, you're a grill and bar and people are drinking less. It's like, oh, it's not that much of our mix, right? But the fact that we're so big, we have so much foot traffic, even having just 10% alcohol mix means we're the number one alcohol brand.

And it's by far. Like, I think the next closest is about 30 or 40% less alcohol than what we sell, right? And we did that. You know, think about how we've been able to do that. One is through improving food service and atmosphere. From a bar standpoint, we just basically got focused on the margarita bar. Like, like, the history of Chili's was we were a margarita bar. Like, we didn't, like, we have a full bar, but, like, people don't come to Chili's to order an old fashion, even though it's a very popular drink in most bars that come to have margaritas and cold beers, right? And so we said, we're going to major in that. We're going to skinny down the beer line so it's fresher and comes out colder and make sure the lines are clean.

And then on margaritas, we're going to do house made sour instead of sour from a mix. We're going to bring in more premium tequilas that people want. We're going to upgrade our frozen machines. So we went from

kind of what I call skating rink, frozen machines that don't really fluff. You know, we've got the top of the line Taylor machines now and we put Patrón premium tequila in our frozen mix, right? I think we have the best frozen program. That frozen program is now a humongous part of our margarita program when it was basically a rounding error just two years ago. So just, you know, improving all those things and getting the foot traffic again has made us the number one alcohol brand. It's just fundamentals.

It's like there's not like there's not some, you know, liquid nitrogen smoking drink back there or it's just doing the basics really well and then owning up to who we are, which is a margarita bar, not necessarily a bar that has, you know, eight zillion drinks that people are not coming to, they're coming to Chili's for great margaritas. And we have one for everybody. And the other thing I tell you about the innovation strategy that we have is like a lot of people like, oh, you know, you can't only win on a \$10.99 or a \$6 margarita. We have very good value price points. But we have what's called a barbell strategy. And margarita is a great example to share with that. So I think in the past, we always thought about anything, the old leadership thought about, oh, we got to be the cheapest price point on everything.

It's like, we have all walks of life that come into, it's a casual dining. It's not just the Chili's thing. So if you look at our consumer demographic and you overlay that with the American consumer, they're exactly the same. We have low income. We have middle income. We have high income. Everybody comes to Chili's in a pretty similar demographic mix to what you'd see in America. And so it's important for us to not just meet the low end. So low end might say, I only have \$15 in my pocket to come to casual dining. We have you got you with the \$10.99, the \$10.99 meal. So if that's what you want to get, we got that for you, and it's great. You're going to get an abundant meal.

We just, you know, we saw it together. It's a lot of food for \$10.99 and it's made, it's made quite well, right? On the flip side is not everybody wants that. Some people want ribs. Some people want fajitas. Those things are going to be more expensive the \$10.99 meal. And margaritas is the example I was sharing with you is we have a \$6 margarita and it doesn't matter when you come in. It doesn't matter which Chili's you come into. You can go into a New York. Chili's or in Iowa Chili's, you can come in at Happy Hour or you can come in at, you know, primetime dinner time. It's going to be \$6. You don't need an app. You don't need a coupon. You, it is there and you can count on it.

We call that price certainty, right? I don't have to do anything to get the best deal, right? Then we have a second tier we call margaritas with benefits. So this is like our skinny margarita, our Patrón, frozen margarita. That's about the \$10 price point. So, you know, you want a spicy, you want a skinny you want a frozen, something that's a little bit better than that \$6 one. And then we have a super premium. We call it Casamigos and Don Julio. That's something that's a lot more premium. There might be 12, 13, 14, right? And the reality is, like, people were like, oh, you can't sell margaritas over \$10, right? We've doubled that business in the last three years just by offering it and having really good products that are there.

Like, you know, things that were making the sour. We're not making these drinks ahead of time. They're made to order, right? A much higher caliber frozen mix with a much higher caliber tequila, like people are willing to pay for quality as long as it's still a great value, right? So I think that's a thing that a lot of people don't understand. I get a lot of questions like, how do you possibly? Make it only \$10.99. We made our margins are fine at \$10.99, but the \$10.99 mix is only 5% of the business, 9% of checks, right? Like the vast majority of business transacts all across the menu because we're meeting all guest needs, not just the low end or the high end.

MIKE ROCKEFELLER

One of the things you've done with margaritas is sort of match the cultural moment. So last year you did this Witches margarita. And that was a good one. Do you have an encore?

KEVIN HOCHMAN

Yes, I can't talk about that. So we've got some awesome news coming in November. The marketers wouldn't be very angry at me. But yeah, we got something to bowl that. The, you know, the interesting thing is whenever we do these marketing things, we see the business lift and it doesn't look back. Like typically, you know, prior jobs that I've had where we hadn't done all this work on the operation and the investments that we made in the operation, oh my God, we got to roll it over for next year. What are we going to do? And it's like, that's not the way we think anymore. Because we're confident if we improve food service and atmosphere, all those people that came in for the wicked, the Wicked-inspired margs.

Some of them are going to be like, wow, that was really great. I'm going to come back. And that's when we see the frequency of new guests start to happen. And it's like, so you're not, they don't come in one and done. They come in and convert, right? And when you come in and convert, rolling things is not very hard to do. That was my point of like, Like, hey, like, everybody's like, hey, are you going to roll your 31 or you're 32? And then we, I remember the first time we rolled 31, we rolled it with a bang, right? It's like, how do we do that? Well, people aren't just coming for the 31 and then they're opting out. They're like, low key, when did Chili's get so good?

Like, I'm now going to start going. You see it all time in social comments. Like, it used to be like a thing I was angry about, and now I'm like super happy about, right? I'm like, well, yeah, like, you've discovered Chili's and now it's a part of your routine and that's how you grow businesses over time. So, like, yeah, we have stuff in the, you know, cooking to make sure we have exciting commercial news during that time. But we're going to grow regardless of what we have commercial news at that time because we've been building the business all 12 months of the year that, you know, post the, you know, when we launched the Wicked-inspired margs.

CHAPTER 06 • 43:05

Better than fast food

MIKE ROCKEFELLER

Talk to us about the better than fast food campaign, because that seems like it's been pretty successful.

Yeah, you know, one of the things I think our marketing and our insight teams do a really good job was this thing very connected with what's happening in culture. And so this is about two years ago now, a little over two years ago, we would see, we saw a lot in social about people posting their fast food receipts. And it would be an \$18 combo meal or a \$15 combo meal. And then they did show the picture of the food. And they'd be like, this is, this is ridiculous. Like, what, like, what is fast food done to us, right? And that's when we came up with the idea of the. Big Smasher, which is like, let's take, let's take a taste profile that people are really familiar with, but amp it up, make it a whole lot bigger and put it out a price point that might be a regular combo price point or even lower than what I think people are experiencing.

So like that example, the Big Smasher had, it was like over 80% more beef than the Big Mac. And it was a \$10.99 and you got fries, the Big Smasher, unlimited chips and salts and a bottleless drink. So the compare, and then we compared it literally next to the Big Mac. Like, you could literally see people were like, what did, would you do? No, that was all the same frame. Like, that's the picture, right? We had a investor day. We showed them next to each other. Like, people were like, okay, like, that's what it is, right? And then, and so we tapped into that inside of like, not just that, like, hey, like, I know you're frustrated about fast food prices. We gave them a resolution, which is, I'm going to give you something that tastes even better.

We think it tastes even better than what you're used to is a better value than what you're used to, right? And you're angry about the thing that you're used to because you think they broke their promise about value and convenience, right? And that's worked for several years now. I think it'll continue to work. We did that with the big. QP. We then did that with the Big, with the Big Crispy. We're seeing some new insights now. The big, the big insight on Big Crispy was, we still see the fast food receipts. The newest one is about shrinkflation. So, like, people are feeling like, hey, prices are getting higher. And then things are either getting smaller or something's being taken away from me. It's like, why would I pay more and get less?

There was a post that went viral a couple of weeks ago where a dad was taking his son into McDonald's to have the soft serve. I think we all remember that as kids, how amazing the soft serve was and how cool it was when our parents took us there. And they couldn't get someone to order from. There was nobody, there was no clerk to take their order. And they found someone in the kitchen. They pointed to the kiosk that was behind them. They went to the kiosk, the kiosk is a little clunky. They were a little frustrated with that. They got the order done and then they're told that the ice machine's dead, right? Like, so I, but it's more, I'm sharing a story because it's more about, there's an insight now where you've got some of the major players, they view, like, labor as a cost and not an investment.

And it's like, how do I use AI and automation to remove labor? Sometimes we deploy labor, but whatever. Like, the idea is, like, I'm going to take this service away from, from the consumer. And we've gone just the opposite. So, like, when I started with the company, we had 55,000 employees employees, today we have 85,000. We haven't built any new restaurants yet. And we're net basically a little negative, right? So those are all, all 30,000 are basically in the restaurants providing more service, right? And when you go to the restaurant, people are always like, man, it was weird. Like, there was a host that actually opened a door for me and said, welcome to Chili's. And like, people seem really happy and happy to be there.

And like, no, I'm not going to say every employee is like on cloud nine working in a restaurant, there's always going to be a bell curve. But like, more often than not, people are really excited about working there because

we're giving them the resource that they need to do their jobs, the equipment works now, they have enough people to do their jobs, they're not waiting on too many tables or not too many tables to bus. And when you get people the right amount of work and not too much work, guess what? They have more time to be able to invest in smiling and holding a door and being kind because they're not stressed out about all the things they're expected to do with not enough resource, right?

And so that's, that's another one where we haven't even, we haven't even started talking about with, with consumers, but that's an emerging one where people are feeling like services being pulled from them, even though prices are not going down. And they're getting frustrated with that. And we're going the exact opposite. We haven't even started talking. We haven't talked about that. People just experience it now. So it could be another layer of advertising that we have one day, maybe sometime next year.

BEN ROSEN

Shout out to Joe, our server last night. He was incredibly excited to be there.

MIKE ROCKEFELLER

There was no doubt about it.

KEVIN HOCHMAN

And he even knew how important you guys were. Yeah, it was totally natural. It was totally natural. They're like, hold a door, treat them like the Queen of England. Do that, you're going to do great.

BEN ROSEN

It's incredible. The better than fast food marketing campaign, it seems like it has a lot of momentum. And what point do you think about pivoting? You know, is that something that's on the back burner, something you're starting to work on?

KEVIN HOCHMAN

The still is relevant today. If I was sharing all those insights, it's like, you know, the receipt insight, you know, morphed into the shrinkflation insight. Right. And people picked showing their food and showing how small it was or how small they believed it to be, right? And now it's kind of, now we're starting to see that morph into service and AI and like, you expecting me to do things that I typically someone else would have done. So, but like right now, even the receipt stuff, the price stuff, and the size and the value is still incredibly relevant. Like, we get, at least joke about it as like, we get bored of our advertising well before the guest does, like, and I hate to tell the market, I tell it's all time.

The vast majority of America still hasn't really seen all the Chili's ads, even though we've all seen it on football all the time. So there's tons of white space on that campaign. Like, I mean, I don't, I don't even know if we're going to need to move to this other insight soon, but like, there's just so much, like, we're doing all the things that I think the guest is excited about, like, keep your pricing sharp, like, give me abundant portions, give me great service, like, make sure the food quality is high and consistent, and I want to reward you. I think as long as we do that, the advertising is really easy, because the advertising can just talk about those things that are tapping in the insights of why people are frustrated with others.

Holding the \$10.99 line

BEN ROSEN

Yeah, that makes sense. You've done a great job of taking price to rebuild the margins in the forewall while offering this abundant value and driving transactions. You know, recently a large competitor took price on their kind of feature value price point in a promotion that they run every year. How long do you think about keeping the \$10.99? Is there a point at which you feel like you'll have to push that up?

KEVIN HOCHMAN

Yeah, you know, our objective is to stay on that price point. You know, one of the things that we do, consumers don't love it, but we have to do it in order to maintain the price point. Sometimes we rotate things in and out of that. So when we launched the Big Crispy, one of the burgers came out of that lineup. But the important thing, at the end of the day, I tell our team, like, you can't do it all. So what's most important? Well, the most important thing is that a guest, they have price certainty when they come to Chili's. So we've got to have something at that price point. And so, yeah, you might have to take something out of that and bring something new in when you want to bring something new in it, but it's like, I think as long as we have a couple of options at \$10.99, we're doing the guest right.

And that's probably better than some others that are just going to say, hey, I'm going to try to take that price up. Right. And that's the thing we're trying to maintain is how do we keep, you know, the thing we haven't talked about today is how much cost focus that we've had unknowingly as we've skinny down the menu. And we got out of a lot of administrative duties. Like, that takes a lot of cost and time out of the business and waste out of the business that allows this to grow margin. So the vast majority of our margin growth has gone through. AUV growth or the overall sales growing. But we've had a lot of efficiencies. You know, you get rid of 29% of the menu and a lot of pantry SKUs that supported that part of the menu, you're going to have margin expansion.

And we've never really talked about that. We've always just said, hey, we've grown 606 basis points. And we, you know, we're going to continue to grow 20 to 40 basis points a year, at least commit to that and hopefully beat that, right? But like a big part of the profit story that we've had you know we've gone you know when I started I think our EPS was around 280 for the year and like you know this year our guidance you know put us in the 13s right right like you know AUV is a big part of it and comp growth is a big part of it but also it's a much simpler box to run right now because we you know we crushed 29% of the menu and a lot of pantry SKUs a lot of administrative duties and that's all time that gets reinvested back in the business that's that's a lot of.

It's food waste that we don't have. Like, when you get rid of, I remember when I started with, like, three of them vinaigrettes that we use for a bunch of different dishes. I was like, just pick one vinaigrette. I don't know. We like, no, I get it. But like, just pick one. The other two will go away. We'll have zero waste on the other two. And by the way, the one that's left over will have even less waste because it's, it's got volume of cost three, right? I don't think people will understand that in restaurants of like the power if you're able to

focus that menu, like how much fresher the food's going to be, how much easier it's going to be for the teams, and how much more delighted the guest is going to be because they're getting better food, right?

And then obviously the outcome of that is improved margins, right? So I think that's what we're going to stay focused on is like, where is there still, you know, I have a mantra. It was a book I read. They did a big Harvard business case study about the Chili's turnaround. It was a very proud moment in my career. And I went up, the CMO and I, Joe George and I got to go up and teach the case last year. And so I became friends with the professor, you know, we spent some time together. And he sent me a, he sent me a book to read. It was like the number two in command for Elon Musk wrote a book, John McNeill, about The Algorithm. He said, sounds a lot like what you guys are doing.

And I was like, I was like, okay, I'll read it. And I read it. I was like, oh, it's, I mean, you guys way smart than me. I sell, I sell Southwest egg rolls, so let's be clear here. But there's a lot of similarities of like, like, you know, he has, I'm going to oversimplify it, but like, basically he's like, hey, challenge everything to the status quo that doesn't help the guest to the team member, right? Like check. Like, that's exactly what we've been doing. And then two, eliminate every step that you can that doesn't add value to the end product. And then once you get that, you have a more efficient system than try to speed it up, which is where we are now, right? But there's still stuff that we can still crush in status quo.

And it's like, there's so much like legacy stuff in the business that is probably true about a lot of legacy business, not just Chili's, that we've been able to start challenging and saying, is that really helping the guest? Is that really something. Now, give you an example. So, because the whole team now believes us now. Like, we're all drinking the Kool-Aid on. Let's just focus on what matters to the guests and the team members. So the, the, the food team brought out, we're in our leadership team, the boardroom, fancy boardroom. They bring out these two, our most popular burger, the old-timer with cheese. They bring out two identical old-timers with cheese. And they have each of the executives. You try each one. I'm like, okay, what was different about?

It was a difference, but what was it? So one of us was like, oh, it's the burner meat. It was grilled differently. And then someone's like, oh, it's the bun. It's like, one's buttered, one's not. And they all, I mean, they all got it wrong. They said it was a pickle. The pickle was different. So they bring out the current pickle and they bring out the new pickle, right? The current pickle, it's, you ever, you see what was like five gallon paint eggs?

BEN ROSEN

Yeah.

KEVIN HOCHMAN

And it's like, you got to use, like, a screwdriver or a tool to, like, pry open because it's, like, hermetically sealed or something.

BEN ROSEN

Yeah.

And it takes you a couple of minutes to get the lid off. And then the lid comes off and all the pickle juice gets all over the boardroom. Because it's like the, I mean, it's a giant thing of pickles, right? And then they show us that they got to re, they got a take all the pickles out of that giant jug and put them in, like, little small pans that get, either put in the cooler or on the line, right? It's 15 pans, right? And then they're like, okay, that was the existing pickle we have today. And then, here's a new pickle. And it's like a jar they unscrew these pickles, right? And then we all laugh. And then it's like, oh, by the way, that new pickle is 600 grand less than this pickle, right?

So I'm like, okay, let's go. And so it's like, oh, I've got a test. I'm like, what are we going to test? Like, you want to open these pickles anymore? Like, you know, they're open, but these pickles probably one. So we're, in 1,100 restaurants and then you can clean the pickle juice and like it's not even we couldn't even tell the difference like we had 300 years of chili's experience here we couldn't tell a difference right like that's the stuff that's not so magical about this business now is like we're constantly challenging the things that just get in the team's way of giving the guests a great experience and and it's making a huge difference and you know we're moving fast and we know there's a couple of times we've stubbed our toe and we've had to you know repeal some of the changes but like you know.

You know, eight out of, eight and nine out of ten of every change that we make, it works. And we're going fast. We're not testing. I mean, some things we test, but we don't test everything based on the risk level, right? And that's why we're making so much progress. It's like we're laser focused on what matters, and anything that doesn't matter is our enemy. And, you know, the worst case scenario when we challenge something is that we learn that the existing way is an important way to do things. And we're just more confident about it. We don't have to wonder about it, right? The best case scenario is we don't need to do that anymore. We can just make that go away. You know, think about how much time the managers were spending an inventory, like how much they would do an inventory every week, a ton of items, very manual, right, versus how much time they do today.

We've had multiple iterations of reducing inventory. You have no problem with waste and death. It's not any different than it was five years ago. But, like, what do you want your managers to do? These are the highest paid employees in the restaurant, the people that are literally running the ship with, you know, entrusted with 50 to 70 lives that they have to, you know, coach and train. And, you know, I always talk about it with my, when I want my daughter to work for this general manager, like, that's important these general managers are. You don't want your, you wouldn't want your daughter or son to work for a manager that's done. So they're really important people to take care of and have the best, right?

Like, do you want them count in inventory all day? Or you want them coaching and training their teams and meeting guests and finding out what's happening in the restaurant and which servers are doing a great job, which ones need coaching? And, like, that's what you pay them for. Not to sit there and count, you know, and hopefully A. I'll take it down to zero at some point. Right. So that's been a big part of our turnaround. A lot of people don't understand is how much, just how much we've taken out of the restaurants for these guys to do.

The North of Six playbook

BEN ROSEN

That's great. Let's talk about the north of six stores, this cohort of stores that does \$6 million a restaurant versus the average of \$5 million across the system. What makes those cohort of stores different and how do you close the gap for the rest of the system?

KEVIN HOCHMAN

Yeah. So about a year and a half ago, we started studying what we call it? We have high volume stores. These are restaurants that do over \$6 million a year. Now, when we started studying them, the average of our restaurants was a little under \$4 million. So these were restaurants doing 50% higher than the balance of the system. Now, our system now does over \$5 million. So that's a good thing. But there's still good stores or restaurants to look at because they do six, some do 10, right? Now, the key thing here is they're not bigger restaurants than the other restaurants. Most of our prototypes are basically the same size so they're doing things differently in order to get more output out of them and we find out they're dramatically different things so number one they typically deploy labor differently than what we tell them to do they tend to staff up for peak times and it depends on the roll it sometimes it's cooks sometimes it's bussers sometimes it's servers but they typically staff the restaurants differently the second thing is they have much higher quality general manager that's the big and there's a couple of equipment things they may have had but really it's the general manager quality and the way they staff later.

So we're taking the best practices from them. We're reapplying to other North of Six restaurants. They don't all do the same thing, right? But we're also doing things for the entire system. So the two things I think come out of that work are one, we have a throughput project now, which is not just the North of Six learnings, but all learnings we can to speed up the restaurant. Where are the big bottlenecks? This is a great Elon Musk algorithm thing, where it's like, where are the bottlenecks in your line? And what are you going to do to bust them up? And so we have a team that just works on throughput. And so, you know, there's a few places that we've identified now that are obvious opportunities.

One is the host stand. So it's like you come in and you get told to wait, how do we get that faster and more, just a better experience too? Order point is another one where, like, how do we get the orders in faster? That could be through menu simplification as well as a completely redone tablet where the, that example, when we, so we have, we have very advanced system where you actually, as a server, you take the order on a tablet, then magically through the internet, it goes directly to the kitchen, right? And you don't have to re-key it in a POS. So it could be magical. Like, I can be taking your order, I can take your drink orders at a table of four or six.

Before I get your entree order, the drinks might already be run out by a food runner that's watching the screen because they're getting the order immediately. There's no second-

BEN ROSEN

We have that experience last night.

KEVIN HOCHMAN

Did you? Okay, it's magical when it works great, right? But that system, when we built it, we designed it to look like our old POS, POS is 20 years old. So it's like an, it's like an, like old video game system, like eight bit, like it looks eight bit. Now, when we did that, the existing servers loved it. It's like, oh, it looks like the POS. I can just pick it up and use it. That was the reason why they did it. But nobody thought about, hey, we turn our servers over once a year, right? Like, within 12 months, that advantage is going to be gone, right? Like, we're much better off designing it like a modern application use on your phone or your tablet because like when's the last time you read a manual for that never you just use it so that's what we're rolling out now I think we're in like 50 restaurants now it's just mushroom well out so it's not test anymore it's just we're rolling it out and getting the bugs out right but it's going to look like a modern you know that you and I you know we showed an investor day we had investors actually just do an order and it's super easy it's super easy you don't you didn't need to train or anything on it right and then you know number one reason why our servers leave in the first like 30 days is that tablet was too hard to use right so uh.

So anyway, that's another bottleneck is order point. Third is not as systemic for us. We have 11, 12 minute ticket times, but like we do see pockets of restaurants that have bottleneck at the ticket time. And there's always a good reason why. It's like, oh, well, you're supposed to have five cooks on based on the labor card, but you only need three. Oh, well, Johnny's been around for 20 years and they're really efficient. It's like, okay, but why is your ticket time, 18 minutes, not 12? So a lot of that is more mano a mano where the directors of operations need to coach that and make sure that we're following the processes. And the last one is checkout. So checkout is a huge bottleneck for us where, you've ever been to a restaurant where the server's like, oh, I've got to get a manager to take that off your bill?

BEN ROSEN

Yeah.

KEVIN HOCHMAN

And you're like, oh, 10 minutes later. 10 minutes later, the manager comes out, right? So in our world, we call that manager swipe. So it means, like, the manager's got to come, go to a POS, swipe their card to get access and then make whatever adjustment. A average manager in a day at a Chili's swipes their card 60 times.

BEN ROSEN

Not often. Yeah.

KEVIN HOCHMAN

It's like, yeah. I joke about it. I was like, I want, like, Dora the Explorer, like Swiper, no swiping. We gotta get rid of these swipes, right? Right. So then you start recusing, like, what are all the reasons why they have to swipe, right? And some of them, so we're testing most of them to see if we can get out of swiping. Some of them we can't get out of. So like, for example, we thought that we were going to be able to get out of the military discount. It's like, why don't you just let the server give the military discount. But as soon as we got rid of the swiping, we had some issues where we're being used a lot more. So that's one we probably can't get rid of.

It would be great because I would love. Maybe there's another way to do it where we can connect it to your, My Chili's account. So there could be another way around that. But like that one we probably can't just get rid of. But there's a lot of other ones that we can where we can just let the server have the control over it and not have to deal with getting a manager. And so like, you know, on my goals to my board, I want to get swipes down by 50%. I put some bold goal out. I have no idea we can get there. But like, it's incredibly important because like think about that, you know, if you had wait 10 minutes, it's the last thing that you, you might have, everything you might have pitched a perfect game.

Ninth inning and two strikes. I'm paying my bill. I got a perfect game going, right? Oh, I got to get a manager. It's disruptive. Like, you know, it didn't take your chips and all, it's all off, like, it was supposed to, based on your loyalty programs, and like, do you want your six bucks? Like, it's important, like, important people, right? And, you know, and then it's like, I got to wait. And then we're going to get you six bucks off, but are you going to feel, are you going to feel loyal after that? Are you going to feel good about that? You're just going to feel like, it's just really, you literally that, you know, that you're like one strike away from perfect game and all of a sudden, you know, you lost the save and you lost the game, right?

So it's like these things, so these bottlenecks are incredibly important to bust. And so North of Six restaurants are helping us with those in addition to some national things that are nothing to do with North of Six. And that's a big one. The other thing I get so excited about North of Six restaurants is this idea of best team. So, you know, we're taking the elements of those managers. We brought in a third party Echelon Front, which is the guys that wrote the book, Extreme Ownership, so Navy SEALs. Basically, lessons that you can apply from the Navy SEALs for your business. Man, way more courageous than us, but still a lot we can learn from it. And it's incredible. So we had them come in and train our managers last two conferences.

We also do ad hoc calls with our managers where they get trading from it. And they're starting to learn the principles of this. And it's two years in, it's going better. And then we've got some other things we can do on incentives to provide more ownership or driven to coming in the future. So those are awesome. And. And then the outcome of this, not just the AUV and the sales and the profits is great. A north of six restaurant does 400 basis points better margin. So as we graduate these restaurants, we're going to have more and more margin growth. So it's a real recipe for winning.

BEN ROSEN

Is that the ultimate opportunity for the system? You think 400 basis points, higher margins? Can you do that across the system?

KEVIN HOCHMAN

Probably not. Probably not the entire system. But like it dimensionalizes like because like I think a conventional company will come in and go, hey, Ben, I'm going to give you 50 basis points every year on Costco cutting and they're going to brand it something like, you know, 50 by 50 or like, I don't make it up, right? And it's like, some of it might be good, but a lot of times it's like, hey, we put new tablets into the servers and so we don't need as many servers anymore, right? We did that years ago, right? It's like, can a server really take eight tables? No, it doesn't matter what the technology they have, right? Like, like, so I think a lot of times there's like some bold goal and it's very easy for me to just cut that line and tell you guys you out 50 basis points, right?

And like, there we go. But the reality is the guest experience is going to suffer and the team member experience might suffer. Like, like, we don't, we don't commit to our margin growth that way. You know, we just say we're going to do 20 to 40. We don't tell you, you know, it's going to be cost cutting. We don't tell you we're going to cut menu items. We just say we're going to deliver that and we blow through it. And I think a big part of that is going to be as we graduate AUVs and we spread more of the fixed cost over more sales. I mean, we're going to blow through that, those numbers. That's my, that would be my opinion on it, right?

I don't know for sure, but, like, that's what we've been able to do the last three years. So to me, can every restaurant get to 400 base? I don't know, right? We've had 660 basis points improvement already. But is there more white space? There's only 20% of our restaurants are north of six restaurants. And every month, more are graduating, right? You know, I was telling you, we started that work. We were a \$4 million concept. Now we're over five, right? Like, at some point, north of six is going to be irrelevant. We're going to have to do north of eight or north of 10 or something and study those, right? So, but is there opportunity for margin improvement through AUV? Absolutely. 20% of restaurants are at this number.

And it means there's a ton of capacity.

MIKE ROCKEFELLER

Which Chili's location has your highest sales volume?

KEVIN HOCHMAN

Which one is? Well, there's a couple. The last time I checked it was Westbury, which is very close to New York City.

MIKE ROCKEFELLER

What's it? Westbury?

KEVIN HOCHMAN

Like, you know, it's a big one.

BEN ROSEN

My guess was Vegas.

KEVIN HOCHMAN

There's one. Cooper Avenue is a really high volume one now, which is outside of New York. Queens. There was another one that came up the other day, and now I forget it. It was a new one that was like, oh, a new one is even a new one. Brownsville, Brownsville's not a new one. That was, you know, close to 10, if not over 10 now, which is a border, a border restaurant. They're all, the thing about North of Sixth Rather, it's cool, is they're everywhere. Everyone's like, oh, they must just be in, like, New York City. We don't have any restaurant in New York City, you know, a function of pricing. You know, in California, we have the middle of the country, Texas, Florida. I mean, north of six restaurants everywhere.

It's not, it's not, it's not continued on some price tier.

BEN ROSEN

You spoke to accelerating your remodel program and you guided to a three to five percent lift. You've had remodel programs in the past. The system has where they've guided something similar, a low to mid single digit lift. But this is putting a little more capital into each store. And so walk us through why it wouldn't be a bigger lift this time around.

KEVIN HOCHMAN

It could be. You know, we've only done, I think, 16 or 17 of these so far. So the numbers that we shared with everybody in Investor Day were based on that, right? So it's a very small sample size. And there's some that have been higher than that. There's some that have been lower than that, right? And we continue to tweak it a little bit as we learn more about these. You know, here's what I would say about reimagining. I think the first four years of our turnaround was about defense. It's like, hey, we got to put, we stopped building new restaurants so it could redeploy that capital into fixing the existing restaurants, that was hundreds of millions of dollars that were spent over that time, right?

And it was, you know, when I started, 40% of restaurants had leaking roofs. It was like 30-something percent had some kind of plumbing issue. I mean, it took us three months to figure all this out. We didn't know this, right? I just saw it when I was out in the restaurants, I was like, there's something wrong here. And it was like, oh, we spent a lot of money and repair them, but maybe it's not enough. We allowed deferred maintenance. A lot of our competitors had this, too. This is not unique to Chili's. But we've done something about it, right? And so we stopped building so we could repair the restaurants. That's all behind us now. Like, that's the thing that's so cool about, like, where we are right now.

You know, when I started our margins were like 11, they're now, like, close to 18. But like, all these investments are baked into the going margins. \$180 million more of an incremental labor hours, not just wage inflation. Wage inflation's addition to that, right? We have over \$100 million of more marketing now that's in the 18% margins, right? We've got this incremental repair and maintenance in the 18% margins, right? It's like, you know, it's like, hey, you know, I like that turnaround story, but like. There's a lot of risk in there. It's like, well, that risk is behind us. Like, the margins are really healthy, and the investments are in those margins, right? So now it's about moving to offense and all these elements. And so from an atmosphere standpoint, we're moving from repairs to how do we elevate, right?

So, like, in this room here, this is, recently we created this as a studio to do social media, to how holds its events. This is kind of our new, has a new package of graphics. It's kind of a throwback to the old Chili's. But it just feels much more vibrant. You go into a re-imaged restaurant, the energy is higher, the team members love it, the guests love it, right? So, you know, what could that mean in a market? What could that mean to people that have never been to Chili's in a long time or never at all? We don't quite know yet, right? We just know that in the 17, that's the numbers that we've seen and that's what we're sharing. And then I think the cost is going to come down over time as we get more scale.

So I don't, you know, I think we quoted 600. I think over time that will get refined a little bit but there are real re-images I mean this is not lipstick on a pig this is about making a big difference and then we want to get to is a steady state so I think typically when you see concepts like oh we got a re-image they do it in two or three years and then so they hire up you do it and then they got our staff down and then whenever the next leadership team gets to it they get to it like I want to do one-tenth of system every 10 years be a slow drip, be really efficient, get a team that gets really good at it, and move on.

So I think it's just, we're taking it as a long-term way, not a short-term initiative for short-term sales.

CHAPTER 09 • 1:11:34

Built to win in any economy

MIKE ROCKEFELLER

There's a lot of moving pieces in the economy, obviously. Is there a macro indicator that you look at as kind of a good indicator for your business?

KEVIN HOCHMAN

Quite frankly, no. I mean, it's kind of a silly answer, but like, here's what I tell my team, if the macro is good, we got a great food service and atmosphere because we're going to grow because we're going to grow with the with the industry and faster in it and if the industry if the macro gets tough and I use this example so let's say I got a family and they go out 100 times a year and then the macro hits and I can't I go remove 5% of my trips which is probably a pretty decent estimate right for what might happen and what's been happening the last couple years actually it's not might happen right so they're 95 trips now they need five less trips like where do you think they're going to take those 95 trips are you going to speak?

They're going to spread it, you know, peanut butter across the places they normally go, or are they going to go to the places they trust? They're going to start going. They're going to get way more scrutinizing about where they put their money. Fortunately for us, today, we're one of the few that they trust. We're not on the outside looking in. Four years ago, we were a share donor, right? Because our food service experience was not competitive. But we are in a position that even the macro gets soft, which has been the last two years, which is to accelerate share growth, you know. You know, our compounded growth rate as the last quarter when we talked about is a three-year growth with 50%. So throughout this whole recessionary time for restaurants where traffic is going down, our business is up 50%, right?

That tells you exactly what you need to know if the macro continues to be soft. It's not going to be a bad thing for Chili's. I mean, I hate to see it for the country, but we are positioned to win. We have everyday low price, right? We have a great experience that couples with that. We do it consistently, and people know us for that now. Like, we're positioned to continue to grow share, regardless of what happens. And certainly, you know, I think that what we're seeing in this industry, and I think you guys cover this, is the strong continue to get stronger as the macro gets weaker. Yeah, they just like, you know, the us, the roadhouses of the world, though, you know, the ones that are doing it well, they're just, they're just gobbling up share.

And then you're seeing white spaces as restaurants close and the bankruptcies. We just gobble up that share.

BEN ROSEN

Kevin, there are a few executives in the industry who have as good a purview as you do in having run successfully KFC and turned around that brand in quick service, and now all your success you had in casual dining and Chili's. I'm curious your perspective, and we touched on this a little bit, but why you think quick service has had such a tough time the last few years?

KEVIN HOCHMAN

The consumer is getting more discerning about the food service and atmosphere, and if you're not willing to invest in that, I think, it's difficult to win because I'm taking fewer trips, so I'm going to go to the places I trust. I think that's a part of it. It's exacerbating, you know, those that have that, I mean, because they're, not everybody in QSR is losing, right? There's some that continue to win, right? So it's not like, you know, I think, I think the idea that, like, you can just get by by not improving those things is gone now. I think the second thing is I think people are going back to eating together. Like, I think. COVID happened. And it was like, I'm afraid to go inside a restaurant restaurant.

And I was on the other end of that. I was in QSR when COVID hit, and we had record years. Right. Right. Like, because we, we had, you could, you could get food from us and not have to go inside a restaurant. It's very efficient, right? We had great, we had great years. And casual dining was just the opposite. And I think a lot of that's reversing now. I think people won a third place. You know, we're seeing it here in America, in movie theaters having a record summer. Mall traffic is coming back, which, like, nobody ever thought that would happen when people want to get back together casual dining has been outperforming QSR the last two years. And I remember when I first started here, I had Investor Day three and a few years ago, it's like, ah, and it's just casual dining.

You know, it's not you. You know, me like what you're talking about, but like, you got all these structural issues. And I'm like, yeah, but there's two guys that keep winning than in casual dining. That's not a structural issue. That's an excuse. And I read people in my organization that you said as an excuse. It's like, why are you even working here if you don't believe that people want to go out to eat? I think we've proven that people want to go back to out to eat it's actually growing right now, right? It's a third place. So I think there's like, there's some structural tailwinds that I think are helping casual dining with just what's happening with people want to get back together. I think it's a global thing.

I don't think that's a unique thing to you, the U.S., right? And then, and then I think this other thing of like, the guess is more discerning. It's like, if you, if you give me a better experience than you did a previous year, I'm

going to reward you. And if you don't, I'm going to punish you. And I think there's more often than not people are getting punished because there's, I mean, you think about the the the the if you look at the top two on your restaurant concepts say which ones are actually performing at a high level that you would be excited to go out with your family ain't that many no yeah it ain't that if I'm just being candid right and the good news for us is we're now one of those few that are delivering on that we weren't there five years ago right and that's one reason why we had this remarkable turnaround.

BEN ROSEN

Your analyst day, you provided new three-year targets you're in fiscal '27. You seemingly have had a really strong start and are running ahead of your 4 to 6% revenue growth, ex the 53rd week. Within that three-year guidance, you have some new unit contribution for the first time. Are you anticipating a normalization in same store sales or a slowdown? How are you thinking about that framework that you provide?

KEVIN HOCHMAN

Yeah, we put that 4 to 6 framework out and double-digit EPS growth. We did, and 3 to 5% return to shareholders. We did that because we, the most important thing I can do as a leader is have my credibility with Wall Street. And so I wanted to set targets. I felt confident we could meet or exceed. So that's why the targets are set where they are, right? Over time, as new builds ramp up to two to three percent, like that would imply, you know, a low single-digit, you know, I would hope that we could blow through that, right? But the way we set that up, we set up, just like we set up targets three and a half years ago, that, you know, the number one thing, so we did an investor survey before we did the investor conference three-half years ago, and the number one piece of feedback we got was, we don't even care what you tell us, just deliver it, right?

We had a credibility issue as a company, right? How we delivered that?

BEN ROSEN

To say the least.

KEVIN HOCHMAN

Yeah, to say the least, right? So we have a track record of we want to make sure we deliver or overdeliver what we say, and that's a big part of how we set the targets that we set. But, you know, I think you heard it in my tone in Investor Day. I'm very bullish about this company. I'm very excited about the prospects that we have. And adding a whole new layer of growth that is much easier to count on than comp growth, puts this on a really good position for this company for years and years to come.

MIKE ROCKEFELLER

I know we've thrown a lot at you today, but is there a fact or a story or a stat about your business that would surprise people?

KEVIN HOCHMAN

I can tell you a couple of different stats, I think, that are interesting. So literally every second of every day, we sell a burger. That's how many burgers we sell now. Oh, we just sold another one. Oh, you just stole another one. See what I did there? And I think the other one that people are just, are mind-blown, is that we sell the most alcohol in the world. I mean if we were a country would be a top 10 country that imbibes tequila right.

BEN ROSEN

It's wild.

KEVIN HOCHMAN

America, Mexico, Chile's like we're all top 10 right and you know I think the other thing that people don't realize that we are in like there's like a knock on grill and bars like oh you guys don't major in anything like you have all these different and you're all kind of the same and it's like I don't think I would have disagree with that comment four years ago I don't think people can say we're not we're all the same now like we've majored in a few segments, right? And you think about why do people hate grill and bar or think it's a, I think it's a tough category. It's like, there's a scene of sameness. We're not the same anymore. We're really clear about what we are.

People know a Chili's ad. They know the things that we sell, like they know the look and feel of the brand. Like, we're very differentiated brand and you know, the other grill and bars that are out there. The second thing is like, oh, they're many so expansive. It's very hard to execute because we've cut almost 30% of our menu. Our consistency is as good as the top players in the, in the industry street, right? Like, that's no longer a knock on us. You know, the last one is like, oh, people aren't drinking anymore and, you know, grill's in the name or bar's in the name. And it's like, you know, that's 10% of our mix. Oh, by the way, in the time, we continue to grow, you know, alcohol and totality exponentially, right?

Like, I mean, it was just a little bit of mix versus the total box and that 70% growth, right? So it's like, I don't think that grill and bar stigma. I don't think it applies to us anymore. Like, I don't think we're one of those brands that they that they're referring to, but we're back in our category of our own, we're in segments that people eat and drink a lot and think a lot about, right? And we have, you know, all the, the big investments that we need to make are on the rearview mirror with very, very good margins, very, very good four-wall economics. And that's why we're spinning off tons of cash. And we have enough cash where we can do everything we want to do.

We invest in the business and re-images, build new restaurants, and return oodles of cash to shareholders. How many restaurant brands can say they can do that, all those things. A lot of them just say, we're going to return a lot of cashback, but they can't reinvest in the business. A lot of them say, oh, we're going to have to suspend our dividend in order to make these big investments and that we don't, you know, nobody really knows if they're going to work yet or not. We're on the other side of all that, right? Like, you know, one of the things that we should invest in a day that I'm so excited about is like, we're a very unique investor property. We have all the excitement of a new brand, like a, you know, you hear about like Dutch Bros and CAVA and it's like, why are people excited about those brands?

A lot of growth ahead of them. A lot of new builds ahead of of them, brands that young people are just discovering and being excited about, right? Like, that's us. Like, we get this whole generation and they're discovering Chili's. We got areas in the country and the world that have no Chili's, right, that we can build in. We have all the same excitement and growth mindset of those upstart brands. But we have the strength of a legacy brand. Like we have, like, we're no, everybody knows what Chili's is, right? We've got all these investments that are baked into going economics, right? We've got incredible, incredible operating model now that is way streamlined. Like, you don't have to worry about, are they ever going to be able to scale that operator?

It's scaled. Like, it's done. There's no risk in that, right? It's just about just start building boxes and continue to introduce new people to the brand. So a lot of the risk of one of these exciting brands, we don't really have that, right? We just have to roll out of bed and stay focused, which I think is what we're going to do.

CHAPTER 10 • 1:22:13

What inspires Kevin

MIKE ROCKEFELLER

That's right. Before we let you go, the name of this podcast is called inSpired. So what inspires you every day?

KEVIN HOCHMAN

The biggest thing for me is like, is servant leadership like the reason why I love hospitality so much is my mom was this big servant leader when she was alive and like I think that's what's so cool about at the hospitality business is like obviously we serve guests and we want to make sure they have a great time and we'll do whatever it takes to make sure they feel special but like like when I go to like I'll go to restaurants I'll be working in restaurants next week and the week after that I'll be in restaurants doing listening sessions and I'm just constantly how can we make your job easier and you know what are the things that the corporations ask you to do that gets in your way and like like they all believe that they're going to get fixed.

Like, like, that's the cool thing about this company is, like, the engagement has never been higher because you talk to a general manager. Like, I'll be in, I'll be in Charlotte in two weeks. And I'm going to talk to a general manager there and they're going to be like, I've never been more, like, I've never been more excited about the company. Like, like, you, I submitted this idea or you were here for a listing session two years ago and then it happened. And like, that's like, that's what drives me is like, are we making things better for our guests and our team members. I trust that all the good stuff will come out of that, right? But like, that inspires me. Like, or when I hear a manager go, yeah, like five years ago, I was thinking about retiring, like, we had a tough time during COVID and my restaurant was falling apart.

And it's like, oh, I'll give you, you know, 12 months, see what there's going to be any change in this company. And it's like, I got a new pep of my step. And like, I got another 10 in me. And like, you know, and this is like a 35 year battery. And you're like, like, how, like, how inspired you get when you hear stuff like that about it makes you want to continue to go and to continue to help the employees and the and the guests and and that's the cool thing I think our whole leadership team believes that it's not just me like they're all out in

restaurant and they're getting fired up and like oh my god we didn't realize this was happening and we're going to go fix this tomorrow and that's the stuff that inspires me is that we can make a difference it's not going to take very long to do and that we're all doing this together that's what makes winning fun it's not like.

It's, you know, some one person's brain that's just pumping up. We're all doing this together, and everybody knows it. And that's why everybody's cheering together. And it's just fun. It's fun to win.

BEN ROSEN

Yeah, that's great.

MIKE ROCKEFELLER

That was great. Well, you've certainly been an inspiration to all the CEOs out there trying to run their businesses. So thank you very much and thank you for the time together.

KEVIN HOCHMAN

Hey, thank you for being here.

MIKE ROCKEFELLER

Yeah, thank you so much, Kevin. That was great. Thanks for listening to inSpired. For more conversations with the people building what's next, subscribe wherever you listen and visit inspired-pod.com.

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