

Mongolian restaurant in Lakeland first of 14 for Central Florida

Franchisee tackles new concept

Tampa Bay Business Journal - October 20, 2006

by [Larry Halstead](#)

Web Editor/Staff Writer

- [Print this Article](#)
- [Email this Article](#)
- [Reprints](#)
- [RSS Feeds](#)
- [★ Most Viewed](#)
- [★ Most Emailed](#)



Courtesy of mongrill llc

Dave Ulgenalp, president of Mongrill LLC, celebrates the grand opening of BD's Mongolian Grill in Lakeland.

[View Larger](#)

A casual restaurant concept is returning to Florida, hopeful that the current economic climate is more conducive to success. Dave Ulgenalp, who has held executive positions at [Checkers Drive-In Restaurants](#) and [Panera Bread Co.](#), has an agreement with [BD's Mongolian Grill](#) to develop 14 restaurants in Central Florida over the next seven years. His first store opened in Lakeland earlier this year, and his next will open in Oldsmar in December. Ulgenalp and his wife own the majority of development company [Mongrill LLC](#). Mike Schmidt, his operating manager, owns 30 percent and Demitris Kotsalis, a partner in his Panera group, is an operating partner. Ulgenalp plans to handle the real estate acquisition, financing and infrastructure for the coming stores. Ulgenalp is no stranger to restaurant franchising, having spent 25 years selling and developing franchises for both the parent companies and himself. He started with Checkers before it went public. In the beginning he sold franchises as a corporate closer, working his way up to VP of franchise development. When then-president Rick Postle left Checkers in 1995 to head [St. Louis Bread Co.](#), Ulgenalp followed him to become VP of franchise development. St. Louis Bread began in 1987, was purchased by [Au Bon Pain](#) in 1993 and now operates as Panera Bread Co. (Nasdaq: PNRA).

After three years in corporate, Ulgenalp left to develop his own 10-store area in the Midwest. That group has since expanded to 13 stores, which he recently agreed to sell to Panera for \$15.3 million, allowing him more time to develop his BD's area in Florida. When looking for BD's locations, he said he drives around communities at various times, "to get the feel for access, parking and visibility" of prospective sites. He seeks an area with median household incomes of at least \$55,000 and higher than average levels of education. Other demographics are a residential population of 120,000 within 30 minutes drive time for dinner and 25,000 of population within eight to 10 minutes for lunch. He likes to be near urban and residential neighborhoods with multiple restaurant choices, as well as near other generators of mid-day and evening traffic such as movie theaters, coffee shops, banks, colleges or universities and office parks.

Franchises cost \$35,000 plus 4 percent of the gross sales. Area developers are required to open at least three stores, and areas are granted along metro boundaries across the country. Ulgenalp said the average BD's expects to gross approximately \$2.5 million per year. The trap some franchisees get into is basing their projected cash flows and debt structures on being "better than average," Ulgenalp said. Most failures can be traced to undercapitalization, despite the parameters established by the franchisor.

"If the economics don't work at the average performance, don't do the deal," he warned. BD's customers pick their raw meats, vegetables and sauces to be cooked over a large round grill that's in full view. Ulgenalp likens the method to Mongolian warriors who cooked their meals on their shields above open fires centuries ago.

The cooking is similar to Dish, a local chain with stores in St. Petersburg's Baywalk and Tampa's Centro Ybor. But the food choices vary greatly as BD's offers more in meats and seafood, while Dish is more comparable to Chinese cooking.

BD's is a fledgling concept, with only 30 stores, including 19 franchises. It ranks among the Restaurants and Institutions' Top 400 restaurant chains, scoring a ranking of 325 in 2005 based on food and beverage sales.

"It's in the same stage of development that Checkers and Panera were when I was with them," Ulgenalp said.

Now Checkers has more than 800 units and Panera more than 1,000.

BD's was founded in 1992 by Billy Downs in Ferndale, Mich., and originally came to Florida, in West Palm Beach, in 2002. But that restaurant closed after just 18 months. Ulgenalp's group is the first to return BD's to the Sunshine State.

BD's is trying to grow by eight to 10 units per year, CEO Downs said. The company scaled back momentarily after the West Palm Beach closure to "rethink and learn from that," he said. One lesson was the importance of location and getting into a property at the correct price to allow profits. It's not unusual for a concept to retrench in its early stages, said Tom Miner, principal for [Technomic Inc.](#), a Chicago-based restaurant consulting firm. Growth spurts require certain attention and can cause stress to the concept until the changes such as new levels of management or new regions of operation are fully integrated into the system, he said. Another lesson was finding the best operators. That's why Downs handpicked "a strong developer like Dave Ulgenalp" to lead the expansion back to the state.

"The culture is the hardest thing to teach and maintain," Downs said. He tries to find operators who understand the culture as much as the dollars and cents.

lhalstead@bizjournals.com | 813.342.2467