

Paul Bailey, left, and Brad Bailey of Bailey's Family Restaurants: Appealing to different sectors of the dining-out market.

Starting Over

After being laid off from his job at a chemicals manufacturer, Paul Bailey cooked up a whole new family business.



BY BRIDIE ISENSEE
SPECIAL TO HOUSTON BUSINESS JOURNAL

Paul Bailey had zero restaurant experience when he bought a struggling all-you-can-eat Pasadena catfish house in 1999. His son and business partner, Brad Bailey, thought his dad was crazy for buying a place that, back then, could easily have been part of the set for the movie "Urban Cowboy."

But Paul Bailey didn't let his lack of industry experience get in the way of becoming a successful restaurateur.

Within 10 years, he and his family not only turned Sudie's around but, more importantly, they built Bailey's Family Restaurants, a recognized brand of Clear Lake-area eateries in both the white- and vinyl-tablecloth varieties.

The parent company, Bailey's Family Restaurants, is the operator of Sudie's Catfish House in Pasadena; Sudie's Seafood House in League City; Bailey's American Grille in Seabrook; and the restaurants' catering operations.



The great irony of the business' history is that Paul Bailey, a former mechanical engineer, had no intention of getting into the restaurant industry, let alone making it a family enterprise.

"Never in my wildest dreams," Bailey says. "I never pictured myself in the restaurant business, although I always wanted to own my own business."

That opportunity came sooner than expected when Bailey was laid off from Sterling Chemicals Inc. in 1998 after a 31-year career in its strategic planning and mergers and acquisitions department. At the chemicals manufacturer, Bailey had specialized in

researching and analyzing products to produce at newly acquired plants, often in far-off places.

With his strategic planning career at its apparent end, Bailey took an official year of retirement, but playing golf was fun for only so long, he says.

One day he received a call from his wife telling him that there was a "for sale" sign in front of Sudie's, a neighborhood restaurant famous for its fried catfish, homemade hush-puppies and tartar sauce, where the Baileys had dined for years. Bailey should consider buying it, his wife said.

Bailey wrote it off as sheer craziness. But somewhere between laughing at the suggestion and signing on the dotted line, he bought into the idea.

With financing arranged through the Small Business Administration he bought the catfish restaurant for \$750,000, which included a standalone building on two acres along

SEE RESTAURANT, PAGE 18A

RESTAURANT: Family put business practices into place to turn around struggling eatery

FROM PAGE 17A

Spencer Highway in Pasadena. Banks weren't about to make a loan for a restaurant purchase to someone with no restaurant experience, he says.

Sudie's, which had operated as a mom-and-pop eatery since 1983, had great food, Bailey says, but virtually no management and terrible service. Patrons often had to wait an hour to be served their food, even though catfish requires only eight minutes to fry.

"The service was shabby to say the least," says Brad Bailey, who became head of operations for the Sudie's locations and is currently an operating partner with the parent company.

Within 12 to 16 months, the new management had turned the place around — and sales doubled. Paul Bailey might not have been a restaurateur, but he knew good business practices. With his strategic planning background, the engineer had devised efficiency controls to pinpoint where the break-down in service was happening.

"What gets measured gets done," Paul Bailey says.

Armed with a simple time clock, Bailey implemented a new system. The staff clocked the time increments between different service intervals — from when the waitress put in the order to when the food was ready to when the waitress picked up the order. The new system met some resistance from the staff, but it didn't take long before they were cutting down the amount of time to get orders out to the dining room.

Another boon for Bailey's fledgling business was the addition of new em-

ployees, namely his sons and their wives. In fact, Bailey's son, Brad, moved back to the Houston area from Arizona to lend a hand in the restaurant. For a while, Brad moonlighted at the restaurant in addition to his full-time job as a mortgage banker with Allied Home Mortgage Capital Corp. but soon made the restaurant business his full-time job, eventually becoming head of operations and now running his own upscale restaurant.

Through hard work and strategic vision, the Baileys have expanded their business in just 10 years from a single restaurant with 250 seats to three restaurants with a combined seating capacity of 850, plus catering operations. The business now boasts a payroll of between 120 and 150 employees and had 2008 operating revenue of \$7.95 million.

In their first year of management, the Baileys recognized there was potential in catering, especially with a likely goldmine of business from the nearby chemical plants and refineries.

So they purchased a 40-foot trailer with a full-service kitchen and Sudie's became mobile. With the addition of two trailers, Sudie's has the ability to fry up its famous farm-raised Mississippi catfish or to prepare a customized menu on-site for crowds of 100 to 5,000 people. Today, the catering side of the business brings in about 20 percent of the overall revenue for Bailey's Family Restaurants, the Baileys say.

The "kitchen on wheels" also helped give Sudie's exposure to the greater Houston area through its food booth at the 2001 Houston Livestock Show and

BAILEY'S FAMILY RESTAURANTS

Business: Restaurants

Top Executives: Paul Bailey, Brad Bailey, Clay Bailey, operating partners.

Year Founded: 1983

Employees: 120 to 150

Revenue:
2007: \$7.85 million
2008: \$7.95 million

Web: www.baileysfamilyrestaurants.com

Rodeo, Paul Bailey says. Making the business coup even sweeter was that Sudie's was one of only a few booths offering fish — noteworthy because the Rodeo falls primarily during Lent, when Catholics abstain from meat on Fridays.

Business continued to flourish, and the Baileys expanded again. In 2002, they bought land fronting Interstate 45 that became Sudie's Seafood House in League City. That location's success is evidenced by the cars spilling out of the parking lot on a Friday night.

"We built (the League City location) from scratch, and that took off," Brad Bailey says.

By this point, there was no doubt that the Baileys had mastered the Sudie's restaurant concept, but Brad Bailey was getting an itch to move beyond the fried catfish repertoire and create a restaurant of his own with a chef-driven menu.

Before he could steamroll forward,

his father wanted to see a thought-out business plan. Brad Bailey jokes that he had to get eye surgery after crunching numbers and staring at a computer screen for two months. But he finally put together a business plan and, in May 2007, Bailey's American Grille opened as one of the few upscale, white-tablecloth restaurants in the Clear Lake area, with Brad Bailey as owner and operating manager.

The restaurant has received critical accolades for its Southern-influenced dishes, like "Gulf Coast" fried green tomatoes, which are panko crusted and topped with lump crab, Texas goat cheese, lemon garlic butter and a red pepper purée.

Bailey's Family Restaurants' formula for success is not an uncommon one, where a restaurateur finds success with one particular restaurant concept and expands with other concepts, says René Zamora, executive director for the Greater Houston Restaurant Association.

"(Bailey's has) done a great job appealing to all different segments of the market, which is really important," Zamora says.

For now, the Baileys plan to continue running their restaurants and adhering to their core values — promoting from within, incorporating effective systems and providing customers with a personal dining experience in a family-friendly atmosphere.

"Chains can't do that," Paul Bailey says. "They can't be personal with their customers."

BRIDIE ISENSEE is a Houston-based freelance writer.