

More Than A Restaurant



‘When people want to celebrate life, they do it with steak,” says Chad Mackay, president and COO of El Gaucho Hospitality, which includes five successful restaurant properties operated by his family in the Seattle, Wash., and Portland, Ore., areas.

To meet and exceed the expectations for those celebratory events, El Gaucho has created an ambiance — from the food, atmosphere and service — that is long-remembered by patrons. “Guests receive personal attention, the water glass never goes below an inch and every lady is escorted to the ladies’ room” are said to be hallmarks of El Gaucho.

From the restaurant’s beginning, the *Certified Angus Beef*[®] (CAB[®]) brand has also been integral to building El Gaucho’s stellar reputation.

Quality and consistency

Mackay’s father, Paul, founded the family’s first El Gaucho restaurant in Seattle in 1996. During the 1970s and 1980s, Paul had worked with several fine-dining establishments throughout the Pacific Northwest — including the original El Gaucho restaurant. Chad notes that his father saw the inconsistency in size and quality of beef during those decades, so when he embarked on opening his own restaurant, Certified Angus Beef LLC (CAB) was chosen as the partner to supply high-quality beef.

Three more El Gaucho restaurants were added to the family business in Portland, Ore.; Tacoma, Wash.; and Bellevue, Wash., in 2000, 2002 and 2008, respectively. Since 2000, the family has also operated AQUA by El Gaucho, a seafood restaurant on Pier 70 in Seattle.

PHOTOS COURTESY EL GAUCHO HOSPITALITY

The *Certified Angus Beef*[®] brand has played an integral role in delivering memorable, fine-dining experiences at El Gaucho restaurants in Washington and Oregon.

by *Kindra Gordon*, field editor



► El Gaucho President Chad Mackay of Seattle, Wash., visited South Dakota in September to share with producers why high-quality beef is important to their restaurant’s success.

About a decade ago, the El Gaucho restaurants began serving CAB Brand Prime — they were one of the first restaurants to push CAB to offer Prime product. Mackay says, “We were looking for an even higher-quality product.”

While El Gaucho’s menus feature steaks, seafood and even vegetarian items, Mackay says 60% of their business comes from steaks. Plus, they’ve found that patrons are extremely satisfied — and willing to pay — for premium steak.

Is there a price wall?

“We haven’t found it yet,” he says. Five years ago their New York Strip and ribeye steaks were on the menu for \$48; today they are at \$68 and in 18 months Mackay anticipates they’ll be priced at \$76.

With CAB, Mackay says they are pleased with the consistency of the product. He notes that maybe 1 in 50 steaks is turned back by a customer — “and it’s getting to be even fewer than that.” He says his dad can recall a time during his restaurant tenure in the 1970s and 1980s when it was as frequent as 1 in 8.

Educational process

To develop their fine-dining reputation and bolster their beef business, El Gaucho has invested a great deal of time educating its staff, as well as the media, about premium beef.

Mackay notes that servers receive 3½ weeks of training to learn about beef cuts, the CAB program, and the beef production process. Additionally, 75 of their chefs, general managers and top management have attended CAB “Roundups,” which are seminars hosted by CAB to share industry information and highlight beef production behind the brand.

Of the trainings, Mackay says, “We want our staff to be passionate about the CAB product.”

He adds, “Our patrons do ask a lot of questions about food. We see it as our job — and the industry’s job — to educate them. It’s not a passing fancy.”

Mackay shares that their demographic is primarily diners over the age of 30. He says consumers — particularly females in their 30s — are asking more questions about their food than ever before. Questions related to antibiotics, genetic modification and animal handling are being asked. As of early September, he said beta-agonists were



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Additional restaurant insight

The recession reduced El Gaucho’s business 40%, but COO Chad Mackay says the economy is coming back and, he says, when people decide to go out for a steak, they are willing to pay for a good one. Mackay says 60% of El Gaucho’s overall sales are from steaks. That said, Mackay says beef’s biggest protein competitor at the restaurant level is seafood — not chicken.

Mackay says they do offer vegetarian entrées on their menu. He points out this way everyone can order what they like — and they still get the business as opposed to losing a large business meeting or family gathering because a few people in the party are vegetarians.

On restaurant location, Mackay says he likes his restaurants located in downtown, high-density areas. He likes tourism attractions nearby and says he “loves professional sports teams.”

What’s his biggest concern in the restaurant business?

“Foodborne illness is our black swan,” Mackay says.

It’s not beef he’s worried about. With the beef industry’s hazard analysis and critical control points (HACCP) protocols in place, he says it would most likely be caused by some other food product. As precautions, they wash all of their own lettuce, and they do not serve sprouts in their restaurants.

Regarding new beef cuts, Mackay says he likes the flat-iron steak, and they feature it on their lunch menu (at El Gaucho Bellevue) for about \$22. For the beef industry’s future, he believes too many culinary schools treat beef like a commodity, when it should be treated like a premium product.

“Part of industry’s job is to teach culinary schools more about beef and steak,” he says.

What can cow-calf producers do differently to ensure great beef?

“If it’s tough and the flavor’s not there, we’ve got a problem,” Mackay says. “In the 1970s and 1980s, it was a real problem; my dad saw that. We think using EPDs (expected progeny differences), good nutrition and animal-handling protocols can all make a big difference on outcomes of the final product.”

He adds, “I don’t want to buy big cattle anymore. At the restaurant we have to think about the plate and how that steak will fit and look on the plate. I want thick, not big and thin ... Consumers don’t want to eat a 22- to 24-ounce ribeye. For us the ideal ribeye size is 12 to 13 square inches.”

not being asked about by their customers.

Regarding country-of-origin labeling, Mackay says, “At table level we’re not getting questions, but I know it’s in the media, and there is a lot of talk at the legislative level. Currently, our consumers want to know ‘generally’ where the beef is coming from.”

Currently, El Gaucho sources tenderloins from CAB and works with Niman Ranch for other CAB steaks and strip loins.

Mackay says, “Our long-term vision would be to source out to 12-15 family ranches. Then I could make a really good story that resonates with consumers.”

As part of that effort to tell stories that “resonate with consumers,” El

Gaucho worked with CAB to host a “Cattle in the Vines” event for Seattle media last summer.

Mackay notes that to get city journalists to travel to Washington cattle ranches is difficult, so instead they brought family Angus producers and their cattle to a winery

near Seattle. It provided an opportunity to share the story of how CAB served in El Gaucho restaurants is produced — and by whom — as well as to answer questions from the media.

With 14 journalists attending this inaugural event, Mackay said it was a huge success and another way to help get the word out about the CAB product featured in their restaurants and its production and quality differences.

Consumer input

El Gaucho also recently hosted a roundtable discussion seeking feedback from 50 of their top customers. “We asked what they want to see from us,” tells Mackay.

Largely, he reports that the feedback was positive, and not a lot of big changes were suggested. However, the topic of health did come up — with some asking for grass-fed and Wagyu beef, and more seafood and vegetarian options because they perceive them as healthier.

Of this, Mackay says they plan to offer taste tests with their next roundtable, and they believe CAB steaks will stand out.



Editor’s Note: Kindra Gordon is a cattlemoan and freelancer from Whitewood, S.D.