

The emperor's new pizzeria

MIAMI—Rey's Pizza in Miami's Little Havana neighborhood is an unadulterated dive. Save for the intoxicating aroma of baking pizzas, there is nothing alluring about open-air restaurant's faded façade, its weather-beaten signage, the rusting wrought-iron railing separating diners from the sidewalk lining Flagler Street.

And yet, from this enigmatic edifice, Ramon Rodriguez has built a pizza empire, a nine-unit company whose sales top \$11 million a year—\$1.2 million of which come from this humble store.

"When my father opened this place 21 years ago, people looked



The million-dollar

makeline: The staff at Rey's Pizza's original store prepare \$1.2 million in food and drink annually within the cramped confines of this 400-square-foot kitchen. To the left is a 1950s model Bakery Pride three-deck oven.

at it and said he was going to fail," said Raymond Rodriguez, Jr., who runs Rey's with his father. "But he didn't listen to them. He knew this little place would make him a millionaire, and it has."

"Rey" is Spanish for "king," and without a doubt, Ramon Rodriguez is the monarch of his food-centered fiefdom. At 5' 5", the 66-year-old Cuban immigrant is not an imposing man. He smiles easily, laughs often and beams proudly as his son translates his life story from Spanish to English. (Despite coming to the United States in 1980, he never mastered English.)

But in business matters, he's the sultan of seriousness. When he walks into the kitchen of a Rey's in Miami's Sweetwater neighborhood, his mild-mannered greeting quickly gives way to pointed questions about some dough skins drying out on a counter. A listener need not be fluent in Spanish to sense his unhappiness.

"He's all about serving the highest-quality product at a fair price," his son said. "So many people talk about it, but he's a fanatic about it. He knows that's what's made him successful, and he's not changing."

Rodriguez learned to cook pizzas in his native Cuba, where he and an uncle owned and ran four restaurants. But with the 1958 communist revolution came government seizures of private enterprises: a bitter change for a crafty capitalist like Rodriguez. In 1966, he set off on a raft for the U.S., but the attempted escape failed and he was jailed.

He was imprisoned again in 1969 for opening his own restaurant, but was released in 1975. After learning the U.S. was accepting a limited number of Cuban political prisoners, he applied for immigration and left in 1980. A brother-in-law living in Michigan came to Miami, got a boat, sailed to Cuba and picked up Ramon and his family: son, Raymond, and wife, Margarita.

Two weeks later, Rodriguez was working in a meat packing plant in Michigan. Over the next two years, the repetitive strain of the job knotted his hands so painfully he required surgery and was forced to look for other work. Eager to leave Michigan's bitter cold, Rodriguez sought to return to Miami, and he sent Margarita there to start a flea market selling goods to the city's booming Latino population. Shortly after arriving in 1985, he started Rey's, and by 1987 there were three units. For Ramon Rodriguez, the American dream was coming true.

The working-class king

Raymond Rodriguez said people who don't know Rey's history call his

father "lucky to be where he is. But they didn't see it 25 years ago. They didn't see the hard work and the sacrifices we all made to get here."

His father credits the combination of hard work and an obsession with details as the keys to his success. Every Rey's unit is open 24 hours (all serve breakfast as well), and a complete inventory is taken three times a day at the beginning of every eight-hour shift. Where some operators count expensive items only, Rey's staff checks everything in the house.

"It's in their job description," said Julio Gutierrez, Rey's general counsel. He was brought aboard to help position the company for its upcoming growth phase. "People are amazed when they hear they do that, but it's why his food cost is under control."

Tight inventories also control theft and they ensure portion controls are accurate, Rodriguez added.

"The accounting system we use here is one I learned in Cuba," he said, adding that he depends heavily on his POS system as well. "And cameras: You have to watch everybody. They'll steal you blind if you don't."

Eighty percent of sales come from the dining room, and 20 percent come from carryout. Rey's delivered pizza many years ago, but Rodriguez never liked it because he said it lowered his food's quality. When it proved unprofitable, he stopped it. "I was glad to get rid of it. It was one less worry."

The majority of Rey's sales come from pizza and spaghetti. Both are topped with a thick, luxurious layer of melted mozzarella, gouda and Romano cheeses.

"That flavor is our signature," said Raymond. "There's no frozen cheese in there, either. We grind all of our cheese ourselves."

By and large, the menu is similar to that found in most full-service pizzerias. But since nearly all Rey's customers are from Latin nations, the menu includes some appropriate pizza toppings such as chorizo and plantains, as well as classic Cuban sandwiches such as the media noche (the "midnight sandwich" made of pork, onions, cheese and pickles) and the Cubano (the Cuban "smashed sandwich" made of pork, ham, cheese, mustard and onions). Instead of the popular tiramisu, the dessert list includes Spanish standards like tres leches (three-milk pudding cake) and arroz con leche (rice pudding).

"Yes, we have some traditional items that our customers want, but you could put a different name on our pizzerias and people would hardly notice the difference," Raymond said. "It's not Cuban pizza, it's pizza. And that will make our concept grow wherever we put it."



Son and sire: Raymond Rodriguez, Jr. and Ramon Rodriguez, founder of Rey's Pizza.



Growth mode

After 26 years, the Rodriguezes are ready to expand Rey's through licensing. Raymond said time-tested, standardized recipes and procedures are all in place to ease duplication. The company also has a corporate staff that oversees the entire operation and manages all ordering, billing, distribution and procurement.

"When the company was small, my father used to tell me over and over, 'Before your business can grow, you have to have (an infrastructure) to grow with it,'" Raymond said. "God forbid that anything would happen to him or me, but if something does, the office can run the whole thing. The system is that solid."

The emperor has no

clothes: The sign at

Rey's Pizza shows the wear and tear brought on

by Hurricane Wilma in

2005. A hurricane-proof

Rey's is now under construction.

Raymond said the company has no shortage of potential licensees; people have called for years asking for their own corner of the kingdom, but his father wasn't fully ready until now. After a quarter century, he's confident the Rey's model will work in the hands of others.

"We wanted to make sure that anyone who became a part of this business could make money doing this," Raymond said. "We don't want to just license people so we can take their money. We want them to make money, and we knew it had to work perfectly before we did that."

Rey's expects to begin signing up licensees before the end of this year, and Raymond believes the company has the potential to double its unit count by 2008 via expansion in Miami and throughout south Florida.

Rey's never set out to target Hispanics, but Raymond said it naturally played to its high recognition in Hispanic communities. In 2005, the company spent nearly \$300,000 on advertising through electronic and print Spanish media outlets only.

"If I have not made one commercial in English, and we're selling what we are every year, what will happen when we make the transition from Spanish to English?" he said, grinning. "This concept is for everyone, but we'll grow in Latin communities first. If licensees want to expand elsewhere, they can do that."

Despite the fact that flagging Flagler Street store racks up more than double the sales of the average U.S. pizzeria, Rodriguez wants to make a more dramatic impression on potential licensees. So the king is erecting a castle right next to the pauper's quarters where it all began. The building is a 3,400 square-foot, state-of-the-art Rey's Pizza Rodriguez calls "a bunker" because it's hurricane proof.

"This is built to withstand any kind of storm," said Gutierrez, rapping his knuckles on the high-strength glass windows. "When we had the hurricanes last year, the line of people waiting to eat was a block long. Everybody in the company worked at the restaurants."

The restaurant, which is set to open in July, has a \$100,000 diesel-electric generator that kicks on automatically during a power loss and will power the entire facility on one tank of fuel for one week.

"If we can stay open when everybody else is closed, it'll pay for itself," Raymond said.

Raymond called the restaurant a "gift to the community." Motioning toward the original ragged Rey's, he said the company doesn't even carry structural insurance on it because there's nothing worth saving. How it's withstood multiple strong hurricanes since Rey's opened is a mystery to everyone, but it's somewhat symbolic of the company overall: a fixture that has withstood the test of time.

"Just this building alone will cost a million dollars—and we're the bank behind it," Raymond said, adding that his father hates credit. "We also wanted to clean up this neighborhood with this building and make this a really bright corner. And the way my father looks at it, if the people put up with that building for as long as they have, then they deserve this one."



Humble, but hopping:

Rey's No. 1 will be demolished this summer when a state-of-the-art Rey's is completed next door. The restaurant, like all Rey's units, is open 24 hours a day, seven days a week.