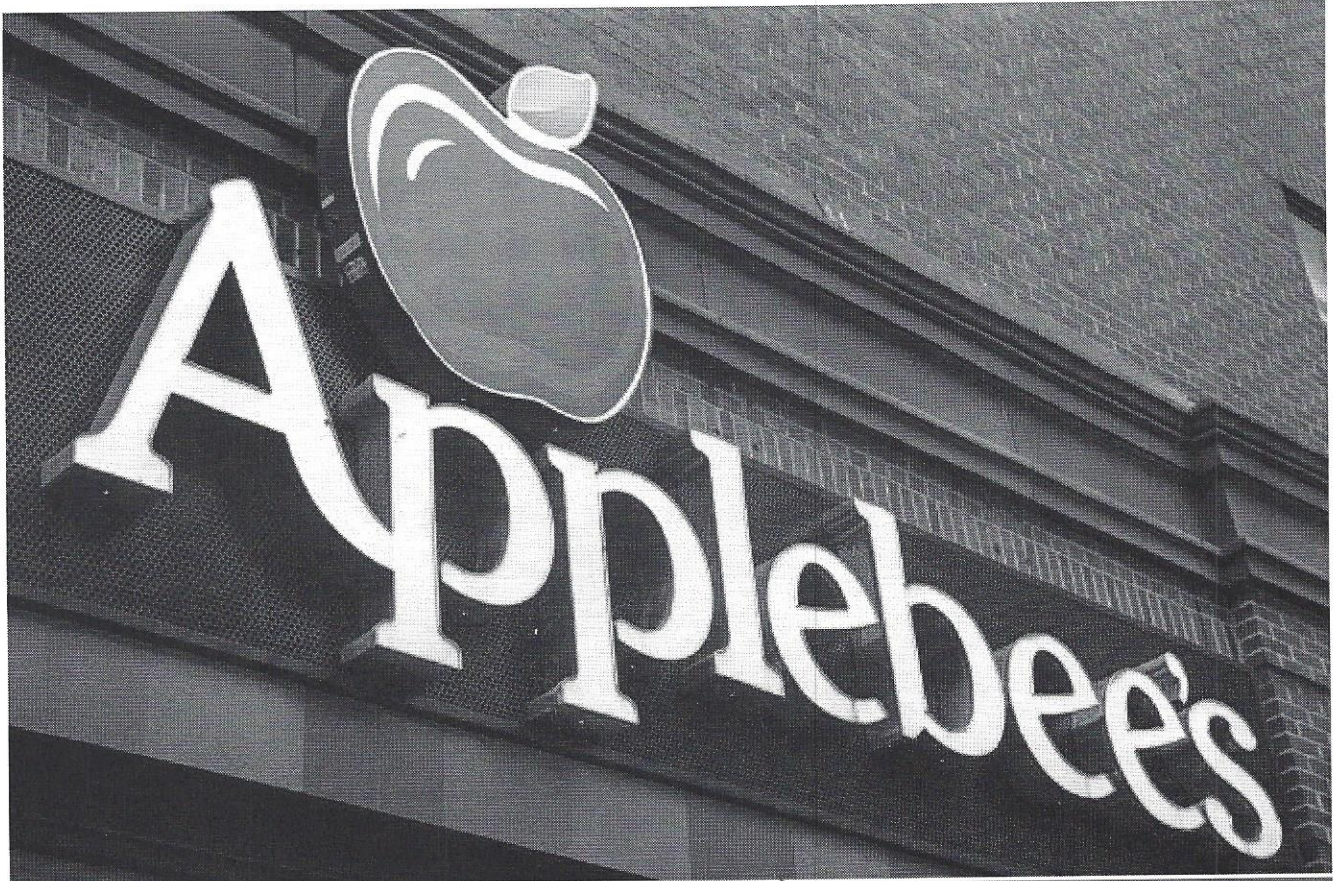


BUSINESS

# Chain restaurants struggle to attract CEOs

By Lisa Fickenscher

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As casual restaurant chains like Applebee's and Ruby Tuesday see traffic erode, their C-Suites are looking as empty as their parking lots.

Five national chains, which operate about 6,300 restaurants, are rudderless — without a CEO as the board has let go its former boss but can't recruit a new leader.

The latest CEO exit came Friday when DineEquity — which runs Applebee's Neighborhood Grill & Bar and IHOP — said longtime Chief Executive Julia Stewart resigned.

Stewart, a former waitress at the pancake chain who worked her way up to the corner office, stepped down amid a steep decline in the company's financial performance.

Same-store sales at the company's 3,700 restaurants declined 5 percent last year, and its stock plummeted 9.6 percent Friday, to \$60.14 on the news of the 16-year veteran's departure.

— ADVERTISEMENT —

DineEquity will begin a CEO search but will have lots of company looking for talent.

Ruby Tuesday, Papa Murphy's, Fiesta Restaurant Group and Noodles & Co., which this week announced the closure of 55 locations, are each searching for a permanent CEO.

All but Papa Murphy's have been rudderless since last year.

The problem facing many CEOs of casual family restaurant chains is that their concept is getting old and the menu no longer resonates with diners, industry experts say.

Ruby Tuesdays, founded in 1972, has never been worse off.

"The desperation in that dining space is getting deeper and deeper," said John Gordon, principal of Pacific Management Consulting Group. "The problem is who do you get to go into these troubled companies."

Bob Gershberg, CEO of Wray Executive Search, said the casual chains "just doesn't appeal to the millennial consumer. They have zero interest in sitting down for 90 minutes to get mediocre food."

Colorado-based Noodles' problem was that it grew too fast after its 2013 IPO.

The pain in the casual segment extends beyond those without leadership: Ignite Restaurant Group, which operates about 130 Joe's Crab Shack's and Brick House Tavern & Tap eateries, is fighting to have its stock not get delisted; Bloomin' Brands, which owns Outback Steakhouse and other brands, on Friday closed 43 underperforming restaurants.

"You can walk into an Outback today and it looks nearly the same as it did in the 1980s," when it was founded, Gordon said.

Some Applebee's franchisees are hopeful that the CEO turnover at DineEquity will shake up the status quo.

It was a "great move toward Applebee's march back to profitability in a difficult market," said Zane Tankel, who runs 39 Applebee's in the New York metro area.

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