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A long Strait journey

Restaurateur Chris Yeo's story

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STORY IMAGES



At one point in the late 1980s, Straits Cafe owner Chris Yeo had four jobs, and at all of them he reported to himself.

He was cutting hair in his salon, operating his nightclub, cooking at his restaurant and raising his two sons.

He was working, literally, around the clock, with scant evidence things would get easier any time soon. The nightclub was unprofitable and would soon fail. The restaurant had nearly tanked just a couple of years earlier before moving to a larger space, a move that was risky, expensive and still unproven.

A decade after emigrating from Singapore, Yeo seemed to be spinning his wheels. He dared not quit the salon job, which he had held since his earliest days in the United States, which supplied customers for his restaurant and which reliably put food on his family's table.

To make it through the endless work, Yeo would remind himself of a key belief: that he could retire sooner and more richly by working double time for a frantic 25 years than by clocking pedestrian eight-hour days for 60 years.

It's now a little over 15 years later. Yeo has worked a frantic 25 years and change. He is nowhere close to retiring, with five restaurants in the Bay Area, a deal in the works in Las Vegas and an eye on Los Angeles and Seattle.

But Yeo has learned a critical lesson: You make more money relaxing than driving yourself crazy. He takes a vacation every month of several days, sometimes a whole week. Yeo claims the best place to grow his \$21 million-per-year restaurant empire is from the golf course, which is where he was when he landed a coveted spot atop Westfield's new mall in downtown San Francisco.

"If you play a lot of golf, you are ready to open your next restaurant," Yeo remembers a Westfield executive telling him. "I always use that line on my employees -- if you want me to open a new restaurant, let me play more golf."

It took a bout with cancer to turn Yeo into a believer in the value of leisure time. But he has become a true convert, and hopes to golf his way to 10 more restaurants before selling them all off in 2011, at which point he'll either retire or go into the hotel business.

In the meantime, he is setting an example of the power of downtime and cultural compromise in an industry where hard labor and authenticity often rule the roost.

Hard knocks

Yeo certainly knows how to work hard. His work ethic and the first month's rent was pretty much all he had when he opened his hair salon in Haight Ashbury in 1980.

Unfortunately, the landlord also insisted on the last month's rent as a precondition of the lease. So Yeo simply bluffed, insisting the money was en route from Singapore in order to get his hands on the keys. In fact, he knew he would have to earn that extra month's rent one haircut at a time. He kept putting off the landlord, who would not get paid the last month's rent "deposit" for several more months.

"It was a white lie," Yeo said. "It didn't hurt anybody."

It would not be Yeo's last white lie in the service of his business, but it paid handsomely for both teller and receiver: Yeo's Hair Design was a profitable and steady tenant until Yeo stopped cutting hair 18 years later.

But the hair salon did not prepare Yeo for the experience of opening the first Straits Cafe in 1987, when he took 800 square feet on Geary Boulevard between Second and Third avenues. He was ecstatic the day he signed the lease, and ran to tell his wife the good news.

"I said, 'Kelly, we have a restaurant!' " Yeo said. "I don't think she knew what I was saying."

Too small

That's probably because Kelly Yeo was in the hospital at that moment, in labor with the couple's second child.

Though elated about the birth, Yeo's high spirits over the restaurant did not last.

Before opening, Yeo forked over \$27,000 -- out of a total nut of \$40,000 -- to have a proper restaurant kitchen put in, but said he only got a single, wimpy stove, a refrigerator and a dishwasher, all worth perhaps one-tenth what he had paid. The landlord, who had arranged the deal, shifted blame to his brother and claimed he was not involved. Yeo said the incident was an early lesson in the importance of a written contract, not the verbal sort that predominate in Singapore.

Then there was the dining room, a mere 300 square feet. Within a few months, Yeo realized it was too small to ever allow a profitable volume of business.

Finally, there were the chefs. Yeo brought over one from Singapore, then another. In both cases, he was embarrassed to serve the food to his relatives and hair-salon clients, the early customers.

So Yeo set about fixing the problems.

First, Yeo sent his chefs back to Singapore. Within three months of opening, he was cooking the food himself. Though he graduated from the Hotel and Catering School in Singapore and worked for two years at the Mandarin Hotel there, including as a bartender, he had no experience as a chef.

Yeo taught himself through trial and error, cooking each menu item over and over again until he considered the results perfect, and then over and over again until he could replicate that perfection.

Though this could easily mean preparing a given dish a dozen or two dozen times, Yeo the hairdresser, who trained at Vidal Sassoon in London, considered himself lucky.

"Cutting hair, you can't make a mistake -- it takes years to grow back," Yeo said. "With cooking, it takes a few minutes, you can throw the food away."

Try again

After taking over chef duties, Yeo found someone to take over his lease. He then obtained a lease on a new, larger spot, some 2,000 square feet at 3300 Geary near Parker Avenue. Yeo had the pillars wrapped in coconut-leaf-filled gunny sacks, Chinese characters strung overhead and bamboo laundry lines hung on the walls.

Yeo continued to send salon customers into the restaurant for their first taste of authentic food from Singapore. From the University of San Francisco a block away, he welcomed homesick students from Malaysia and Singapore. The Singapore ambassador began recommending the restaurant to visiting citizens and expatriates. Yeo bragged about smuggling in lemongrass, not yet trendy enough to be in the country, much less the supermarket.

But within a few years, Yeo grew restless. He had been hanging out with other chefs and traveling more. He considered himself better educated about cuisine. And he was ready to move beyond "authentic."

"I tweaked a lot of people's food and slowly changed the menu," Yeo said. "As more Singapore and Malaysian restaurants opened up, I wanted to change the concept to be more mainstream."

It worked. Praise from the critics continued, and the customers came in faster than ever. By 1997, Yeo had accumulated enough capital for a second location and was scouting for a possible third in Palo Alto.

"His concept is an incredibly powerful economic engine," said Ed Levine, a restaurant consultant who later worked with Yeo. "It has some of the best margins I have ever seen in a restaurant."

That's thanks to "modest" ingredients, "huge" liquor sales and lower-than-average labor for the dishes, Levine said.

Yeo was still on the fence about his expansion to Palo Alto when he was diagnosed with colon cancer.

Value of absence

Yeo's lengthy battle with cancer included a year of chemotherapy, radiation, surgery and rest, plus four years of frequent checkups. Today, the cancer is gone.

One of the things he learned from the experience early on is that Straits functioned fine without his presence in the kitchen every day. In fact, it ran "very well" -- even better than when he was there.

Sympathy cards from customers arrived in droves.

Yeo jumped off the fence about a second Straits and determined a Palo Alto location would happen. He had seen the efficacy of his staff, including his own family members and local housewives he had trained as chefs, and the loyalty of his customers. He had also grown concerned about what would be left for his wife and kids should he die.

Yeo began touring properties in Palo Alto, making sure not to inform prospective landlords that the chef-owner-tenant had a potentially fatal illness. It was another white lie.

"I just pretended I was well," Yeo said. "I didn't know how long I was going to survive. I didn't know if I was going to make it six months from now."

By 1998 he was able to open to the Palo Alto restaurant in 7,000 square feet. It was at this point that Yeo's lifestyle changed from 16-hour days to a more relaxed pace.

He finally allowed that he might not starve in the street if he stopped cutting hair, and put down his scissors. He had also learned to delegate, and trimmed back his hours.

This was initially out of necessity: Radiation had so weakened Yeo that he stopped the regimen two treatments short of completion. Even after he was back on his feet, he needed to build back his strength slowly, and see a doctor every six months.

Even without Yeo in the kitchen all the time, business boomed, and the food did not seem to suffer. His reputation was such that in 2002 Federal Realty Investment Trust approached him about a Straits in their planned Santana Row development in San Jose, which would center on a mall with retailers like Gucci, Ferragamo and Burberry.

Yeo jumped at the chance. Business was good, he said, but he was not monitoring the numbers closely. The cost of labor and ingredients had already become an issue in Palo Alto, and how he was unable at Santana Row to produce the monthly figures and forecasts that Federal Realty wanted.

Yeo decided, again, to reach out for outside help. In 2003, he brought in restaurant consultant Levine, who with Roland Passot runs the Left Bank group of brasseries and whose Vine Solutions handles back-office accounting for scores of other restaurants. He quickly instituted weekly profit and loss meetings and set goals for his labor and food costs as a percentage of sales.

Yeo is effusive in his praise for Levine and glad that, in another reform to his personality, he decided to bring Levine into the fold, consulting fee and all.

The investment has paid off. The Santana Row Straits made \$7.8 million in revenue last year. Federal Realty invited Yeo to open a second restaurant there, resulting in the 2005 opening of Sino, a Chinese restaurant.

At the Westfield San Francisco Centre location, opened in September, Yeo is still wrangling with costs. But Levine helped him get a good deal on a lease, and so far sales at the smaller location are on track for about \$4.4 million per year, though Yeo emphasizes it is early yet to put much weight behind that estimate.

Getting outta town

Though he is keeping to his regimen of frequent and emphatically low-stress golf games, Yeo shows no sign of slowing his business' growth in the coming years. His goal is to add two restaurants a year and get bought out in 2011, or possibly hand everything over to his son.

Yeo did not dispute reports that he will run the lounge planned under the old Emporium dome in the Westfield mall, but said it is too early to talk about anything there.

He did say he is "95 percent" sure he will be putting a restaurant of some sort into Town Square, a mall planned at the south end of the Las Vegas Strip, though he cautioned he has not finalized the deal and it could still fall through.

Yeo said he had "pretty much confirmed" a deal in Miami, but nixed it because he decided it was too far away. His interest is concentrated along the West Coast, including Seattle, Los Angeles and San Diego, and Yeo said he has been fielding unsolicited offers for deals in some of those cities.

"He's got, kind of, the pulse of what people want -- a trendy, hip feel," Levine said. "My concern is, does he have the pulse of what they want for 20 years or for three or four years? Bar scenes are typically much more fickle than restaurant scenes."

Once he gets tired of opening restaurants, Yeo said, he's interested in the hotel business. He can envision running boutique hotels with high-quality restaurants on the ground floor, not unlike other San Francisco hoteliers. But prices have zoomed up in San Francisco over the past two years,

so Yeo said he will have to, once again, bide his time.

"I have to build my reputation before I become Kimpton."

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