

**CEO  
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**As The Largest Owner And Operator Of Fine Dining Steakhouses In The World,  
Morton's Restaurant Group's Operating Model Is The Recipe For Its Success**



**Services  
Restaurants  
(MRT-NYSE)**

**Ronald M. DiNella  
Chief Financial Officer  
Morton's The Steakhouse**

**BIO:**

Ronald M. DiNella is the Chief Financial Officer and Senior Vice President for Morton's Restaurant Group, an international group of 81 upscale steakhouses, known for its USDA prime aged beef and plush yet inviting atmosphere. In his role as Chief Financial Officer, DiNella oversees financial and compliance requirements for the 81 Morton's restaurants, two Bertolini's Authentic Trattorias and TREVI, the company's high-end Italian restaurant located in the Forum Shops at Caesars Palace in Las Vegas.

DiNella has spent the majority of his more than 25-years in the restaurant industry with Morton's The Steakhouse. He began his career in 1982 as an Assistant Controller, working directly with Arnold Morton. In 1986, DiNella assumed the position of Controller for Morton's, which he held until 1991. DiNella spent 1992 as a Controller for New York restaurateur Pino Luongo's Coco Pazzo restaurant in Chicago. He returned to Morton's in 1993 as Vice President of Finance and was escalated to Senior Vice President – Finance in 1998, and his current position as Chief Financial Officer in December 2005.

DiNella has a Bachelor's Degree in Business Administration with a Major in Accounting. He is a Certified Public Accountant licensed in Illinois. He serves on the Board of Directors of the Illinois Restaurant Association and is its former chairman. DiNella has served on the Illinois CPA Society's Entertainment Committee. DiNella is on the Advisory Board for FS/TEC, the annual International Foodservice Technology Exposition and has been a featured speaker at several international restaurant conferences, including MUFSSO, Hostec, FS/TEC, and HITEC. DiNella has volunteered to judge Microsoft's Retail Application Develop "RAD" Awards as well as National Restaurant Association student Scholarship awards.

DiNella resides in northern Illinois with his wife of more than twenty years, Cheryl, and their three children.

## Company Profile:

Morton's Restaurant Group, Inc. is the world's largest operator of company-owned upscale steakhouses. Morton's steakhouses have remained true to our founders' original vision of combining generous portions of high quality food prepared to exacting standards with exceptional service in an enjoyable dining environment. As of March 20, 2009, the Company owned and operated 81 Morton's steakhouses located in 69 cities in 28 states, and located in Puerto Rico and six international locations (Hong Kong, Macau, Mexico City, Singapore, Toronto and Vancouver), as well as three Italian restaurants.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com**

**CEOCFO:** Mr. DiNella, you have a long history with Morton's; what is the vision today?

**Mr. DiNella:** "The vision at Morton's today is to continue to grow the brand. It is a great story. We are in our 31<sup>st</sup> year; we were founded in 1978, in Chicago. The company is still headquartered in Chicago. The current group that owns the company purchased it in 1989 when we had simply 9 restaurants; today we have 81 steakhouses as far spread as Singapore, Mexico City, and in every major city in the United States. We took the company public back in 2006, and have continued to grow our number of restaurants and revenues since that time."

**CEOCFO:** Morton's has 'remained true to the original founders' vision, what was their vision? What is the experience like at Morton's?

**Mr. DiNella:** "The experience at Morton's, truly offers our guests 'The Best Steak Anywhere'. It really is luxury, quality, and excellent service, but with warm, genuine Midwestern hospitality."

**CEOCFO:** Does it all come down to the quality of the meat?

**Mr. DiNella:** "That is only one part of it. Morton's purchases USDA graded prime steaks, and then they are aged three to four weeks to make them more flavorful. It is the top 2% of all beef available, so it is really the best steak money can buy. It is also our consistent service standards, I believe that is what our guests who are regularly business travelers have come to appreciate and expect, is that consistent service and quality. It is the same menu presentation and the same menu at all of our Morton's."

**CEOCFO:** Do you own all of the restaurants?

**Mr. DiNella:** "We do. Morton's is the largest owner operator of fine dining steakhouses in the world. We do not franchise. I guess it works well for the quick service operators, but we don't think you can operate at this level with the consistency using a franchise model."

**CEOCFO:** With your large geographic range, how are you sure the server in Brooklyn is doing the same thing as the server in Mexico City is doing?

**Mr. DiNella:** "We have very tight control. Everyone is trained very well. We have a very strong team to restaurants that have been open for years. One of the secrets of our success is that we have historically experienced low turnover, we are at historic lows have also been awarded a number of training and development and our training programs."

**CEOCFO:** What about the international side of the business?

opened in Singapore eleven years ago. We have been in the Mandarin Oriental Hotel, a five star Sheraton Hotel in Hong Kong, Toronto and Vancouver, and just

operations are identical; we fly the beef from Chicago to Singapore. We have generally the same food menu and generally the same wine and spirits menu, whatever is available in the country. It has worked out well. We have a combination of both local guests as well as international business travelers and expatriates."

**"The vision at Morton's today is to continue to grow the brand. It is a great story. We are in our 31<sup>st</sup> year; we were founded in 1978, in Chicago. The company is still headquartered in Chicago. The current group that owns the company purchased it in 1989 when we had simply 9 restaurants; today we have 81 steakhouses as far spread as Singapore, Mexico City, and in every major city in the United States. We took the company public back in 2006, and have continued to grow our number of restaurants and revenues since that time." - Ronald M. DiNella**

exacting standards and executed consistently, from the opening been open twenty or thirty years ago. We have been in the success is low turnover. Morton's experienced low turnover, but reformed even our company. We number of recognitions for our programs, our people practices

international side of the business. **Mr. DiNella:** "Morton's years ago. We have been in the star hotel, and in the five star In Canada, we are in both Toronto last month in Mexico City. The

**CEOCFO:** How do you decide on a location?

**Mr. DiNella:** "We look for financial hubs, convention centers. We typically open Morton's near hotels. We believe up to 80% of our guest checks end up on expense accounts, so Morton's has always catered to the business traveler as well as the high-end diner."

**CEOCFO:** You have the Morton's 'Prime To Go' concept; will you tell us about that?

**Mr. DiNella:** "That is something new we are rolling out for our guests. Our regulars have taken Morton's to go for years. Now we have put together a special menu for our guests to utilize when dining in their homes."

**CEOCFO:** Even steaks at home?

**Mr. DiNella:** "Yes, even steaks."

**CEOCFO:** How do you transport steaks so they are cooked properly and taste right?

**Mr. DiNella:** "We are very sensitive to that and we want to make sure that it is the same quality experience. It is not going to be the same experience literally because you are at home, the office, or on your barbecue grill, but we worked specifically with our corporate chefs. It depends on the guests desires. Most will be fully cooked, but we will give them the option to finish the steaks off on the grill."

**CEOCFO:** Please tell us about the BAR 12●21.

**Mr. DiNella:** "That is very exciting for us. We have always had bars in our restaurants, but they were primarily waiting areas as guests were waiting for their table or arrived earlier waiting for the balance of their group to arrive. They were waiting in the lounge and had a cocktail or a glass of wine. Back in 2004, we decided that there was a real opportunity for us to view the bar as a destination in and of itself, so we branded Bar 12●21, aptly named after our original Morton's which opened on December 21<sup>st</sup> 1978.

Wherever possible we open up windows or bring some windows in, if we could, to bring some light into the bar. We also put hardwood floors into the bar, new furniture, a new lighting package to try to make it as much a dining room as we could. At the same time we added our 'Bar Bites' menus and a number of specialty drinks. We created mini prime cheeseburgers as well as our famous mini-prime filet sandwiches and other appetizers such as crab and artichoke dip. It has turned out to be a great investment; today Bar 12●21 is in more than 45 of our Morton's. Every new Morton's opened since 2004 has had the Bar 12●21. We have retrofit over 25 Morton's. When we retrofit, we don't close the restaurant; we take the exact same space, and we work during the daytime because most of the restaurants are only open at dinnertime.

What we have seen is a great up-tick; we have seen sales in the bars step-up 50% in many locations. We have seen a younger demographic. The Morton's demographic is 35 to 54 in the dining room. We have actually seen late 20s-early 30s aged guests for the Bar 12●21 crowd and also more female guests, about 50/50 in the bars, and in the dining room it is probably about 60/40 male to female. It has been a great investment for us. It has also allowed us to breathe some new life into some of the restaurants. When we do the bar retrofit, we also take the opportunity to remodel the dining room and freshen up the overall look."

**CEOCFO:** Why Morton's instead of some of the other steakhouses?

**Mr. DiNella:** "Morton's is really consistent; it is the best of the best. 'It is not just another steakhouse,' is really what we say. It is the quality of the beef, the consistency and our warm, genuine Midwestern hospitality. I think our guests have come to appreciate that. If they come out of the hotel and ask the concierge about a great place for dinner, and the concierge recommends Morton's, they know exactly what they are going to get; the consistency and the quality."

**CEOCFO:** What is the financial picture for you today, and how are you faring under the current economic situation?

**Mr. DiNella:** "Morton's is larger than ever today; we have 81 steakhouses. Last year we generated more than \$354 million in revenues. We also own three Italian restaurants. It is a challenging environment, no question about it, and not just with discretionary spending in restaurants. We are also seeing impact of reduced convention and business travel, and lower hotel occupancies on our Monday-Thursday dining room business as well as our private dining boardroom business, which typically represents a greater portion of corporate spending. Our weekend business seems to have been impacted, but somewhat to a lesser degree. We have run our historically successful steak and seafood program that is primarily driven toward social dining, which is dinner-for-two for \$99 steak and seafood. It is an amazing offer, and also we have other targeted programs and promotions designed to attract more local guests as we continue to evolve the Morton's brand."

**CEOCFO:** What is ahead?

**Mr. DiNella:** "Slower growth for today, but the same consistent quality. We have made some budget cuts primarily at our G&A and overhead levels, but nothing that is going to ever affect our guests. Diners need an escape to some degree from all this negative news that they are receiving and Morton's is providing that escape for them, so Morton's is that consistency and quality that they have come to expect.

We continue to thrive and grow in this environment. We opened a Morton's steakhouse in Mexico City last month, and it is doing wonderfully. We will most likely open one more this year and probably two, next year. We will continue to grow, though at a slower

pace, and we will continue to take care of our employees and do the right thing. The one thing we will not do is compromise quality and our exacting standards. We are not going to cut back on the staffing, the quality of the beef or any of the menu items at our restaurants, and we are not going to cut back on the size and portions of it; it is really what got us here and it is what our guests have come to expect and how we have successfully grown the brand.”

**CEOCFO:** What is the most popular item on the menu?

**Mr. DiNella:** “The most popular entrée is our single and double cut filets. They account for nearly half of our entrees; and our legendary hot-chocolate cake, which is our number-one dessert. One point of differentiation of Morton’s from some of the other steakhouses is our wine and spirits program, which is 29% of our revenues and  $\frac{2}{3}$  of that is wine, principally sold in bottles and consumed at the table. It is another point of differentiation for Morton’s and we have continued to upgrade our wine program over the last few years, including now over ninety trained sommeliers in the company, as almost every Morton’s has a trained sommelier. Our newer restaurants even have temperature-controlled wine rooms, all denoting the quality and the effort we are putting in toward our wine and spirits program.”

**CEOCFO:** Final thoughts, what should people remember most?

**Mr. DiNella:** “People should remember that Morton’s is all about quality and consistency, and we have some new and exciting things going on, especially in our Morton’s bars.”



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