Giaconda - all smiles

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The Giaconda Dining Room opened four months ago just off Charing Cross Road in London's so-called Tin Pan Alley, Denmark Street, just opposite one of its music shops. What makes it so distinctive is that it determinedly follows the tried and tested low cost model long established across continental Europe.

Here in London's West End we were greeted by Tracey, the partner of chef Paul Merrony (pictured), and shown to one of the 15 tables in their restaurant, where she promptly handed us the menu and enthusiastically explained that day's specials.

The restaurant's interior can best be described as compact, utilitarian and, despite a carpet, invariably noisy. Looking just past the shelves that hold the wherewithal for the well-chosen wine list, I was able to keep an eye on Merrony in action, although he was occasionally obscured by an inconvenient arch.

I knew it was him because there are no other chefs in what is the kitchen although he subsequently described it more as a 'galley', a 'shoebox' or even a 'tissue box'. Smaller than many a domestic kitchen, this tiny space has room for the chef, an oven with six burners, a grill, a work surface and just enough space for Merrony to turn at 90 degrees to place the finished dishes for his waiting staff to whisk away.

What makes this minuscule kitchen possible, he admitted, was that it is so close to the tables; that there is a large cold store downstairs for his fresh produce; and, most importantly, his well-honed and catholic cooking skills that have been appreciated by those who have eaten his food in Sydney and London.

Despite the physical limitations, Merrony offers a wide-ranging menu that lists 10 first courses and even more main courses as well as four desserts, one of which - an apricot compote with caramelized walnuts and whipped cream - has become a particular favourite. First courses range from a shellfish bisque and a thick lobe of foie gras, both equally rich, to almost boneless, crisp pig's trotters with egg mayonnaise. Main courses have included a prawn omelette topped with crab claws, a ham hock hash topped with a fried egg, salmon with deconstructed piccalilli, racks of lamb, roast chickens for two, and various dishes Merrony has picked up while eating in Italy.

The first courses are all £5-6 while the main courses range from £9.50 to £13 and most come with some form of side dish included, a style of cooking Merrony subsequently referred to as 'plate completed'.The average spend, I was to learn, is £30.33 including drinks but excluding service charge (a custom Merrony has imported from Australia because he believes it is best practice), which has led to two obvious consequences. The Giaconda offers excellent value for money and is therefore extremely busy. But does it make money?

When I put this question to Merrony he suggested we meet in the nearby office of his partner, Peter Hall, a friend he met at school in Canberra, Australia. While Merrony has been cooking for the past 25 years, Hall went into investment banking and is now Executive Chairman of Hunter Hall Investment Management Limited, Australia's largest ethical investment fund. Hall's love of food is obvious from his girth. A copy of Quentin Crewe's *Great Chefs of France* sits on his bookshelf next to numerous books on finance and capital. Hall has also established two popular Soho coffee shops, Flat White (the name for a strong coffee, hugely popular Down Under) and Milk Bar, both the antithesis of today's coffee chains.

On the floor lay a file with the weekly profit and loss accounts Merrony assembles, but before I could look at them Hall wanted to put Giaconda into context. "It has always struck me while good food is widely available inexpensively across Europe and in Australia, it's much harder to find in the UK, so that is the first thing we are trying to do. The second is that I really believe that Paul is a great chef but I don't think the way for him to start in London is in some extremely expensive restaurant where the prices have to be commensurately high. If you look at all the great French chefs in Crewe's book, like the Troisgros, Guérard or Blanc, they all started modestly and developed their businesses. That's my game plan for Paul."

The key to achieving the profits that will ultimately make this possible, and the key to any restaurant's financial success he believes, is the rent. Hall continued, "For each of my sites, I have chosen slightly run-down streets but ones which I

believe have a great deal of what I call resonance. They have got to have a lot of atmosphere. Where we have been able to do this we have done deals where the rent is about eight per cent of turnover."

Merrony then explained the impact this has on his bottom line. "We are serving about 300 customers a week, which means sales of £8,500 to £9,000 a week. My food cost is about 30% of sales and my wines a little higher because I don't want to make them too expensive. I employ a kitchen porter and two waiting staff, and after Tracey and I have taken a decent salary the restaurant is making about £2,000 a week profit. Rather unromantically, restaurants are in the business of renting out seats and our fixed costs mean that we do this at about £2 a seat."

The smile that is never far from Hall's face definitely grew bigger at this comment. "My investment to date has been £172,000 including the premium, start up losses and ripping out what was formerly a run-down Indian restaurant whose name we took over. With a return on investment of 60% at the moment it looks and feels like a good deal. But if we can get the numbers up from 300 a week to 350 by filling the early evening slots, (and the restaurant is ideally placed for pre-theatre customers), and a slightly higher average spend then the profit could significantly increase, which would allow us to do more."

The weakness of this plan is that it all depends on the state of Merrony's obviously broad shoulders. When I asked him about his health, his response was characteristically blunt. "It's hard work but it's good. I do love cooking, you know, well about 95% of the time. I work 65 hours a week in the kitchen Monday to Friday and my health is fine although every year I do find it a little harder to get out of bed. We are closed at the weekend so that Tracey and I can be with our little boy who is Peter's godson. But when I am in the restaurant I'm no more than a tradesman in food manufacturing. I just like making people happy."

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