

## Back from the brink, Olga's Kitchen is ready to expand

[JC Reindl](#), 2:55 p.m. EDT July 7, 2016

*Olga herself is now in her 90s and still with the restaurant*



*(Photo: TEAM Schostak)*

Under new ownership and seven months out of bankruptcy, Olga's Kitchen is bringing back classic recipes and preparing to expand after a period of retrenchment at the beloved Michigan restaurant chain.

"Olga's Kitchen deserves to be a bigger chain," said Mark Schostak, executive chairman of Livonia-based Team Schostak Family Restaurants, which bought Olga's from bankruptcy in December. "This is a great brand with a lot of great people, and it just deserves better and more."

The Schostak company is looking to open 10 to 12 new Olga's Kitchens in addition to the current 25 locations. Prior to last year's Chapter 11 filing and the subsequent culling of underper-

forming restaurants, there were 35 Olga's restaurants. Mark Schostak said all but one new location will be in Michigan; the other would open in Toledo, a market that has been without an Olga's since a mall spot closed. Other recent closures included the former Sterling Heights, Twelve Oaks Mall and downtown Detroit locations.

On the food front, Olga's employees are receiving new training to better standardize the quality of the iconic Olga's bread at every restaurant.

And several once-popular Olga's dishes including the spinach and cheese pies and orange cream coolers are now being made from the original recipes of restaurant namesake Olga Loizon, who opened the first Olga's in 1970 and is now 90 years old. She is still with the restaurant chain, although no longer in the kitchen on a regular basis.



**Mark Schostak, Executive Chairman, TEAM Schostak Family Restaurants**  
*(Photo: Brett Mountain)*

Customers are said to prefer the taste of the classic recipes over the concoctions of more recent years, which in some cases were created to save money on ingredients. But that strategy backfired for the restaurant chain's previous owner, according to Kenneth Dalto, who was Olga's Kitchen's court-appointed receiver during bankruptcy and owns a Bingham Farms-based management and consulting firm.

"It was trying to cut costs," Dalto said of the previous strategy, which also involved smaller portion sizes.

"If you could buy in bulk a feta cheese which was cheaper and was not the same tasting or not as good, you'd say 'Well, people are never going to realize' and you mix it with other things," he said. "But they did realize."

Other big changes are slated for Olga's Kitchen's restaurant design and brand logo.

The Schostak firm is working with a designer to create a new image that will roll out to most Olga's locations in the next two to three years, Mark Schostak said. A new Olga's Kitchen logo is also being designed and could be unveiled with the renovations. The logo will consolidate and replace the six or seven different Olga's logos that have been in use at various restaurant locations.

The overarching goal of all the changes is to reconnect with Olga's Kitchen customers and return the chain to the prominence it once had, especially in southeast Michigan.

"It's almost a part of our cultural right of passage to go to Olga's Kitchen," Schostak said.

But Olga's arguably faces greater challenges in today's food industry than during its heyday in the 1980s through early 2000s. So-called fast casual chains where people order while standing up have expanded and grown popular with younger demographics. Examples include Panera Bread and Chipotle.

Most Olga's restaurants have traditional sit-down service. Schostak said they will remain so for at least the near future because that is a proven business model.



A rendering of the future interior for Olga's Kitchen restaurants. (Photo: TEAM Schostak)

Dalto said it makes sense for Olga's to stick with sit-down service because its restaurants must appeal to a wide variety of customers and ages. "To move to all fast casual, a lot of older people wouldn't like that — they'd rather sit down," Dalto said.

Team Schostak Family Restaurants acquired Olga's Kitchen in a bankruptcy auction last fall with a bid equal to about \$11.25 million for the Troy-based chain.

Olga's had been owned for decades by California businessman Robert Solomon. In 2004, he and the Schostak company struck an agreement to go 50/50 on 15 proposed new Olga's locations, although only 11 were built. Their relationship soured as money was siphoned out of the partnership to prop up the money-losing Olga's locations that Solomon owned.

Olga's Kitchen filed for bankruptcy in June 2015 after years of losses. The chain's many mall locations were particularly hard hit by the decline in mall shopping that accelerated in the last recession.

In addition to its new Olga's, Team Schostak Family Restaurants also owns various Applebee's, MOD Pizza and Del Taco restaurants.

Justin Winslow, president and CEO of the Michigan Restaurant Association, said he thinks Olga's Kitchen will prosper again thanks to its strong local brand and capable new ownership team.

"There is a nostalgia and fondness for Olga's Kitchen that goes back generations in southeast Michigan," he said. "You combine that reputation with top-tier management, that is a recipe for success."

#### **Four new Olga's Kitchen restaurants known for sure:**

- New Monroe restaurant coming to Telegraph to replace a closing Monroe location.
- New Ann Arbor restaurant coming to Washtenaw Avenue.
- New Shelby Township restaurant coming in February 2017.
- New Toledo location planned. Location to be determined but it won't be the mall.