Stakes rise for online gambling

By EMILY PARKHURST
STAFF WRITER

Legalization of online gambling is coming, industry experts agree, and some say it will happen in the next few years.

Federal legalization of what’s often called “iGaming” would have huge implications for Washington state’s 30 Indian-run casinos, which employ 27,000 people and bring in more than $2 billion per year in revenue.

Legalization also would affect the Puget Sound region’s fast-growing online gaming companies, many of which already offer popular casino-style games without the cash jackpots that would make them illegal under current law.

While the tribes lobby politicians to be included in the potential bonanza from legalization, some say the tribes and online gaming companies will find ways to work together.

Legalization also could lead to a massive expansion in gambling, both online and offline.

Douglas stopped in Seattle on a cross-country trip in 1978 — and stayed when his money ran out. See story, page 7.

He’s a nimble entrepreneur who relishes risk.
He’s central to Seattle’s robust foodie culture.
He’s prone to bursts of generosity. He’s Chef Tom Douglas, the Business Journal’s . . .

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See GAMBLING I 33
Only a few inches of snow had fallen in Seattle on New Year’s Eve of 1990, but it was enough to keep the phone at the Dahlia Lounge ringing — with cancellations. The downtown restaurant had started the day with 230 reservations. The final count of diners who actually showed up was about 30.

Owner Tom Douglas was crushed. He had ordered 50 pounds of lobster for the evening. Now he was cooking for one-seventh the number of customers he had expected.

It was a grim way to start 1991. “If you can’t fill up on New Year’s, you might as well go out of business,” Douglas recalled.

Loath to waste food, Douglas used the lobster in pot-sticker wrappers and froze them.

Weeks later, they were on the menu when restaurant reviewer John Hinterberger from The Seattle Times happened in. He ordered the lobster pot stickers and Douglas’ now-famous coconut cream pie.

Hinterberger issued a rave review, giving Douglas and his wife, Jackie Cross, some good news just when they needed it. “It put us on the map,” Douglas said, “and got us some business.”

See DOUGLAS 18
That natural ability to adapt under pres-
sure and find creative solutions to prob-
lems has served Douglas for decades.

Today, Douglas is one of Seattle’s most
celebrated chefs. He owns 12 restaurants,
and his company employs 650 people.
He’s also written four cookbooks and co-
hosts a weekly radio show.

Earlier this year, Douglas sealed his
national, television opportunities.

himself available for local, and eventually
the restaurant and become a visible mem-
ber to get out of the kitchen to promote
days of the Dahlia Lounge, he made a
public relations. Particularly in the early
years side of things, or vice versa, because,
Douglas knows every aspect of the res-
aurant recognized him — almost.

You’re Tom, uh, Tom … Tom D,” the
woman said, struggling, before blurt-
out: “Tom Dunguts!”

Douglas laughs heartily each time he
reaches the story’s punchline.

“… You’re full of shit,” he explains with a broad grin.

Douglas knows every aspect of the res-
aurant business — so much so that it was
difficult for him at first when he realized
the business had grown to the point that
he couldn’t do everything in every restaur-
nt.

It was a hard transition for him to learn
to delegate,” said Shelley Lance, the qual-
ity control chef and co-author of all of
Douglas’ cookbooks. “He sees you doing
something and he wants to just do it … We had to beg him and teach him to let
other people do things.”

Douglas learned about hard work grow-
ing up in Newark, Del., with five sisters
and one brother.

As a teenager he held a wide variety of
jobs to make money, often holding down
more than one at a time.

He was a paperboy and a golf course
caddy. He worked in railroad repair, in a
wine and liquor shop, and he rode on the
back of a garbage truck, among other odd
jobs. Those years set the tone and pace
of the professional life he still leads. They
also taught him to pursue only things he’s
passionate about.

“I’m not one of those people who
thinks, ‘this is work, and then you have
your other life,’” Douglas said. “This is my
life. I think it’s a very odd scenario to me
that you (don’t) declare part of your life.”

Today, Douglas is one of Seattle’s most
recognized names, his 2012 Executive of the Year.

His recent participation in Bravo’s real-
ity TV show, “Top Chef,” escalated that
fame in the past year, although he down-
plays it.

He likes to tell a story about a recent
trip to Chicago, when a woman in a res-
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Douglas never went to culinary school,
but he developed his style and palate —
which he calls “taste memory” — by eat-
ing in restaurants across the country.
He had an instinct to use local Northwest
products long before “locavore” became a
buzzword.

He was one of a handful of Seattle chefs
in the 1980s who shaped the definition of
Northwest cuisine.

Seattle has long been something of a
muse for Douglas. Northwest culinary
style was the focus of his first cookbook,
“Tom Douglas’ Seattle Kitchen,” which
was also filled with suggestions on where
to shop locally to find the best ingredients
for his dishes. He’s long received raves for
his crab cakes — the subject of an
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Breaking through

As much as being a businessman is now part of his identity, Douglas said he never set out to open his own restaurant, let alone a dozen.

He made his name in the 1980s working at Café Sport, the now-closed restaurant affiliated with the Seattle Athletic Club. Douglas was hired before it opened to help launch the restaurant, and was slated to be the sous chef, or second in command.

But getting the restaurant off the ground took nearly three years. In the interim, Douglas worked in the club’s cafe while holding other odd jobs. By the time Café Sport opened in 1984, the head chef had moved to San Francisco, and Douglas was named head chef.

It was his first chance to lead a kitchen. He didn’t squander it.

A year after opening, Douglas also took on the role of manager, which allowed him to make the restaurant his own, from the kitchen to the front of the house. Douglas gradually built Café Sport into one of Seattle’s hot spots; it remains legendary among longtime local foodies, almost 20 years after it closed.

After about five years, he left Café Sport when a new location was opening in Belltown. Douglas didn’t want to move to the Eastside, and the timing felt right.

His food had won raves at Café Sport, he had a fantastic reputation and had every reason to expect job offers from other restaurants to roll in.

The offers never came. After a few months, Douglas and his wife, Cross, decided to create Dahlia Lounge, which opened on Fourth Avenue in the fall of 1989.

The early years were rough. The restaurant started with 42 employees. Six weeks later they were down to 23.

Douglas often had to ask his staff to hold their paychecks until after the weekend, knowing the checks were less likely to bounce with the weekend’s receipts. Even then, he borrowed payroll from a friend and would pay it back over each two-week period. Somehow, he didn’t worry about going out of business.

“I wasn’t terrified when I opened; I’m a risk taker,” Douglas said. “I was more worried about not taking anybody down with me.”

In 1994, Douglas realized that he would need to open more restaurants to turn a significant profit, and took a gamble by signing two leases in one day. The spaces were now Etta’s, in Pike Place Market, and Palace Kitchen in Belltown. Etta’s opened in 1995, but he waited until 1996 to open Palace Kitchen.

In the years to come, the man who never fantasized about how they would improve the restaurants the family already owned, if only they had unlimited resources.

Douglas knew opening a second restaurant was a gamble. But it’s often the spaces that inspire his new ideas. Where most may see a dirty warehouse, he’ll see a bustling tavern to gambling; he loves placing his bet on a new concept. His daughter, Loretta Douglas, remembers how every family meal would become a game of thinking up wild, new restaurant concepts — or fantasizing about how they would improve the restaurants the family already owned, if only they had unlimited resources.

His ideas never ceased.

Douglas knew opening a second restaurant and definitely sitting on a third — while paying rent for all three — was a gamble. But it’s often the spaces that inspire his new ideas. Where most may see a dirty warehouse, he’ll see a bustling tavern.

Relishing risk

Douglas often compares opening restaurants to gambling; he loves placing his bet on a new concept.

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Douglas created a layered system for ensuring the food, service and atmosphere in all of his restaurants meet his standards. Lacey, as quality-control chef, eats in each of the restaurants and reports back on the food and service. He also has a program requiring general managers to eat at each of his restaurants and report back on the experience.

About a year ago, Douglas also hired an independent reviewer as an extra backstop, someone the restaurant staff wouldn’t recognize.

“Sometimes managers are a little shy to criticize another manager, or another operation,” he said. “This was my way to have an independent review.”

Customer service has never been more important, with restaurant reviews becoming a daily digest on Yelp and other Internet sites, Douglas said. It used to take between six weeks and six months to get a review from a professional at a newspaper. It gave new restaurants time to perfect their craft.

“Now you’re going to get reviewed in minutes, literally, there at the table,” he said. Immediate feedback is just part of the business now. You just can’t open until you’re certain you’re on your game, he said. And bad reviews are always tough.

“As much as I say it’s a poker game, you put your heart and soul in this,” Douglas said. “Nobody wants to be trashed. This is a sexy business. Nobody wants to be told they aren’t sexy.”

The boss

Douglas credits much of his success to surrounding himself with talented people.

He has low turnover for the restaurant industry. Nearly 25 percent of his employees have been with the company five or more years, and another 25 percent for between two and five years. Nationally, the industry has an 80 percent annual turnover in hourly positions, according to The People Report, an industry research and tracking firm.

Douglas wants his company to be one that people want to work for.

“We try to give them a great place to be,” Douglas said. “It doesn’t do me any good to have a waiter come in who hates his job and is treating you, the customer, like shit because he’s unhappy about his place in life, or his job condition.”

Most notably, Douglas started by offering his employees health insurance in 1990 — an almost unheard of practice in the restaurant industry at that time, and still uncommon today.

“I couldn’t just get it for myself and not get it for the team,” he said, when asked how he could afford it before Dahlia was successful.

He is also notably insistent on calling the company’s 650 employees by name.

In addition to the health insurance, Douglas created a fund of about $50,000 that is set aside for employees to take out-of-town vacations in times of need.

The idea was partially spawned after his own experience of getting into a car accident in 1978. At the time, insurance wasn’t legally required, but Douglas wanted to pay for car damage and hospital care for the woman he hit.

At the time he was cooking at Boondocks, Sundeckers, and Greenhumps, a now-defunct Seattlesport when it opened in 1984 next to the Seattle Athletic Club. Douglas later became chef and manager of the restaurant. The location of Café Sport is now Etta’s.

The mentor

The man who helped Douglas get the $4,000 advance and a new job was Kenny Raider. Years later he was the same friend who lent Douglas money for payroll when Dahlia first opened. He was just one of many people who offered Douglas critical help and support throughout his career, and Douglas has never stopped being grateful.

Douglas has channeled that gratitude into giving back to the community in a number of ways, most visibly as a member of the board of directors for Food Lifeline, a network of food banks, meal programs and shelters. But his reach has affected many people in different ways. He’s offered support and advice to countless people over the years, some of them employees, friends or fellow chefs.

For years, he and about 15 friends have made an annual trip to Oregon to golf at the dunes just north of the coastal city of Bandon.

One year the group stopped at a little restaurant called The Loft. It’s owned and operated by Chef Kali Fieger, whose mother Douglas had bought Fieger and his mother a large outdoor grill — on the condition that they would bring it over to the house and join them for dinner on his next trip.

The golfers and the staff of The Loft spent two nights cooking and eating together. Billows, a longtime friend and vendor of Douglas, is no longer surprised by this kind of generosity.

“Tom’s inner soul is probably his best attribute; he’s very giving, always with a smile,” Billows said. “He’s probably the most well-thought-of person in Seatle’s restaurant industry.”

Beyond simple generosity, Douglas has also been a mentor, in some cases offering support to strangers who simply had an idea he believed in and the guts to ask for his help.

In May of 2011, then-21-year-old Alexandria Abraham reached out to Douglas through a blind email to ask him to endorse her
mentoring her, teaching his daughter, letting his voice be her source as she shapes her own burgeoning business.

She was still a senior at Seattle University when she made the request, with the subject line: "College student seeking Mr. Douglas' help." Abraham didn't know what to expect, but within two days she had an appointment to meet Douglas.

Douglas has stayed in touch with Abraham ever since, fielding her questions, hearing her ideas and giving her straight feedback. They speak at least once a week, and he's become a mentor and resource as she shapes her own burgeoning business.

"He's always trying to find ways to improve, and abhors mediocrity. One of three dishes restaurateur Tom Douglas created during a cooking demo for a private party at the Palace Ballroom in Seattle.

CRISPY: A ham hock, collard greens and house smoked onions biscuit at Tom Douglas' Serious Biscuit in Seattle's South Lake Union. The ham hock was braised for six hours in onions, garlic and herbs, then grilled crisp and served with collard greens and smoked onions. The braising sauce is reduced and served on the biscuit.

WITH YOGURT: These kebabs of shrimp with garlic stuffed black olives and persimmon yogurt were one of three dishes restaurateur Tom Douglas created during a cooking demo for a private party at the Palace Ballroom in Seattle.

WITH RELISH: "Rub with Love" salmon at Etta's inspired Tom Douglas' "rub with love" spice rubs now sold commercially. Grilled wild coho salmon are served with Brussels sprouts, cornbread pudding and shiitake relish.

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CRISTINE VEAU

LIKE THIS: Tom Douglas in the kitchen, teaching his daughter, Loretta, how to cook in 1993. "Dad has always been good about demystifying the kitchen," she said.

The 'Grinch'

Douglas spends 99 percent of his time thinking about the 1 percent of things that aren't going well, said Tanaka, his executive chef. He's always trying to find ways to improve, and abhors mediocrity. One of his standbys is "OK is not OK." "He's so incredibly restless and unsatisfied," said Hinckley, the company's CEO. "He always thinks, 'We can do better.'"

He visits each of his restaurants at least once a week, observing everything from the moment he walks in, no matter how small. It can be nerve-wracking at times for staff who want everything to be perfect for the boss.

They joke with him, saying they have made up a nickname they use to discreetly let each other know when he's in the building. At a recent staff meeting at Dahlia Lounge, he asked about the latest nickname. Several employees simultaneously called out "Grinch," laughing.

If a light bulb is burned out, or a tile on the wall near the ladies' room is cracked, he'll notice and management will hear about it. But his style as a manager is calm and inquisitive. "He was never a yeller," said Lance, the quality control chef. "He wouldn't scream at you. He doesn't want that in his kitchen. He doesn't want cooks screaming at wait staff and vice versa."

Instead, he starts by seeking an explanation when he's unhappy about something. "He asks a lot of questions," said Devony Boyle, the company's HR director. "If you come prepared and have good reasoning, it goes better."

On a recent check-in at the downtown Serious Pie location, he noticed the kitchen had pulled hot loaves of bread out of the oven.

"What is this?" he asked, surprise in his voice.

The kitchen had started using leftover pizza dough to make bread. They had been giving it away to customers for free. Douglas had a series of questions, rapid fire, but in a polite tone. He wanted to know whose idea it was, what the reasoning behind it was, and whether a manager had been the one to make the call.

Satisfied that he knew who to follow up with the next day, Douglas explained his approach after he left. He thought giving away the dough they sell — in the form of bread — devalued the food. But Douglas said it was best to gather the necessary information and talk to the person who made the call on another day; he didn't want to hassle the cooks who were just following instructions on a busy night.

Douglas conscientiously makes a point to talk through problems with staff and gives them a chance to explain why they may want to do things a certain way, or add a new food to the menu. This approach is the opposite of his father, a traveling salesman for a wire-bound box company, who would always tell him, "Because I say so."

"My Dad never explained anything growing up," Douglas said. "I'm more of a negotiator."

Everything, just so

After his trip to Serious Pie, Douglas headed to Palace Ballroom, the space he rents out and caters for events. On this day the Ballroom was hosting a private corporate holiday party, complete with a cookie-decorating competition and a demo in which Douglas would teach attendees how to prepare the meal that they were eating.

He snapped away for 15 minutes — in between cookie decorating and the dinner — to make sure the room was up to his standards.

Douglas looked over the counter and the ingredients he was prepared to use, checking the knives and other tools he would need. Then he slowly moved around the room, from one table to the next, carefully making sure that each seat in the house had an unobstructed view of the demo.

After a few slight adjustments, when he was certain everything was perfect, he invited the audience in.

Early on, the crowd asked him to share his life story. In between explaining how to select and peel a persimmon, Douglas told them about cooking in his grandmother's kitchen. He told them about his travels from Delaware to Seattle, and he shared a story about the way the first chef he inter-

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