

Turning Point: A Breakfast And Lunch Chain About To Surge

Gary Stern Contributor @

I cover the restaurant industry.

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Here's the original Turning Point location (before renovation) in Little Silver, N.J., the breakfast ...

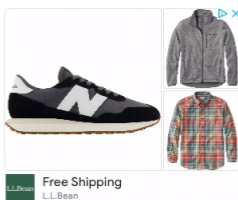
[+] COURTESY OF TURNING POINT

According to Kirk Ruoff, the founder and CEO of the breakfast/lunch chain Turning Point Restaurants, some of its legacy rivals such as Denny's, IHOP and Perkins Restaurant have fallen out of favor with some of its clientele. But Turning Point, which currently has 29 locations, with 27 company-owned and 2 franchised, has 10 new restaurants in developments, 7 corporate and 3 franchised. It's on a growth spurt while several of its rivals are retrenching.

Like many breakfast and lunch spots, Turning Point opens from 7 a.m. and closes at 3 p. m. and offers a more balanced life style to its employees, without ever having to cover for dinner or late-night shifts.

Ruoff implies that its success is based on a multi-faceted approach. Because it's still relatively small and mostly company-owned, it trains its employees to get to know its customers and "build a warm and comfortable atmosphere." It appeals, he says, to both the younger generation and seniors, and its menu is more "creative" than traditional.

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"The breakfast and lunch space is still fairly fragmented and we are optimistic with our ability to take our place in this segment," says 55-year-old Ruoff who is based in Oakhurst, N.J.

Turning Point, a breakfast and lunch spot that launched in N.J., is beginning to franchise and is growing and expects to add 10 new restaurants in a year's time.

The saga of launching Turning Point in 1998 starts in the small town of Little Silver, N.J. Ruoff acquired a failing coffee and tea salon that operated for lunch and dinner, aiming to turn it around. Ruoff and his wife saved \$10,000 as a down payment for the restaurant and the previous owner secured a 3-year personally guaranteed loan for the balance.

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Some Creative Dishes on the Menu

Since Turning Point was doing well in the breakfast and lunch trade

Ruoff dropped dinner, and closed early. He renamed it Turning Point Breakfast, Brunch and Lunch (still on the logo) so no patron could miss its focus. It concentrated on coffee, tea and gourmet drinks, approachable breakfast and lunch items, and specialties such as Wilbur Skillet, a skillet of potatoes, bacon, avocado, jack cheese & 2 eggs with an English muffin and the Martha's Vineyard Salad.

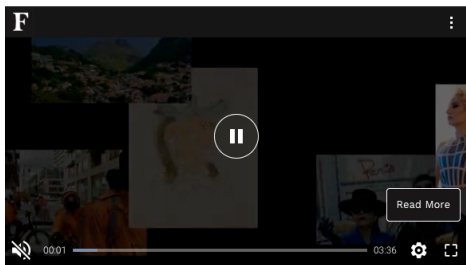
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As Ruoff sees it, "We're taking comfort food, like chicken & waffles, adding Carmel bourbon sauce, and putting a twist on it. We served avocado toast before most everyone."

Private Equity Funding Spurs Growth



Seeing that Turning Point was primed for growth, Ruoff needed steady capital to expand and secured investment in 2019 from NewSpring Capital, a Radnor, Pa. private equity companies that specializes in expanding middle-market businesses of all kinds. The Ruoff's own 60% of Turning Point and NewSpring 40%.

Why decide to close at 3 p.m. and not serve dinner comparable to growing chains like First Watch and Another Broken Egg? Ruoff replies that "It's hard for a restaurant to be good at executing all 3 meals, except for places like Cheesecake Factory and most diners with 200 items."

It's expanding on the East Coast, having opened shops in Pennsylvania and Delaware, besides N.J., and is expanding in the near future to Richmond, Va. and Boynton Beach, Fl. It started in a small town but it's also located in cities and suburbs such as Hoboken, Paramus and Cherry Hill, all in N.J.

Customer reaction on Yelp to dining at the original Turning Point in Little Silver, N.J. was mostly positive with some minor reservations. For example, Stephanie from Tinton Falls, N.J., liked that she could reserve brunch on the website in advance, enjoyed her big easy eggs but was disappointed by the "lack of speed of service." But still all in all, she described it as a "good brunch spot."

And Savana from Ramsey, N.J. described its menu as offering "creative takes on some classics." She liked the Big Easy Benedict because of its "explosion of flavors and the eggs were cooked perfectly."

Only about 10% to 15% of its business is via the major food delivery services. Ruoff says "it's hard to put waffles in a box," but it is working on improving its packaging.

Looking for New Investments

He expects that NewSpring Capital will end its involvement in the near future after five years and is beginning to seek out new private equity and investment firms to fund its growth. He expects by the end of 2025 to have 40 locations.

Is he afraid of expanding too quickly? Ruoff says that it has been operating for 26 years and never closed a store and he relies on a strong management team including COO Bonnie Iavaroni who helped build the business.

Asked the 3 keys to its sustained success, Ruoff replies: 1) Maintain quality by making sure you're doing right in your existing stores, 2) As an ex-football player on the Boston College team, he likes setting a road map of the restaurant's goals to guide its growth 3) Make sure you have a strong capital partner to execute the plan.



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