

Ep #57: Selling a Legacy Restaurant After 50 Years of Orphan Andy's with Dennis and Bill



Full Episode Transcript

With Your Hosts

Patrick Totah and Andy Mirabell

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Welcome to *Restaurant Deal Making EXPOSED!*, the only show that equips you with everything you need to know about restaurant transactions. In this show, we tell you all about how to make the sale or purchase of your restaurant not just possible, but successful. Now, here are your hosts, ex-restaurateurs, and seasoned brokers, Patrick Totah and Andy Mirabell.

Patrick Totah: All right, everybody, thank you for joining us today on *Restaurant Deal Making EXPOSED!*. Today is a very special episode. My guests today are Dennis and Bill, the owners of Orphan Andy's, one of San Francisco's true restaurant institutions. For nearly 50 years, they've been serving breakfast around the clock, welcoming everyone from neighborhood regulars and late-night partygoers to drag queens, bartenders getting off shifts, tourists, politicians, families, and generations of San Franciscans. They've built far more than a diner; they've created a gathering place woven into the fabric of both the Castro and the city itself.

If you grew up in San Francisco, you remember when the city didn't go to bed. The Castro was electric. You'd leave the bars, the clubs, the theaters, maybe after dancing all night, places like Baghdad Cafe, Sparky's, and Orphan Andy's were where the night continued. People from every walk of life came together there. Gay, straight, queer, it didn't matter. This was where people crossed paths, shared stories, laughed over a late-night meal, and experienced what made San Francisco so special.

Fast forward to today, and that 24-hour culture has almost disappeared. The late-night diners are gone, the city has changed, neighborhoods have changed, people's habits have changed. Yet somehow, throughout the crises, recessions, dot-com booms and busts, COVID, and every version of San Francisco imaginable, Orphan Andy's has endured. It remains one of the late, last great late-night diners standing, a symbol of the San Francisco so many people remember and love. Today, Dennis and Bill are passing the torch after nearly five decades.

Before that chapter closes, I wanted to sit down with them to hear their stories behind the counter, the highs, the lows, the lessons learned, the memories that

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have never been written down. We're also at a moment in time where the baby boomer entrepreneurs are beginning to pass their life's work on to the next generation. What does that transition look like? Where is the restaurant industry headed? And what wisdom would Dennis and Bill want to leave behind for those who follow in their footsteps?

We'll talk about how two partners built one of San Francisco's most beloved restaurants, what the Castro was like in the '70s and '80s, the unforgettable people they've met across the counter, and how the neighborhood evolved, why they stayed for nearly a half-century, and what they hope the future holds not just for Orphan Andy's, but for San Francisco itself.

Dennis and Bill, thank you for joining us.

Dennis: Thank you, Patrick.

Bill: Thanks, Patrick.

Andy Mirabell: All right. Dennis and Bill, this is Andy. I want to start you guys off. I really want to thank you for joining us today. That was a nice intro. You guys have so much history behind the business you have built and the community you have built. Can you give our listeners who aren't familiar with Orphan Andy's or maybe aren't from San Francisco, for example, or haven't been there, a little bit of the background story on how Orphan Andy's came to be conceptually and how you got the doors open?

Dennis: Orphan Andy's came from my first restaurant I had in 1972 on Castro. It was a 24-hour donut shop and diner named Andy's Donuts. And after I sold that after three years and bought this place in 1977, it was called the Five Corners Cafe. It was a Greek restaurant, and I wanted to name it Andy's, but the people I sold it to had changed the name of the restaurant, but still had the sign Andy's up. So, since I'm an orphan, I named it Orphan Andy's.

Andy: Cute. Who's Andy, by the way? I'm Andy. I know I'm Andy, but who's Andy to you guys?

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Dennis: Andy, Andy was the original founder of Andy's Donuts, his Andy and Eloise McDougall. They that was their donut shop and diner.

Andy: Wonderful.

Bill: But then you might want to mention to them how he had come from Nebraska. He hitchhiked from Nebraska to and ended up in San Francisco.

Patrick: Oh, wow.

Dennis: Yeah

Andy: That's a change of scenery.

Bill: And then he also lived homeless for how many months?

Dennis: Well, when I hitchhiked out here, I got dropped off at 6th and Market and I ended up in the Greyhound bus station, and then somebody felt sorry for me and said they had a place to stay. And so it was an abandoned hotel down on 6th Street called the Ace High Hotel. And that was full of homeless people and drug addicts. So they let me in there, and that's where I stayed for a month or so before I found some other people that would gave me a job.

Andy: Amazing. When you transitioned and took over the cafe and created Orphan Andy's, how'd you create the concept and make the it's so energetic. I mean, how did you infuse that energy into the space?

Dennis: Well, I got it from my first restaurant, Andy's Donuts, that was a diner. And the gentleman that had helped build that, he was probably in his 80s then, and he gave me the advice when I bought that place, he says, "Don't change a thing. It was built as a diner." He says, "and don't change it because you'll be part of the community and everybody's welcome." And I kept that same concept here because this was originally built as a diner here also. And so we kept it strictly as a diner, 24 hours a day, breakfast, lunch, and dinner.

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Andy: Wonderful. Can you take us back to what was the Castro like in the '70s when you opened your business there? I was born in the '70s, so I was not there to see this, and I think it'd be beneficial to see it through your eyes a bit.

Dennis: Well, it was pretty crazy. I mean, it was a lot, you know, I mean, I think this neighborhood kind of got started back in the '60s, but then the early '70s, you had the Cockettes and the Angels of Light and Sylvester and Divine, and the '70s were pretty crazy, you know, we're coming off of the love generation at the on Haight Street. And so it was fun. You know, people were coming in here from all over the country to be here in the Castro, and the people were buying homes and businesses, and I mean, it was really an era of the beginning of the Castro.

Bill: It was really heavily populated back then, too. On the weekends, it's just really a lot going on, you know, and we during the years it's kind of changed, you know, and morphed into other businesses coming in and people coming and going, but I remember it being really busy.

Patrick: Was it buzzing like late night like it was in like the '80s and '90s back in the '70s?

Dennis: In the '70s were kind of the disco era, and we had a lot of bars and stuff up here and the sidewalks would just be jammed. You could hardly walk through them after bar closing and stuff like that. And there's a lot of discos and nightclubs in the '70s that which we don't have now, but the whole city was alive with that era. The whole country was. The whole country, the music, the politics, and everything was really reflected here.

Andy: We entered at the wrong time, Patrick. Those were the days it sounds like. Yeah. Patrick, why don't you hit him with a question here?

Patrick: So you guys start this diner, and did you imagine that you would be on a 50-year run before you retired?

Dennis: Yeah, I had a long-term when I bought it, I had a long-term intention of keeping it as a lifelong business to keep. And so that was kind of my intention,

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and that's what we kind of kept us going was that this was, I mean, we made a lot of money. It was good business. And so there was no reason to sell it or move on.

Andy: Yeah. That seems hard to quantify. You know, like a lot of people go into opening a restaurant. Obviously, it has to be somewhat passion-driven, but a lot of folks want to set themselves up either to expand or sell at a certain point. And I think maybe you leading with that intention to have this long-term probably really trickled down to how your staff and everyone else felt secure there. Correct me if I'm wrong.

Dennis: Yeah, no, if you have intention to do something, then you manifest it.

Patrick: Yeah. Dennis, let me ask you a question. How did you go from hitchhiking into San Francisco, being homeless into buying the donut shop? I mean, I think our listeners would really like to hear like how you were able to intentionally make that happen.

Dennis: It just happened. I mean, when I started work at the donut shop, I had just found a place to stay here in the Castro. Somebody was nice and gave me a place to stay. And then I got a job as a cleanup boy and dishwasher and stuff at the donut shop. And I had made donuts in high school, so I started making donuts. And then the place came up for sale about six months after I started here, and that's when I decided I wanted to buy it. So I called my friend back in Nebraska, and he came out, and between the two of us, we had about \$10 or \$12,000 to put down to buy it for about \$35,000.

Patrick: Different times, man.

Andy: We're over here going, "Oh my gosh."

Dennis: And Andy and Eloise were so generous and kind, you know, they just took them because we were so young, you know, only 22 years old. So that set the stage for when I bought this place, and I kept that those same concepts and the same goals in mind that I wanted to be part of the community and keep it going.

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Andy: I want to ask your take on this. Did you feel at that time when you purchased the donut shop that obviously, nothing's easy starting a business, buying a business, and so on, but did you feel there was general support from the community, the landlord, the city to help you get there? And likewise, you know, I feel like there's a lot, there's just an extreme amount of hurdles for young, ambitious people to get open a business in the city these days. So did you feel like your transition was manageable and you were supported through it?

Dennis: Yeah, it was manageable and supported. I had some very kind people that, you know, helped us along and encouraged us and everything. And it wasn't easy, I mean, because being 22 years old, there was a lot of other business owners and stuff that were kind of kind of hard to deal with because they, I guess they might have been jealous that I was there, and a lot of people told me that I shouldn't do it. But it was a good community, a lot of support.

Patrick: Let me ask both of you guys, when did you realize that Orphan Andy's was more than just a diner, and it was like this community institution?

Dennis: I think that started from the beginning actually because I mean, it took off right away, and so we realized that we were part of the community because when you have a diner, you're people that come to eat are from all walks of life. We had politicians, movie stars, four-star restaurant chefs that would come in and eat after they closed down their restaurants. And I mean, it was everybody. I mean, it was from students all the way up.

Bill: Once Orphan Andy's became 24 hours, it was instant, doubled the business. You know, people, we kind of felt that's there was a need for that. And then from that point on, it was just most of our years here prior to COVID were 24 hours, seven days a week. And we just maintained that schedule. And then Andy's Donuts was also a 24-hour, seven business. We've been 24/7 for most of our career here.

Andy: That just blows my mind. I mean, just thinking about your operational cost and labor costs because Patrick and I just look through this lens every day at

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these businesses and we're hyper-focused on costs, and for you guys to be able to do that for so long, pay your staff and team, I just can't wrap my head around it. So kudos to you for breaking my brain on that one. That just sounds wild.

Patrick: And as we were saying in the beginning, before we jumped on this podcast, they have an employee that's retiring today that is 50 years working for them. I mean, that's just, yeah.

Andy: Testament to you guys. Yeah. That's great. Okay. So, moving on. Can you highlight the most major shifts in the dining culture or restaurant culture over the decades? Were there some periods of time that really stood out, that were good or bad for any reason?

Dennis: I think at the beginning, I mean, this is also just we're just part of the city at large, but I think it was a really a wonderful mix of dinner restaurants and other fast food restaurants and stuff, and people, a lot of people coming in and creating their own restaurant that were around for many years and aren't here anymore. But yeah, it was kind of a fun experience, a lot of people, a lot of different kinds of restaurants and bars and other retail businesses, too. So I mean, it was just kind of a community of business owners.

Patrick: In the Castro.

Dennis: Yeah, in the Castro. And then, of course, it kind of last few years, it's kind of thinned out a little bit.

Bill: But I think also we look back and are so grateful to everyone, the community, our customers, and employees. There were some really hard times, you know, during the AIDS epidemic was really challenging for the whole world, really. And then COVID, you know, so those are times when we just thought, God, I mean, now we look back and we thank our lucky stars that we're still here, and we're going to go out not in the hands of, you know, these horrible things that had happened. I look back at that, and I say, "You know, God, we kind of made it to, you know, where we want to be on our own two legs, right?"

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Andy: Yeah. We can hear the sincerity in your voice, and then obviously, you're, you know, the intention for what you wanted to create there and how long you wanted to last. So I mean, I'm sure that it's just clear to me that the community has embraced you through good and bad, and that's really helped you through even the hardest of times that maybe another business was not able to survive.

Patrick: Yeah, this is one of the listings that I rarely do, which was non-confidential. And when we decided to go non-confidential, and it was out that, you know, Orphan Andy's was going to sell, I received a call from everyone in the neighborhood, restaurant owners, non-restaurant owners, everybody wanted to buy Orphan Andy's only to ensure to preserve it. They didn't have any restaurant experience, and it wasn't going to work out for them to buy it obviously because you have to have restaurant experience, and but I mean, the amount of the amount of calls that I got that week and the following weeks from everybody in the neighborhood that wanted to do anything they could to preserve Orphan Andy's, it was unlike anything that I've ever seen.

Andy: I can understand that, you know, based on the history there. That was definitely one of the points I wanted to bring up. We could now that we're on it, how was it for Bill and Dennis? How was your experience owning and operating a business while it's being sold non-confidentially or being sold publicly?

We deal 99% of the time we're dealing with confidential listings in our restaurant brokerage world, but this was one of those times I looked at Patrick, I go, "Well, I see what you guys are doing here. You're harnessing the history here, and it's not necessarily going to affect the goodwill or the staff." But what was your experience while it was being marketed?

Dennis: Well, as I look back on it, I mean, it was amazing. It was a learning experience and dealing with a lot of the people that wanted to buy it and our interaction with them and the feedback that we got like you described. And so as I look back on it, I mean, it was really an amazing experience and a learning experience, especially working with Patrick. He put a lot of time and effort into this, and we'd have to deal with all the people that were making offers and

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everything. So it was a learning experience, and I'm glad that it finally worked out.

Bill: But I was just going to mention because I met, Dennis and I, we've met a lot of the potential buyers of the restaurant. But Patrick, there was, you know, Joel and Jacobs. Once they read that Orphan Andy's was sold what, two weeks ago or, they were the first to call and congratulate us.

Patrick: Oh, that's amazing.

Bill: Even though they wanted to keep the restaurant, you know, like preserve the restaurant, and they were just happy. They had a lot of class by doing that to thank us because Orphan Andy's will be taken further into the future. So that I thought that was really sweet of them, you know, and they were just happy.

Patrick: Yeah.

Andy: Good sports, good sports. I have to ask, given the history and legacy here, how, and I don't need you to share specific terms about the deal, Patrick, or Dennis and Bill, but how did you incorporate hands-on training and everything so the business can carry on as is and stay true to what it's been?

Dennis: Well, I think Bill's doing that right now with the hands-on training with the new owner. Is that what you're referring to?

Bill: What is my experience with the transition part? Yeah, it's good. You know, this person that Patrick was had found for us, nice guy, he's young, he's very youthful, and he has the, I think the ambition that you need and the drive to carry Orphan Andy's further and make it successful. Right now, I'm just kind of walking him through as much information as he can handle right now because he's got some stuff that he's got to get done, you know, on a timeline next week.

Andy: From an agent perspective, Patrick, did you suggest or add in maybe different training terms than you would normally?

Patrick: No, so the person who is buying the business has restaurant experience, really good restaurant experience. They haven't ever owned a

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restaurant of their own, but they do have really good experience. And there will be a transition period of two weeks after the close of escrow where there'll be hands-on training, but they're such a tenured staff in place that in a place like this, they're the ones who are, you know, know all of the, you know, intellectual property, the recipes, and I you know, and I think that the buyer will be able to capture all that from the employees. But Bill, who's more hands-on at this time, is helping him with the things that he does and the handover on that part of it. So.

Andy: Did this particular buyer or the buyer you guys were targeting, how important was it that they either were part of the community, familiar with the community, understood the neighborhood, things like that. Where did that fall on your priority list?

Dennis: It just kind of happened. The people that were interested already had that sense of the community. And I think the buyer now, he also has that. You know, he lives here in the city and everything, and so I think it's just kind of intuitive, and the people that were interested in buying, they just had that.

Bill: But it was very important to us, you know, to really find someone that would continue Orphan Andy's and also hold on to our employees. Those were biggies right there, for sure. And it seems like we have found that in Michael. I've talked to him before how Dennis started, and he wanted something bad enough, he did it. And I told Michael, I said, "If you want something bad enough, you can do it. Anybody can do it," you know, and just so he understands that, don't get dragged down, you know, when there's hard times, or you just push your way through it.

Andy: Yeah. Yeah, absolutely. Good. Patrick, I got to ask him, what is, this is a two-part question, what is one of the things that you both will miss the most about owning and being within the restaurant industry? And what's the thing you'll miss the least?

Dennis: Oh my God. Well, from my part, Bill and I, he's downstairs, I'm upstairs, so I do a lot of the bookwork and do all that end of it, which I love. I enjoy doing

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it and everything. And so I've always looked forward to doing that part of the business. And will I miss it? Yeah, I will. I'll miss that because it kind of keeps your brain sharp when you're forced to get up every day and run a business. But I can look forward, there'll be new things to do.

Andy: Good.

Bill: We, for all these years, you wake up, you live the business, you know, for 24/7, you know, for 54 years or whatever the years were. But for me, I'll miss the definitely the interactions with the customers, the employees, and the operation of the restaurant. I'll miss that. And I think the things that I would not miss would be the book work that I have to do. Dennis does most of all this running of the book work.

Andy: I was like, I thought Dennis did that, Bill.

Dennis: No, he does he does payroll.

Andy: God, oh, that's yeah, that's not fun. Bill doesn't want to do any of the admin stuff, right?

Bill: It's a blur.

Patrick: Wait, hold on. I'm not, wait, aren't you going to miss making the upside-down pineapple cakes?

Dennis: Well, there's always room for one more.

Andy: Yeah, there you go. Love it.

Bill: We still do the we still do baking for like my sister's family, and we got to bake, Dennis has got to bake three more cakes like today or tomorrow. Oh, wow. For my sister for Sunday. My nephew's leaving for two years. He's moving to Australia, so it's kind of like a going-away party for him, so we'll still be baking like outside of the restaurant for sure.

Patrick: Maybe a little side hustle after retirement, maybe.

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Bill: Yeah, maybe. But then I've gotten asked so many times, like, you know, what are we going to do when we retire? So I'm saying I'm going to look for a job, so.

Andy: That's good. Patrick, I know you're itching to hear if they can share one of the wildest stories from, you know, one of the wildest customer stories they have from their 50-year tenure here.

Patrick: I would love to hear it.

Andy: Let's go. Was there, is it dancing on the tables? What is it? We need to know what one crazy story from customer story is.

Dennis: Okay. So, well, when I had the donut shop, when we had the Cockettes and Angels of Light and Divine, they'd come in after hours and bring a bottle of vodka in and sit down at the tables, order milkshakes, put the vodka in, and then they'd be up dancing on the tables.

But now move fast forward to Orphan Andy's. I guess there was one night that I remember very vividly when the place was absolutely full of drag queens after hours, that must have been a show or something, and they started arguing and they got into this big brawl in the restaurant. Totally, it was just incredible. And then finally, they all just kind of packed up and left, and nobody called the police, but I have, I still have it on videotape.

Andy: Oh. I was going to ask if there was a photographer or something. Wow, it's amazing.

Dennis: It was back in the '80s.

Bill: But during that fight, right, wigs are flying, you know, so it was just like funny, right? I mean, wigs are flying off, and then you know, it's like it was...

Dennis: I mean, you look down and you see a bunch of drag queens in dresses and wigs punching each other.

Andy: Oh my God.

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Patrick: Someone got disrespected, I'm sure.

Bill: But the wigs flying off is like that was that topped it off, but and then over the years, like, you know, we, Dennis and I, we were just kind of generalizing how many, we're trying to figure out how many people came through those doors in the 50 years. So I think we came with...

Dennis: Million.

Bill: Millions, right? But we but as far as celebrities, you know, I have a list of names and these are not all of them, but like Prince came in, and then like Sam Smith recently, Buster Posey, Cameron Diaz, they came in, and then she came in with her manager. Yeah, they just I guess forgot to pay their bill, so they walked out, but.

Patrick: But Prince, that's pretty cool.

Andy: I know. I was I was stuck on Prince. That's amazing. I'm sure, I'm sure the stories are endless, and I just can't imagine you've packed in so much in 50 years. What do you think, Patrick? Any other questions? Can I recap and hit him with one more bonus question?

Patrick: Yeah, do it. Let's go.

Andy: All right. I just wanted to kind of back it up a little bit, and I think that one of the things I really took away from what you both have said today was intention. You guys set forth, you had a goal, you opened the business, and you stayed the course for so long. And it resonates with me that if we lead with intention, we really can get our goals done and maintain something that's special and lasting.

So I really want to congratulate you both on your long run and to your soon, I guess, quasi-retirement, I don't know, but thank you for both joining us first and foremost.

I wanted to ask, as a little added question in here, what can you share with an existing or aspiring restaurateur to help them achieve long-lasting success? And

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I know we talked about intention, but there's more to it at times, and 50 years is nothing to I it's just shocking that you've made it that long given the average lifespan of a restaurant. What are a couple key suggestions you'd have for aspiring restaurateurs?

Dennis: Well, for my perspective, live a simple life. Love, compassion, and forgiveness. Be part of a community, save your money, invest your money, don't spend it on stuff you don't need, and constantly prioritize your employees and your customers. That should be first on your list of every day you get up, that's your goal.

Bill: And then don't put yourself above what you expect your employees to do because Dennis, when I, 50 years ago, when I started at the restaurant, I was on the graveyard shifts, you know, as a dishwasher. At that time, I had to figure out how to coexist with the employees who I would be technically a boss for, but I would, you know, I was washing dishes, I was cleaning the toilets, and stuff like that. And that helped me through, get through, you know, and be able to communicate with the employees that, you know, "Hey, I can do the... I'm not afraid to do the same thing that you we expect of you guys to do."

Andy: I love that suggestion and that bit of advice there, and that's how I lived in my restaurants, and it paid off over time, but not for five decades. So congratulations to you both.

So thank you so very much for joining us today. It's so nice to have a little part of San Francisco history with us and both of you today. So thank you and congratulations to your run. Until next time, you guys.

Thank you all for listening to this week's episode of *Restaurant Deal Making EXPOSED!* If you're considering selling your business and would like a free consultation, reach out to patrickAndAndy@therestaurantsalesbroker.com or visit TheRestaurantSalesBroker.com to learn more.