



September 2, 2008

### **Mark Phillips Expands Role within Middleby Food Processing Group**

The Middleby Corporation announced the promotion of Mark Phillips to Vice President of Sales for Alkar and MP Equipment. In his expanded role, Mark will be responsible for oversight of all domestic sales within Alkar and the domestic sales team will report to him. He will retain his previous responsibilities as Vice President of Sales for MP Equipment, a company Middleby acquired in 2007. Mark will report to Magdy Albert, Executive Vice President of the Middleby Food Processing Group. "Mark has been a driving force in greatly expanding sales with MP Equipment over the past several years. His industry knowledge and long-standing customer relationships are invaluable as we continue to bring new, technologically-advanced Alkar products to market," said Magdy Albert. Prior to joining MP Equipment in 2002, Mark was Director of Global Sales and Service for FMC Corporation. Before joining FMC, he held top sales positions with Weiler & Co. and Frigoscandia-Stein.

Source: Middleby Corporation

### **Starbucks Executives Won't Get Raises in Next Fiscal Year**

Coffee giant Starbucks Corp. said Chief Executive Howard Schultz and other top managers won't get a raise in the next fiscal year as the company tries to boost profit. U.S. employees at the vice president level and above won't get pay increases for the fiscal year beginning Sept. 29, the Seattle retailer said Wednesday in an internal memo confirmed by spokeswoman Deb Trevino. Starbucks posted its first quarterly loss in 16 years as a public company July 31 and said it would close more U.S. stores than it would open next year. The chain probably won't meet the financial goals necessary to trigger bonuses for managers, the memo said. "The global economic environment remains extremely uncertain," Chet Kuchinad, vice president of human resources, said in the memo. Store and regional managers remain eligible for a 3.5% salary increase, the memo said.

Source: Bloomberg News

### **J. Christopher's Starts Franchising in Tampa, Other Key Markets**

The Atlanta restaurant chain is targeting Tampa, the Atlanta suburbs and other Southeast markets for franchise sales. J. Christopher's Restaurant — which serves breakfast, brunch and lunch only — currently has a total of 20 restaurants. Seventeen of its restaurants are in the Atlanta area, one is in Nashville, Tenn., and one is in Savannah, Ga. The company also is targeting Jacksonville, Nashville, Charlotte, N.C., Birmingham, Ala., and Charleston, S.C., for franchising. J. Christopher's started in 1996, built four restaurants in 2007 and seven in 2008. The company's concept is "in an unsaturated breakfast and lunch casual dining category," Dick Holbrook, president, said in a release. First Watch Restaurants Inc. founded

in 1983 and based in Bradenton, is a chain that also serves breakfast, brunch and lunch only. It has nine restaurants in the Tampa Bay area, including three in Tampa, and restaurants elsewhere in Florida in Fort Myers, Naples and Orlando. First Watch, also franchises, and currently does not have restaurants in Birmingham, Charleston or Charlotte.

Source: Tampa Bay Business Journal

### **Domino's to Add 300 Outlets by 2010-'11**

Global fast food chain Domino's Pizza plans to add another 300 odd outlets in India by end of 2010-'11 at an investment of Rs 200 Crore, while it undertakes a brand repositioning exercise. The company has 207 outlets at present spread across 45 cities and would be taking the number of total outlets to 500. During last four months, the company has opened outlets in Jammu, Panipatt, Surat, Baroda, Nashik, Trivandum, Meerut and Patiala. While 65 per cent of its revenue comes from home delivery service, around 35 per cent is from sales 'in premise.'

Source: Hotelex India

### **Bankruptcy Court OK's Mrs. Fields First Day Motions**

Mrs. Fields' Original Cookies, Inc. said it has received bankruptcy court approval of all of its first day motions, including approval to continue to pay employee salaries, wages, and benefit programs, to pay vendors in the normal course of business for goods and services provided, and to maintain uninterrupted delivery of products and services to the company's franchisees and customers. Also included in the court's approvals was authorization to access the necessary funds from the approximately \$90 million in previously restricted deal proceeds to fund business operations during the Chapter 11 process. Mrs. Fields said it is pursuing a \$10 million credit line that will be used, in conjunction with cash flows from normal operations, to support all of its go-forward operations and working capital needs upon emergence from Chapter 11. "We were very pleased with the court's positive response to our first day motions," said Michael Ward, interim co-chief executive officer. "Receiving approval so quickly places Mrs. Fields in the best possible position as we move toward completing our restructuring." Mr. Ward said Mrs. Fields expects to receive court approval of its reorganization plan at an Oct. 2 hearing.

Source: Foodbusinessnews.net

### **New Chief to Oversee Growth of Pizza Fusion**

Fort Lauderdale-based Pizza Fusion, a restaurant chain that uses organic ingredients, said it has named Mark Begelman as chief executive to steer the company as it expands through national franchises. The expansion is fueled by an equity investment by Woodbridge Holdings Corp., the company said. Begelman, former chief operating officer of Office Depot, will oversee Pizza Fusion's growth as it plans to open 500 U.S. franchises over the next five years. "Having celiac disease myself, Pizza Fusion's gluten-free offerings, including pizza, desserts, and beer, caught my attention," Begelman said in a statement. Begelman left Office Depot in 1995 to start what became Mars Music, the fastest growing musical instrument retailer in the country during its time, growing to about 52 superstores with more than \$350 million in revenue. Most recently, Begelman was managing director of Woodbridge Holdings. Pizza Fusion currently has 75 franchises in development in 15 states.

Source: Bradenton.com

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### **Marriott to Launch 7th Property in India**

Marriott International, in a management agreement with Uppal Hospitality, plans to launch a 206 room JW Marriott hotel in Gurgaon. The hotel, which is located on the Delhi-Jaipur highway, is expected to open in mid 2009. The hotel will offer a spa and fitness centre with gym, an outdoor swimming pool, pool bar, gift and retail shops, business centre, executive lounge and 1, 220 sq m of meeting space. A 400 sq m ballroom will be available for meetings, as well. F&B options comprise a casual restaurant, two specialty restaurants and a café-deli. Other amenities include a bar and a lobby lounge. Marriott has 24 properties in various stages of development. Five properties will come up under the JW Marriott Hotels luxury brand; one hotel under the Ritz Carlton umbrella; 11 Courtyard by Marriott projects will launch in the upper-moderate segment; three Renaissance hotels and two Marriott hotels are scheduled for the upmarket, deluxe section and two luxury Marriott Executive Apartment properties will cater to long stay travellers.

Source: Hotelex India

### **Straws Development to Open 25 Marco's Pizzas Locations**

Marco's Franchising has announced that Straws Development will open up to 25 Marco's Pizzas in the Washington, DC metro area of Maryland, Virginia and west Virginia. According to Robert Swarts, who owns and operates Straws Development, the first Marco's Pizza location will be opened in Fredericksburg, Virginia, in the autumn of 2008. Mr Swarts said: "We were looking for a concept that we could execute on our own, and Marco's has the product and people in place to make it work."

Source: Food Business Review

### **The War on College Cafeteria Trays**

College cafeteria food is about to get a bit tougher to take — literally. This fall thousands of students will have to navigate their university dining halls without one crucial feature: the cafeteria tray. From the University of California at Santa Cruz to Virginia Tech, cafeteria trays are disappearing, enabling universities and food-service companies to reduce food waste, lower energy costs and make college campuses more environmentally sustainable. The reasoning goes like this: when students are allowed to use trays, they tend to roam around the cafeteria grabbing food with abandon until space on the tray runs out. If you remove their trays, you make it impossible for them to carry a surplus of dishes, and they will make their selections more carefully and be satisfied with less food overall. That saves on food. Further, getting rid of trays means dishwashers have less to wash. That saves on water and energy. "Dining facilities on campuses take up to five times more water, five times more energy, five times more waste per square foot than the dorm," says Monica Zimmer, a spokeswoman for Sodexo, a food-service company that serves approximately 600 U.S. campuses. Exactly how much greener can a tray-banned campus get? According to a July report released by Aramark Higher Education Food Services, a dining company serving about 500 schools nationwide, students waste 25% to 30% less food when they aren't carrying a tray, and dining halls save a third- to a half-gallon of wash water per tray, on average. The University of Maine at Farmington

went trayless in February 2007, reporting an overall reduction in food waste of 65,000 pounds and 288,288 gallons of water conserved. Meanwhile, Georgia Tech — which implemented a no-tray program in response to the drought of 2007 — estimated that the university saved 3,000 gallons of water per day by giving up the trays. The push for conservation doesn't end with trays. George Mason University in Fairfax, Va., is at the fore of the sustainable-dining-hall campaign. In September, it will open Southside, a \$10 million 40,000-sq.-ft., 95%-sustainable dining hall. Southside isn't a cafeteria; it's a full-service food court with takeout meals and indoor and outdoor seating — and no trays. There are several food stations to choose from — including the "Spaghettaboutit" pizza-and-pasta station and the "After All" dessert bar — and each offers its own silverware, dishes and seating area. "Without the tray, it just doesn't give you that 'I need to go everywhere and fill up my tray and then sit down' option," says Denise Ammaccapane, resident district manager at George Mason. "[Instead you're] saying, 'I like this item on the menu today. That's what I'm going to have.'" Southside will also use eco-friendly chemical cleaners, biodegradable to-go containers, and bulk sugar and ketchup dispensers instead of disposable packets. Kitchen waste oil will be filtered and reused before being donated to biodiesel-fuel depots. Even the leftover food on students' plates will do double-duty. Food scraps and biodegradable napkins will be washed into a contraption called the pulper, where they will get, well, pulped. The resulting slurry will be pumped to the first-floor extractor, in which it is dehydrated and turned into a material resembling sawdust. The remaining "food dust" is then dumped into a biodegradable trash bag to be consolidated in a trash compactor, then hauled to a commercial facility that sends the scraps to a composting yard. "That's how we get to as close to 0% waste as possible," says Zimmer of Sodexo, which provides George Mason's dining services. Indeed, doing away with lunch trays is just one piece of a grander scheme to make dining halls and campuses carbon neutral. Schools have begun buying organic and locally grown foods, for example, or sometimes growing food right on campus. At the University of Maryland, there's a tomato and herb garden atop one of the dining facilities; it was planted to generate interest in local and sustainable farming, and is watered in part using runoff from refrigerator condensation. The green message gets broadcast in a variety of ways: at Claremont-McKenna College in California, students erected a giant Pyramid of Waste — a stack of Styrofoam to-go containers — designed to encourage students to eat in. Fundamentally, I think consumers have to understand that some of the responsibility lies with them to create less waste," says Helene York, director of Bon Appétit Management, a company that has been dedicated to sustainable food initiatives at colleges nationwide since 1999. "If we create less waste, we don't even have to consider a need for back-end technologies [like the pulper]." To York, eliminating cafeteria trays is just one tactic to address the issue of food waste; reducing the size of serving dishes and portions, she says, might be just as effective. As part of its Low Carbon Diet program, launched in April, Bon Appétit has challenged all 80 of its accounts to reduce food waste by 25% by April 2010. The company provides the educational material and lets its colleges decide how it should be implemented. Not every school can afford to build sustainable eateries from scratch, and not every school can even get rid of trays. Many colleges run up against common infrastructural and cultural barriers — such as cafeteria washroom rollers that can't easily accommodate plates that aren't on trays, or campus residents who just can't get on board with a tray-free lunch. At some schools, like Middlebury in Vermont, trays were simply removed, and administrators let the grumbling subside. But at most other colleges, the movement has been grounded in community discussion on sustainability concepts — so students and faculty are on board with the idea. Says Chris Stemen, senior director of sustainability and environmental stewardship at Aramark: "Part of why you're [at college] is for the learning environment — new mindset, new habits, new ideas."

Source: Time Inc.

### **Disneyland to Stop Serving McDonald's**

Disneyland in Anaheim stops serving McDonald's. The Walt Disney Co. is closing down all three McDonald's outlets at its Disneyland resort in Anaheim, Calif., as part of a planned refurbishment, the company said. Disney said the move is not related to its push, announced in 2006, to promote healthier eating choices for children at restaurants at its parks. "We make enhancements throughout the park on a regular basis," Disneyland spokeswoman Lisa Haines said Friday. "We'll continue to offer guests a wide variety of food choices." Disney announced its healthy food guidelines the same year it wrapped up a cross-promotional relationship with McDonald's Corp., with the last joint marketing campaigns on "Cars" and

"Pirates of the Caribbean: Dead Man's Chest." There is still a McDonald's outlet in each of Disney's four theme parks in Orlando, Fla., and one at Disneyland Resort Paris, the company said. Two years ago, Disney announced a plan to eliminate added trans fats from food served at its parks by the end of 2007, and the company said it had met that goal.

Source: The Associated Press

### **Dairy Queen Launches Panini Line**

Dairy Queen is getting into the panini scene with a new product line called Iron Grilled Sandwiches. The new sandwiches launch nationwide this fall, backed by an integrated campaign. Spend was not divulged for the TV, radio, print and outdoor push. Lane Schmiesing, VP/brand marketing at the Minneapolis Dairy Queen International, says the new sandwich lineup will bring in new consumers and redefine the brand for loyalists who think treats when they think DQ. "We think it's going to bring in a new customer and our existing customers for occasions they otherwise don't come to us for, so [the new sandwiches] will increase both frequency and reach." A new spot, breaking Monday on national cable and aimed at female heads of household, per Schmiesing, uses the DQ "spokes-lips"--a pair of rose-red lips that talk (and eat)--to focus on the food. The ads, similar to a previous spot for Dairy Queen's burgers, place the lips between the different Iron Grilled choices; the teeth go for one of the sandwiches, the lips the other. "It really gives us the opportunity to spend the entire time on the sandwiches and fresh ingredients," says Schmiesing. "We are really working on the duality of the brand because that's something unique to DQ: We aren't walking away from treats... but we are trying to establish our credentials [as a full-menu QSR]." Maria Caranfa, director of Menu Insights for Chicago-based market-research firm Mintel, says panini-type sandwiches are growing in popularity at both quick-serve and casual-dining establishments because they appeal to consumers on several fronts. "Hot sandwiches with flat bread give one an option of a smaller snack, a light lunch or dinner on the run; it bridges all of those," she says. "They can be seen as more of a 'knife and fork' meal at a casual restaurant, and a hotter option--both in temperature and trendiness--at QSR restaurants. Flat bread is lower in calories than traditional buns, so the flat-bread sandwiches can be made at a lower calorie point without having to add low-calorie contents." Competitor Dunkin' Donuts has also begun offering flatbread-style breakfast sandwiches. In Restaurant and Institutions' 44th annual sales-based ranking of the top 400 restaurant chains, Dairy Queen-- with \$2.5 billion in sales last year from 5,695 stores--was ranked 21st, after Red Lobster and before 7-Eleven. Dunkin' Donuts was ranked 10th, and McDonald's first.

Source: MediaPosts Marketing Daily



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### **NexCen Brands Announces Jack Rovner Resigns from Board of Directors**

NexCen Brands, Inc. announced that Jack Rovner has resigned from its Board of Directors, effective August 29, 2008. Jack Rovner was elected director of the Company on October 31, 2006. Mr. Rovner is the co-owner and partner of Vector Management - one of the most successful artist management companies in the music industry. David S. Oros, Chairman of NexCen Brands stated, "Jack has made many valuable

contributions to NexCen during his tenure on the Company's Board. We thank Jack for his dedicated service and wish him the very best in his future endeavors."

Source: NexCen Brands, Inc.

### **DDIFO Concerned About Litigation at Dunkin' Brands**

The DD Independent Franchise Owners, which represents the largest association of Dunkin' Donuts franchise owners in the U.S., is concerned that publicity surrounding lawsuits against franchisees is ultimately damaging to the health and reputation of the Brand. A recent article on the franchise industry news website Blue Mau Mau.org cites internal documents and quotes with attendees to a 2000 American Bar Association at which Dunkin' Brands' Chief Legal Counsel in charge of Loss Prevention, Stephen Horn, spoke about the company's aggressive tactics to conduct surveillance on franchisees suspected of underreporting sales and then litigate them. The article quotes Horn's speech, "One of the best ways to gather evidence that will potentially have some impact in court is to conduct surveillance of the franchisee." The article goes on to quote Horn saying the best surveillance is not necessarily to generate evidence for court, but to provide ammunition for a confrontation meeting with the franchisee. According to Nation's Restaurant News and the Boston Business Journal, Dunkin' Brands filed 350 lawsuits against franchisees between January 2000 and September 2002 compared to 12 similar suits filed by McDonald's in the same span. The same publications say Dunkin' Brands filed 157 lawsuits against franchisees between January 2006 and June 2007 compared to 5 by Subway. DDIFO chairman Kevin McCarthy says, "Our organization is concerned that Dunkin' Donuts will become as well known for its lawsuits as for its coffee and food products. In light of the competition our members face for loyal customers, we believe the Company should be sensitive of its image related to these matters. More time helping franchisees and less time investigating them would be better for all stakeholders." In its response to the Blue Mau Mau article, Dunkin' Brands spokesman Stephen Caldeira says, "Our record is extraordinarily successful because of the care we take in bringing cases that are investigated properly." DDIFO Chairman Kevin McCarthy says, "Targeting franchisees because of their lifestyle is particularly troublesome. No franchisee should be under suspicion or treated differently for aspiring to the American Dream." DDIFO members advocate protecting the integrity of the Brand. The DDIFO recognizes that, on occasion, a franchisee may engage in improper activity including possibly underreporting sales to the Brand. But, the DDIFO strongly opposes the use of intimidation tactics as part of any internal investigation. "We would like to see more reason and balance brought to this situation," says Mark Dubinsky, President of the DDIFO. "To our knowledge, the Dunkin' system is the most litigious major QSR system out there. We feel that litigation and confrontation should be the last alternatives used when underreported sales are suspected. The DDIFO would be open to exploring alternatives like a franchisee/peer review panel to work with the Brand in assessing what steps should be taken and whether litigation of a franchisee is warranted. Dubinsky continues: "We believe Dunkin' Brands must find a way to protect Brand Equity while also teaching franchisees how to best to comply with their business obligations. Other successful QSR franchisors have figured out how to minimize litigation in their respective systems. Dunkin' Brands should aspire to join the ranks of these leading franchisors in terms of franchisee relations and using litigation against its franchisees as tactic of last resort."

Source: BusinessWire

### **Sonic Expands Role of Marketing Vice President**

Sonic Corp., the nation's largest chain of drive-in restaurants, announced the company has expanded the role of Sonic's Vice President of Product/Segment Management, Paul Macaluso. In his expanded role as Vice President of Marketing, he will provide strategic oversight to all areas of Sonic's marketing department in addition to overseeing the company's relationship with Barkley, its Kansas City-based advertising agency. Macaluso joined Sonic in January 2007. He has more than 15 years of restaurant experience, having held a variety of operations and marketing positions with both Burger King and Taco Bell. Macaluso holds a Bachelor of Science in Communication and a Masters in Business Administration

from Florida State University. Todd Townsend, Sonic's former Chief Marketing Officer, left the company to pursue other interests.

Source: Sonic Corp..

### **Pizza Inn Announces Multi-Unit Agreement in Mexico**

Pizza Inn, Inc. announced the signing of a multi-unit development agreement to open up to 12 new restaurants in the state of Chihuahua, Mexico. Pizza Inn, famous for its made from scratch crust and genuine hospitality, has awarded a territorial agreement to Promotora de Restaurantes del Norte S.A de C.V., owned and operated by Agustin Terrazas. The announcement is a continuation of the brand's expansion through international development. "This is a very exciting day for us," stated Ward Olgreen, Senior Vice-President of Worldwide Franchising. "Mr. Terrazas and his operating team have a tremendous amount of experience in the foodservice and hospitality industries, making this a perfect match for the brand's expansion into Mexico. We believe that Pizza Inn's quality and price-value will make this the right concept for this market." Promotora de Restaurantes del Norte also operates multiple restaurants in Chihuahua and Juarez, Mexico in addition to Holiday Inn(r) and Holiday Inn Express(r) units. "We are already working on the first Pizza Inn buffet opening in Chihuahua," stated Mr. Terrazas. "This restaurant will offer families the perfect destination to enjoy a wide variety of great tasting items in addition to games and a dining room designed for fun and relaxation."

Source: Pizza Inn, Inc.

### **Steak n Shake Chairman Biglari Named CEO**

The Steak n Shake Co. said that company chairman and well-known activist investor Sardar Biglari was named chief executive of the beleaguered operator-franchisor earlier this week after the resignation of interim CEO Wayne Kelley. Steak n Shake, which operates or franchises about 490 namesake restaurants, said a search was under way for a chain president, or an executive "focused on restaurant operations." The former interim president at Steak n Shake, Jeffrey Blade, resigned last month. As CEO, Biglari said he would focus on "leading the organization principally from a strategic, financial and governance perspective." Kelley will retain his position on Steak n Shake's board of directors. "I am pleased to pass the chief executive officer position to Sardar, who has demonstrated an incredible work ethic and dedication to the company since his election to the board," Kelley said in a statement. "As chairman, he has shown that he is willing and able to lead the company through its turnaround process, and I believe he is the right chief executive officer to lead Steak n Shake into the future." Biglari took the chairman post at Steak n Shake in June after building his investment in Steak n Shake to about 9 percent. He forced a proxy fight among shareholders for control of the board, and with his victory ousted then-chairman and interim CEO Alan Gilman, a 16-year Steak n Shake veteran. Biglari and his investment subsidiaries held a 13.1-percent stake in the restaurant company as of the latest filing in June. In his statement, Biglari said the chain would close underperforming locations, reduce corporate spending and shorten hours of operation. Steak n Shake is well-known for staying open 24 hours a day or late into the evening at most locations. Additional details will be disclosed within 60 days, the company said.

Source: Nation's Restaurant News

### **Bennigan's Franchisees May Buy Closed Locations**

Bennigan's and Steak & Ale franchisees are hoping to buy between 40 and 60 restaurants closed by the chains' parent company when it filed for bankruptcy protection, according to Rob Carringer, managing partner of CRG Partners Group LLC, a financial restructuring firm working with the franchisees to set up operations in the wake of the filing. Last month, S&A Restaurant Corp., the parent company of Bennigan's and Steak & Ale restaurants, filed for Chapter 7 bankruptcy protection under pressure to repay its debts.

S&A is owned by Metromedia Restaurant Group, a part of billionaire John Kluge's empire. In a Chapter 7 filing, a company seeks to liquidate its assets and close its doors.

The filing did not include 138 domestic and international franchisee-owned restaurants. Those locations remain open. New York-based CRG, along with private equity firm Atalaya Capital Management LP, has been working with the franchisees to organize them into one group that can handle marketing, construction, supply and other office and operational tasks once handled by S&A. Carringer said in an interview that CRG has been distributing the financial information from the closed locations to franchisees during the past week. He said if the franchisees are able to buy any of the properties, "it would be very fast." Carringer also said the franchisee group, now called Bennigan's Franchising Co., still plans to open a Bennigan's restaurant in Cancun on Aug. 22 and an Acapulco location in September. "The chain is a growing chain," he said. "The brand is a good brand." He added that the franchisees are deciding whether to honor gift cards purchased by customers at the now-closed company-owned locations. He said not all franchisees have agreed to accept the gift cards, but that a deal is "very close."

Source: The Associated Press



#### **Dunkin' Donuts Plans 107 Stores in Houston**

Dunkin' Donuts will open 107 new franchised restaurants in Houston. The Canton, Mass.-based global coffee and bakery quick-service restaurant chain has signed two multi-unit store development agreements for the new restaurants. The Kainos Partners Holding Company LLC has agreed to open 75 stores in Houston with 10 scheduled to open in 2009. Southern Donuts LLC plans to open 32 units with six scheduled to open in 2010. Site selection will begin soon for both franchisees. In addition to the two store development agreements, Dunkin' Donuts' says it is still looking for new and existing franchisees to purchase a minimum of 20 restaurants in the Greater Houston area north of the city.

Source: Houston Business Journal

#### **Earl Happy with Purchase of Buca di Beppo**

Robert Earl, co-founder of Orlando-based Planet Hollywood, is no stranger to the pitfalls of the restaurant industry. After all, his company has filed twice for bankruptcy protection. Still, Planet Hollywood's chief executive officer says he isn't worried about the recent financial troubles that have plagued the Buca di Beppo restaurant chain that his company agreed to buy in a deal valued at \$28.5 million including debt. "I think it's the right concept at the right time in terms of where the economy is," Earl told the Orlando Sentinel. "The restaurants have a bit of fun and ambience to them," Earl said. "I feel the twenty-buck-a-head experience for a lovely evening is where the country is." Yet industry watchers say consumers continue to cut back on visits to full-service restaurants. "Energy costs and eroding consumer sentiment have contributed to acceleration in dinner from restaurants to at-home [meals]," said David Palmer, a restaurant stock analyst for UBS Securities. Buca has not been immune. The publicly traded restaurant company posted a \$16.2 million loss last year. Sales at its restaurants open for at least a year slipped 5.1 percent in the second quarter, compared with the same quarter a year ago. Earl said individual Buca restaurants were profitable and the company's financial situation should improve when it joins his privately held company. Earl said he plans to keep the 88-restaurant chain on course while expanding the concept.

"We think it is a perfect fit," Earl said, who recently opened an \$800 million Planet Hollywood Resort & Casino in Las Vegas. "We just feel it is a great marriage."

Source: OrlandoSentinel.com

### **Genghis Grill to Open new Dallas Restaurants**

Restaurant chain Genghis Grill has announced plans to expand its chain of corporate-owned and franchise restaurants by opening new locations in Texas, Oklahoma and Kansas. In Dallas, approximately eight new corporate-owned locations are planned. San Antonio is expected to get about seven corporate-owned Genghis Grill restaurants, while 17 franchise locations are planned for Houston, Austin, Oklahoma City and Tulsa in the next 36 months. The restaurant chain, which is based on Mongolian stir fry cooking, offers clients' interactive dining experiences by having servers cook dishes "live" in front of guests. Dallas-based Genghis Grill is partnering with commercial real estate firm J&B Commercial LLC to find suitable locations in local central business districts or retail and entertainment areas that feature 3,000 to 3,500 square feet of space.

Source: Dallas Business Journal

### **Caribou Taps Former Leader of YUM**

With an eye on getting its domestic and international growth strategy back on track, Caribou Coffee Co. Inc. named veteran food and apparel executive Mike Tattersfield as its new president and CEO. He replaces interim CEO Roz Mallet, who was appointed in November after serving as president and chief operating officer of the Brooklyn Center-based coffeehouse chain. Tattersfield, 42, has deep roots in finance and operations. Most recently, he was COO of lululemon athletica, a yoga apparel company based in Vancouver, British Columbia, where he helped the company more than double its revenue. He also spent an 18-month stint at Limited Brands as vice president of store operations. The bulk of Tattersfield's career came with YUM Brands Inc., where he spent 13 years leading or playing key roles in operations in Mexico, Puerto Rico and the United States with such brands as Kentucky Fried Chicken, Taco Bell, Pizza Hut and A&W All-American Food restaurants. Caribou Coffee "has a great brand identity and a tremendous amount of opportunity in front of it," Tattersfield said in an interview Monday. "The [coffee] category has tremendous potential ... with well-defined and well-differentiated brands. The headwinds are tough ... but I'm excited about the momentum about where the company is heading." Caribou Coffee has seen a rash of executive departures in recent months. CEO Michael Coles resigned in the fourth quarter of 2007, and was followed two months later by his chief financial officer, George Mileusnic. The company has performed poorly since its 2004 initial public offering. Once trading at \$12 a share, its stock closed Monday at \$1.66. The hiring announcement came after markets closed. In May, the company said its first-quarter losses nearly doubled -- to \$6.4 million or 33 cents per share -- including costs associated with closing 16 underperforming stores during the quarter.

Source: Star Tribune.com (Minneapolis-St. Paul)

### **Buffalo Wild to Boost 2009 Restaurant Count by 15 percent**

Buffalo Wild Wings Inc. aims to boost its restaurant count by 15 percent in 2009 as it seeks to sustain its growth momentum, even as a weak U.S. economy forces its peers to scale back on new restaurant openings. "If we can continue that 15 percent growth... we are not too many years away from hitting the 1,000-unit mark," Buffalo Wild Wings finance chief Mary Twinem said in an interview with Reuters. The company also plans to expand internationally, but not before 2010, Twinem said. Buffalo Wild Wings has been benefiting from favorable chicken wing prices and several initiatives, like store remodeling and marketing, it has taken to boost sales. The company has recently benefited from buying chicken wings at low spot rates and not being tied to long-term supply contracts. Chicken wings made up about 21.5 percent of its cost of sales in the first half of the year. The company may also benefit from low exposure to areas hit hard by the credit crunch and U.S. housing slump, analysts had said, following its strong second-quarter results. However, Raymond James analyst Bryan Elliot had said he believes chicken wing prices may jump

in the next 6-12 months as chicken production drops. He has an "underperform" rating on the stock. Shares of Buffalo Wild Wings, which does not have any debt, have risen 61 percent so far this year, boosted by its strong quarterly results, compared with a 1 percent rise in the S&P 1500 Restaurants Sub-Industry Index. The company, which has been consistently posting profits in line or above market estimates over the past few quarters. Buffalo Wild Wings, which is on track to open 75 restaurants in 2008, had 515 restaurants as of June 29, of which it owned and operated 169, and franchised an additional 346 Buffalo Wild Wings Grill & Bar restaurants in 37 U.S. states. The company expects to record \$17 million in costs in the third quarter related to the opening of 12 company-owned restaurants, CFO Twinem said.

Peers like Ruby Tuesday and Brinker have cut down on new restaurant openings as they counter a weak economy and tight consumer spending. New restaurants have been driving volumes for Buffalo Wild Wings, and as other restaurants scale back on expansion, it gives the company an opportunity to explore other real estate locations, Twinem said. Buffalo Wild Wings also plans to expand on a smaller scale in subprime-hit areas like California and Florida through its franchises, she said. Going forward, Twinem reiterated that the Minneapolis-based company is confident of achieving its targets of net earnings growth of 25 percent, revenue growth of 20 percent, and unit growth of 15 percent for the full year, despite posting a better-than-expected first half. Historically, the second half of a year has been better for Buffalo Wild Wings as sports fans drive sales volume watching the National Football League matches on big screen high-definition televisions over chicken wings and drinks.

Source: Reuters 2008



If you would like to have news about your company, please send all editorial contributions to Mario Schacher: [marioschacher@yahoo.com](mailto:marioschacher@yahoo.com)

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