



**August 30, 2010**

### **Ruby Tuesday Announces Franchise Development Expansion in Hawaii**

Ruby Tuesday, Inc. is increasing its franchised restaurant presence in Hawaii. RT Hawaii Restaurants, Inc. plans to open three new Ruby Tuesday restaurants within the next three years; the first restaurant is slated to open in June 2011. Principal investors in the company, Ted Davenport and Rick Nakashima, are proven leaders. They currently own and operate Ruby Tuesday restaurants in Honolulu, Mililani, and Kaneohe. “We look forward to developing again in Hawaii,” Nakashima said. “We opened our first restaurants between 2004 and 2006 and we’re very excited to expand from our current four restaurants to seven,” he added. The updated look, feel, and menu offerings are all important factors of Ruby Tuesday’s mission to consistently provide a high-quality, casual dining experience with compelling value that guests will enjoy and remember. “Thanks to the outpouring of support from the local communities, military and tourists, we have enjoyed great success in the state of Hawaii,” said Davenport. “Ruby Tuesday is a proven concept and we’re confident these additional restaurants will be as successful as the others. We are very grateful for our loyal guests,” added Davenport. Max Piet, Vice-President of Franchise Operations, said, “The response in Hawaii has been phenomenal. We are very pleased to grow our brand with two passionate and successful businessmen like Ted and Rick.”

Source: Ruby Tuesday, Inc.

### **Chipotle, Red Robin, Einstein Bros. Score in Zagat Survey**

Colorado’s Chipotle Mexican Grill Inc. has placed second among large chains in the latest annual fast-food survey from restaurant rating service Zagat, and Red Robin Gourmet Burgers Inc. is rated the best full-service burger chain. The 2010 ranking is based on 6,518 survey responses from diners. Panera Bread tops Zagat’s large-chain fast-food category, for companies with fewer than 5,000 U.S. locations, followed by Denver-based Chipotle (NYSE: CMG), Five Guys, Chick-fil-A and In-N-Out Burger. Chipotle also ranks No. 3 in the sub-category for best fast-food value, No. 5 for top food among large chains, and No. 5 for best grilled chicken. Einstein Bros. Bagels — a unit of Lakewood-based Einstein Noah Restaurant Group — scored No. 3 in the best-breakfast-sandwiches category. Among “mega” fast-food chains with more than 5,000 outlets, Subway is rated No. 1, followed by McDonald’s, Wendy’s, Burger King and Taco Bell. In a separate survey on full-service chains, Greenwood Village-based Red Robin (NASDAQ: RRGB) is rated tops for burgers, followed by Steak ‘n Shake, Cheesecake Factory, Ruby Tuesday and Chili’s Grill & Bar. Overall, P.F. Chang’s China Bistro is rated the top full-service chain in Zagat’s survey, followed by Bonefish Grill, Cheesecake Factory, California Pizza Kitchen and Maggiano’s.

Source: Denver Business Journal

## **Potbelly Serves Up Its First Franchise. Potbelly Sandwich Shop Has Signed Its First-Ever Franchise Deal**

The Chicago-based restaurant chain announced that Arturo Daly and Danytsia Enriquez will open the first franchised Potbelly before the end of the year in El Paso, Texas. The shop will join more than 30 other Potbelly locations in the Lone Star state. The deal marks the start of Potbelly's franchise program after resisting for more than a decade. The company has received requests from thousands of people who wanted to open a franchise location. Potbelly, which started with a single Lincoln Park store in 1977, now has more than 200 restaurants in 12 states. All have been owned by the closely controlled company. The company began to chart a new course when former Sears Holdings Corp. executive Aylwin Lewis joined Potbelly as president and CEO. Mr. Lewis had spent decades in the restaurant industry, including a stint as chief operating officer for Yum Brands Inc., the parent of Pizza Hut, Taco Bell and KFC. Mr. Lewis helped craft a franchise program that aims to expand Potbelly to more than 40 cities. Last year, the company got in touch with many of the 6,000 people who over the years contacted Potbelly to ask about a franchise. Mr. Daly was one of them. He reached out to the sandwich maker about franchise opportunities in 2002, based on his fond memories of visiting Potbelly as a DePaul University student in the early 1990s. The couple fit "perfectly with our brand," Mr. Lewis said in a statement. (Neither Mr. Daly nor Ms. Enriquez were available for comment Monday.) Potbelly's ideal franchisee candidates are married couples and life-partner teams who are "sincere about integrating Potbelly into the fabric of their communities," the company said in a statement. The company has estimated that a franchisee would need an initial investment of between \$450,000 and \$750,000, including a \$40,000 company fee. In November, Potbelly described program terms that included calls for payment of at least 6% of gross sales in royalties and 4% in marketing fees.

Source: Crain's ChicagoBusiness.com

## **CKE Restaurants, Inc. Announces Appointment of Ponder, Rubinstein, Thompson to Board of Directors**

CKE Restaurants, Inc. announced the appointment of Daniel E. Ponder, Jr., Jerold H. Rubinstein and C. Thomas Thompson to its board of directors. Ponder served as a director of CKE from 2001 until his resignation earlier this year pursuant to the terms of CKE's recently completed merger with affiliates of Apollo Management VII, L.P. ("Apollo"). He currently is the president and chairman of the board of Ponder Enterprises, Inc., a franchisee of Hardee's restaurants since 1984. He has been a member of the board of directors of the Independent Hardee's Franchise Association since its inception in 1997. Ponder was formerly a member of the Georgia State House of Representatives and a 2003 recipient of the John F. Kennedy Profiles in Courage Award. "Mr. Ponder brings to the board considerable experience in the quick-service restaurant industry, both as a significant and well respected franchisee for over 25 years and as a director of CKE for over nine years," said Peter Copses, CKE's chairman of the board. "As a franchisee, Mr. Ponder brings specialized knowledge and a unique perspective with respect to franchisee relations, operations, marketing, product development, business strategies and franchising of the Hardee's brand." Rubinstein served as a director of CKE from 2006 until his resignation earlier this year pursuant to the terms of CKE's recently completed merger with affiliates of Apollo. Rubinstein is chairman of U.S. Global Investors, Inc., a mutual fund advisory company. Mr. Rubinstein brings to the board extensive experience in the areas of operations, legal analysis, financial and accounting expertise, and business development. His particular skills include finance and accounting, operations, long-range planning, brand and product development, business strategy and development, corporate governance and risk assessment. His tenure as a director of CKE and as chairman of its Audit Committee will immediately bring to the board a very meaningful level of understanding with respect to oversight of the company's financial and accounting functions. Thompson previously served as president and chief operating officer of CKE from 1994 until 2000, when he became CEO and a director of CKE until his resignation in late 2000. Thompson has been a Carl's Jr. franchisee since 1984 and is currently a principal in four Carl's Jr. franchises owning 60 restaurants. "Mr. Thompson brings to the board extensive knowledge and experience in the quick-service restaurant industry generally and with respect to the Carl's Jr. system specifically," Copses stated. Commenting on the appointments, CKE Restaurants CEO Andrew F. Puzder said: "I have known and worked with Dan, Jerry and Tom for many years and they are excellent additions to our board. Their

knowledge, experience and perspectives on our business will be extremely valuable for both our board and our management team. In particular, we strive to be a franchise-friendly company. The addition of Dan and Tom to our board is a testament to our continuing commitment to work with, support and grow our franchise community.”

Source: CKE Restaurants, Inc.

### **Sysco Corporation to Sponsor Share Our Strength's Great American Dine Out(R), September 19-25, 2010**

Sysco Corporation is proud to announce its sponsorship of Share Our Strength's Great American Dine Out(R), a week-long national restaurant event in cities across the United States. From September 19-25, 2010, thousands of restaurants will join together in raising funds to support No Kid Hungry(TM), Share Our Strength's(R) national campaign to end childhood hunger in America by 2015. Through the Great American Dine Out, Share Our Strength is working with state, community and private sector leaders across the country to connect families facing hunger with the programs that can help them. The campaign is sponsored by Sysco, Ecolab, American Express, Jacob's Creek, USA Today and the National Restaurant Association. Along with Sysco's financial support, its sales associates are sharing this opportunity with their restaurant customers and encouraging them to participate. Last year, nearly 4,000 restaurants of every size and type helped the Great American Dine Out raise nearly \$800,000 by donating a portion of the week's sales, offering special promotions, or collecting donations from their customers. Millions of consumers play a vital role in this initiative as well; their choice to dine out at participating restaurants will help feed children in need all across America. Nearly 17 million children in America-almost one in four-lack access to the healthy meals they need every day. Share Our Strength is ending childhood hunger in America by connecting these kids to the food they need to live healthy, active lives.

Source: The Sysco Corporation

### **Checkers Signs Multi Store Agreement for Expansion in Connecticut**

Checkers Drive-In Restaurants has signed a multi-unit store development agreement with Kerrim Jivani for five new restaurants in Fairfield County, Connecticut. Checkers' development in South Fairfield County is part of a strategic growth strategy to expand the brand's presence in the existing markets, and in new regions across the country. The restaurant company is planning to open the first restaurant in Milford, Connecticut in the spring of 2011. The restaurant company said that Jivani has more than 16 years of foodservice industry experience and was previously a multi-unit Dunkin' Donuts and Baskin-Robbins franchisee and owned eight locations throughout the New York City area. According to the company, opportunities are also available to develop restaurants in New York, New Jersey, Philadelphia, Washington DC, Baltimore, Detroit, Chicago and Atlanta, among other cities. The restaurant's menu will include full-flavored, hand seasoned burgers, shakes and seasoned fries. Signature items include the classic Big Buford, Champ Burger, loaded fries and classic bone-in wings tossed in one of the five flavors. Checkers' chief development officer Lynette McKee said that residents in Fairfield County will crave for incredibly flavored burgers and uniquely seasoned fries and look forward to serving the local community.

Source: Food Business Review

### **McD's Names Global Brand Chief. U.K. Exec Steve Easterbrook Gets the Call**

McDonald's has elevated Steve Easterbrook to evp, global chief brand officer, a new position at the fast-food giant. Easterbrook (shown) has been president and CEO of McDonald's U.K. operations and also led its Northern European division. His new role begins on Sept. 1, and he will report to McDonald's president and COO Don Thompson. "Steve has earned tremendous respect for his inspired leadership and his proven track record of driving the business in the U.K. and Northern Europe," said Thompson, in a statement.

"This strategic position will help us better serve and connect with our customers." He takes over chores from former worldwide marketing chief Mary Dillon, who left McDonald's in May for the chief executive slot at U.S. Cellular. In addition to marketing, Easterbrook's mandate also covers menu innovation and consumer insights. McD's estimated annual global media outlay approaches \$2 billion, almost half of that spent in the U.S., per Nielsen. Omnicom's DDB is the chain's lead shop, with sibling TBWA\Chiat\Day and Publicis' Leo Burnett in supporting roles. This marks yet another move this year in the highly volatile fast-food category. Many chains -- including Wendy's, Arby's, Denny's and Red Lobster -- have held searches for new ad agencies, shuffled execs and/or launched big campaigns.

Source: AdWeek



### **U.S. Restaurants Starved for Business**

The number of restaurants operating nationwide dropped this year for the first time in more than a decade, a survey shows, with California accounting for almost a third of the losses. With consumers and businesses keeping a lid on expenses, more and more small and mid-size restaurants are throwing in their dish towels and closing up shop. Southern California lost nearly a thousand more restaurants than it gained during the 12 months that ended in March, representing a net 2% drop that was twice the national average, according to the New York research firm NPD Group. Nearly all the closings were among independently owned restaurants: small, family businesses that just couldn't hold on as customers held back. Earlier in the year restaurants reported modest increases in business, but the jumps in sales were too little too late for many. "We were going in reverse," said Ken Rausch, who last month made the wrenching decision to close his family's 65-year-old San Gabriel Valley restaurant, Edward's Steakhouse. The restaurant had weathered previous recessions, but this downturn drained the family's resources — and showed few signs of letting up, Rausch said. Other well-known haunts have also succumbed: Orso on 3rd Street near Robertson Boulevard, a trattoria popular with the entertainment crowd, closed last winter after a nearby movie studio laid off a big chunk of its employees; across the nation, Koo Koo Roo, Bennigan's, Bakers Square, Tony Roma's and other chains have shut dozens of locations. Even in good times, the restaurant business is a difficult one. Many close simply because they fall out of fashion or favor, and most run on slim margins. But this downturn seems especially brutal. "It's been a miserable 2 1/2 years," said Chuck Keagle, who has closed six of the 10 restaurants in his family's Rancho Cucamonga-based Cask 'n Cleaver steakhouse chain since the downturn began. "Most restaurateurs are just living on the edge," said Jot Condie, president of the California Restaurant Assn. Despite an uptick in business this year, prolonged unemployment and a rise in food prices could hamper any recovery, he said. Matt DeMasi, who co-owns Zach's Cafe in Studio City, figures he can make it through another 18 months of hard times before he has to shut the place down. "We're in survival mode — have been for a while," said DeMasi, who is burning through savings trying to keep Zach's afloat. "My employees are on bare minimum hours. It's been really difficult." If hard times persist — or if the price of food goes up — the restaurant's 20-year run may come to an end, he said. Despite the economy, new restaurants also opened during the 12-month period analyzed and some are doing well. At downtown's L.A. Live complex, where several eateries came on line last year, business is up considerably now that new hotels there have also opened, providing a supply of diners, according to spokesman Michael Roth. But Bonnie Riggs, NPD Group's restaurant industry analyst, said most companies are holding off opening new locations until the economy improves. Restaurant owners stop building restaurants and close the underperforming stores so they can make the bottom line look better," she

said. Restaurants are particularly vulnerable to economic cycles because their product is usually discretionary. When people cut back on expenses, meals outside the home often go first. Add to that the cutbacks businesses have made in their travel and entertainment budgets, and the drop in restaurant sales becomes severe. "This is the weakest that the restaurant business has been," said Riggs, the NPD analyst. Year over year, the number of patrons coming to restaurants has declined for each of the last seven quarters — the most prolonged drop in the 22 years that the company has been keeping track, she said. Nationwide, the number of restaurants dropped in 2010 for the first time in more than a decade, according to NPD, falling 5,202 to 579,416. California accounted for nearly a third of that drop, Riggs said. Including fast food, there were about 73,800 restaurants in the state in March, down about 1,500 from a year earlier. Most of the decline was in the five-county Southern California area. Hardest hit were full-service restaurants, those where waiters take orders and bring food to tables.

Source: The Los Angeles Times

### **Starbucks Acquires Full Ownership of Starbucks Brazil. Agreement Aimed at Accelerating Starbucks Growth in an Important Coffee Growing Region and Realizing the Potential in South America's Largest Consumer Market**

Starbucks Corporation announced that it has assumed 100 percent ownership and operating control of Starbucks Brazil through the acquisition of Cafés Sereia do Brasil Participações S.A. Converting the market to a company-operated business allows Starbucks to focus on the enormous opportunity in Brazil through pursuing thoughtful growth while continuing to deliver unparalleled customer experience in the largest consumer market in South America. "Cafes Sereia and its partners have been committed to creating the Starbucks Experience for our customers in Brazil," said Pablo Arizmendi, vice president, general manager, Starbucks Coffee Latin America. "We are grateful for Maria Luisa Rodenbeck's dedication, talent and entrepreneurial spirit which brought Starbucks to Brazil and the continued partnership of Peter Rodenbeck and Cafés Sereia for establishing Starbucks as a trusted and respected brand in Brazil." The leadership team currently in place will continue to manage the business on a day to day basis ensuring a seamless transition for customers, partners (employees) and other stakeholders. "We have been an active member of local communities throughout Brazil since 2006," said Ricardo Carneiro, managing director Starbucks Brazil. "As a result of all our dedicated partners we made strong inroads that position us perfectly for continued growth in the market and we are deeply committed to the potential that it offers." "With more than 20 stores throughout Brazil, we are excited about the opportunities this presents for the company, partners, customers and the Brazilian community," added Carneiro. The acquisition is part of Starbucks commitment to its international business as a key future growth engine for the company as well as the communities we operate in, from the neighborhoods where our stores are located to the fields where our coffee is grown.

Source: Starbucks Corporation

### **Dunkin' Adds 338 Stores in 1st Half of Year**

Dunkin' Donuts quickened the pace of new store openings this year, with 338 net new locations unveiled worldwide during the first six months, compared with just 175 new shops during the same period last year. The Canton coffee and doughnut company, which has which has a total of 9,524 shops, is also making a big push internationally. Of the 338 new stores opened this year, 263 were launched in markets outside the United States. Domestically, Dunkin' rolled out just 75 stores during the first half of 2010, compared with 85 locations opened during the first six months of 2009. The company disclosed yesterday that it had signed multistore agreements in 14 markets around the country, including Miami, Detroit, and Chicago. "As a result of our focus on steady, strategic growth, we have expanded our presence in existing markets while also successfully entering new territories," said Nigel Travis, chief executive of Dunkin' Brands, in a statement. Bonnie Riggs, a restaurant analyst with NPD Group, a market research firm, said the doughnut category has been one of the few bright spots during the recession. Breakfast in particular has been a strong growth area for the restaurant industry. Both Tim Hortons coffee and doughnut chain and Dunkin' Donuts

saw sales and store units increase between 2007 and 2009, according to Technomic, a market research business. Dunkin', for example, saw its US sales rise to \$5.3 billion from \$4.8 billion during those years and expanded its domestic operation from 5,775 outlets to 6,500 outlets by the end of 2009, according to Technomic. "We attribute our steady domestic and international growth to the high quality food and beverages we offer our guests and the passionate franchisees who keep our restaurants and guests running every day," said Grant Benson, vice president of franchising at Dunkin' Donuts. "Domestically, our focus is to continue to develop our core markets in the Northeast, while increasing our presence in the Mid-Atlantic and Southeastern states."

Source: The Boston Globe

### **Rubio's Closes Merger to Go Private Once More**

Rubio's Restaurants, Inc. has closed its merger with a Mill Road Capital, L.P. subsidiary to officially make the company private. In the transaction, former stockholders for Rubio's are receiving more than \$8. Rubio's Restaurants, Inc. has closed its merger with a Mill Road Capital, L.P. subsidiary to officially make the company private. In the transaction, former stockholders for Rubio's are receiving \$8.70 per share in cash.

Rubio's headquarters will stay in Carlsbad, Calif., and will continue to be led by the existing management team. Ralph Rubio, founder, retains ownership and will continue as a member of the Board of Directors. No major changes are expected as a result of the announcement. "This is a milestone for Rubio's," Rubio said. "I was excited to open the first Rubio's in 1983. Going public in 1999 provided us with the resources to quickly expand. Returning to private ownership will afford us the independence and flexibility to continue to build our unique brand. Rubio's will continue to offer our guests the freshest, most delicious Beach Mex cuisine." Mill Road first began analyzing Rubio's more than four years ago, gradually building up significant public ownership with the company.

"Taking Rubio's private represents the ultimate expression of our confidence in the company's management and its future," said Scott Scharfman, managing director at Mill Road.

Source: Rubio's Restaurants, Inc.



### **Denny's Corporation Appoints Robert Rodriguez as Chief Operating Officer**

Denny's Corporation announced that Robert Rodriguez has been appointed to the position of Chief Operating Officer, effective no later than September 13, 2010. Mr. Rodriguez brings deep leadership and restaurant operations experience. Since 2008 he served as President and Chief Operating Officer at Pick Up Stix, a multi-divisional franchise company in the Asian quick casual segment owned by Carlson Restaurants Worldwide. Prior to 2008 he was President at Dunkin' Donuts. In his new role, Mr. Rodriguez will be responsible for the leadership of Denny's operations for all franchise and company units. Debra Smithart-Oglesby, Interim Chief Executive Officer and Board Chair of Denny's Corporation, stated, "We are confident the Denny's team will truly benefit from Robert's vast industry experience, from both an operations and executive leadership perspective. His expertise in working with franchise concepts complements Denny's long-term franchise driven growth strategy. Robert's operational expertise will also

contribute to our effort to enhance the Denny's experience for all of our guests at our more than 1,500 locations." At Pick Up Stix, Mr. Rodriguez led the successful execution of a turnaround strategy that delivered improvements in the company's operational efficiencies and transaction counts. From 2004 to 2008 Mr. Rodriguez held positions at Dunkin' Brands, including serving as President of Dunkin' Donuts, where he was responsible for 5,700 units across the U.S. and over 1,500 franchisees. In that role, he grew the new unit pipeline by over 2,000 stores, increased revenue, and led the creation efforts for a national advertising campaign as part of a new branding effort that focused on the ever-changing needs of the consumer. During his time at Dunkin' Brands, Mr. Rodriguez also served as Brand Officer for Togo's. Mr. Rodriguez previously held executive positions with Mrs. Field's Famous Brands, Gloria Jean's Gourmet Coffee, McDonald's and PepsiCo. He began his career at Taco Bell, owned by PepsiCo, Incorporated, where he held numerous operations positions.

Source: Denny's Corporation

### **Washington Looks Tantalizing to New York's Restaurateurs**

A growing number of New York City-based restaurants are scouting locations or setting up shop in the District, hedging against some weakness in their hometown market. Since the economic downturn began, no fewer than 10 Empire State restaurateurs have made designs on the District. Among them is the Gerber Group, which is cruising downtown for sites for its line of bars, including Whiskey Blue and Stone Rose. Michael Wang is looking to bring his Luke's Lobsters to the area. Food Network star Bobby Flay is in negotiations to open his first local Bobby's Burger Palace, a New York and New Jersey staple, and Shake Shack owner Danny Meyer recently announced plans for a spot in Dupont Circle. "Guys from New York are coming down here because they can pay half the rent and do 75 percent of the business," said broker Thomas N. Papadopoulos, who has represented several Big Apple transplants. The downturn, he pointed out, made the D.C. market appear even more appealing, as "generally anything inside the Beltway was still doing pretty well, while New York took a big hit." Restaurant lease rates in the District generally stay in the range of \$30 to \$40 per square foot, while Manhattan rents can climb as high as \$150 a square foot, according to LoopNet, an online aggregator of available commercial real estate space. "If you are a restaurateur and you're going to grow your business, you are pretty much tapped out in New York. So you are going to go elsewhere," said John Asadoorian, principal broker of Asadoorian Retail Solutions. "And when you start looking elsewhere, one of the best spots in the country is D.C." Now demographics, more than economics, have tipped the scale in the District's favor, he said. The area has a diverse and affluent population, which Asadoorian thinks is largely underserved. "The news is out about Washington," Asadoorian said. "Washington has become this really dynamic place where it's not just government workers. [It] has a growing creative class, making it more exciting." With so many eyes on the District, Asadoorian said finding space to satisfy new potential tenants could become a challenge. But as more New York restaurateurs become familiar with the area, they might venture out to the surrounding suburbs. "Some of these guys that are looking at Washington are beginning to see that not only could they do well, but they could do really well," he said.

Source: The Washington Post

### **KFC donates more than \$4.2 million to Susan G. Komen for the Cure**

KFC Corp. has donated more than \$4.2 million to Susan Komen for the Cure. The money was raised by about 5,000 KFC restaurants nationwide during the company's "Buckets for the Cure" promotion. As Business First previously reported, KFC sold chicken in specially designed pink buckets, featuring a breast cancer awareness theme. Although KFC missed its goal of raising \$8.5 million, the \$4.2 million gift represents the single-largest donation ever made to the Susan G. Komen for the Cure, a nonprofit organization that supports breast cancer research, according to a news release issued by KFC. KFC, a division of Louisville-based Yum! Brands Inc., donated 50 cents for each bucket of chicken purchased between April 14 and May 9. Twenty-

five percent of the total funds raised will be donated to local affiliates of the Komen foundation. KFC has more than 15,000 outlets in 109 countries and territories. It serves an estimated 12 million customers a day.

Source: Business First of Louisville

### **Kerrie Clifford Promoted to Marketing Manager at Winston Industries**

Louisville, Kentucky. August 2010 - Winston Industries is pleased to announce the promotion of Kerrie Clifford to the position of Marketing Manager. "I am very excited about the insight she will bring to this role and confident that her dedication will help propel our company to the next level," said Valerie Shelton, President and CEO of Winston Industries. "Affectionately known as the 'glue,' Kerrie creates synergy in our people and processes through her great resourcefulness." Ms. Clifford has been a dynamic contributing member of the Winston team for more than 15 years. In her most recent role as Sales & Marketing Administration Manager, she has directed and supervised the company's sales and marketing support initiatives, orchestrated trade show efforts, and managed departmental finances.

Source: Winston Industries

### **STR Global Reports Central/South America Hotel Pipeline for July 2010**

The Central/South America hotel development pipeline comprises 133 hotels totaling 20,770 rooms, according to the July 2010 STR Global Construction Pipeline Report released this week. Among the countries in the region, Brazil reported the largest amount of rooms in the total active pipeline with 7,042 rooms, followed by Panama with 5,400 rooms. Two other countries ended the month with more than 1,500 rooms in the total active pipeline: Argentina (1,700 rooms) and Colombia (1,509 rooms). Among the Chain Scale segments, three segments each accounted for more than 20 percent of the total active pipeline. The Upscale segment made up 24.6 percent of the total active pipeline with 5,116 rooms, followed by the Upper Upscale segment (23.4 percent with 4,864 rooms) and the Economy segment (22.9 percent with 4,748 rooms).

Source: STR Global/Ehotelier.com



### **World Wide Wendy's**

Leave the United States, and you're still likely to find outposts of McDonald's, Pizza Hut, and Burger King. Finding a Wendy's hasn't been easy, but company officials have big plans to change that. Wendy's International Inc. is putting emphasis on the second word in its name lately. The Dublin, Ohio-based division of Wendy's/Arby's Group Inc. since its 2008 acquisition has secured deals calling for more than 400 overseas restaurants in the next decade, a blueprint to more than double its global reach. "They're playing catch-up, but they should be doing that," said Jay Anand, a professor of corporate strategy and international business at the Ohio State University's Fisher College of Business. "The U.S. and Canada are saturated markets. You need to be in growing markets." The fast-food chain, which included about 300

restaurants outside North America as of April, disclosed two deals earlier this month—one calling for 180 dual-brand restaurants in Russia with Wenrus Restaurant Group Ltd., and another for 24 Wendy’s in Trinidad and Tobago and the eastern Caribbean. The deals join other major overseas expansion accords, including plans for: 35 Wendy’s in Singapore, signed May 2009 with Kopitiam Group; 80 dual-brand Wendy’s and Arby’s restaurants in the Middle East and north Africa, signed in June 2009 with a subsidiary of Saudi conglomerate Al Jammaz Group, the first of which opened in May in Dubai; and 100 Arby’s in Turkey, signed in June with 430-restaurant Tab Gida Sanayi ve Ticaret. Spokesman Bob Bertini said the company plans to expand in its existing international markets—Puerto Rico, at 66 restaurants, and Venezuela, at 40 locations, are the largest; the Philippines, Indonesia, Mexico, and Honduras each are home to more than 20 restaurants. CEO Roland Smith, in an August 12 conversation with stock analysts, said restaurants in Puerto Rico and the Bahamas are among the chain’s top-grossing operations. The big targets, however, are new markets such as China and Brazil, observers say. The company has said it sees the potential for 8,000 international restaurants. “We’re very underdeveloped around the world compared to competitors,” Bertini said. All of Wendy’s/Arby’s foreign restaurants are franchised, which hasn’t taken much from the Atlanta company’s wallet, but that could change. Decisions over whether to license the brand to a partner or enter a region with company restaurants through an acquisition or joint venture will be made individually, Bertini said.

CFO Stephen Hare said China and Brazil may be company-store markets and could demand acquisitions or joint ventures rather than development accords. The dual-brand approach also will vary by market. Bertini said the Singapore deal was for Wendy’s restaurants alone because the franchisee was familiar with the nameplate. Meanwhile, the deal in Turkey didn’t include Wendy’s because the franchisee is a Burger King partner. Paul said it will be essential for Wendy’s to find the right partners—those that understand not only local tastes and customs, but the economy, real estate, and government. Analyst Sara Senatore at Bernstein Research wrote in a February report that the Asia-Pacific region and Latin America give Wendy’s the strongest prospects for international expansion. “While the agreements are a positive signal about company acceptance, they represent only the first step on a long road to profitability,” she wrote.

Source: Wendy’s/Arby’s Group Inc.



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### **Anders Edholm Appointed SVP Corporate Communications at Electrolux**

Anders Edholm has been appointed SVP Corporate Communications and head of Group Staff Communications of AB Electrolux. In his role as SVP Corporate Communications Edholm will be responsible for internal and external communications, sustainability affairs, public relations, public affairs and Internet communications. Edholm will report to President and CEO Hans Stråberg. Edholm replaces Lars Göran Johansson, who is leaving Electrolux to become Executive Vice President of the Confederation of Swedish Enterprise. Edholm is today responsible for the Group’s media relations and issues management and has been with Electrolux since 1997. Previously, Edholm has held such roles as head of Internet development and head of communications for Electrolux Major Appliances outside Europe and North America. Before joining Electrolux he worked at the European Parliament in Brussels, Belgium. Edholm assumes his new role on September 1, 2010.

Source: Electrolux Group

### **Huddle House CEO resigns**

Huddle House Inc. CEO Phil Greifeld resigned to pursue other opportunities, the Atlanta-based restaurant chain said last week. Greifeld joined Huddle House in 1995 and spent nearly 12 years as CEO. Ken Keymer, current Huddle House board director and former CEO of VICORP Restaurants Inc. (parent of Village Inn and Baker's Square) and former CEO of AFC Enterprises Inc. (parent of Popeyes) will take over as interim CEO.

Source: Atlanta Business Chronicle

### **Max & Erma's New Investors Display Turnaround Legacy**

Many observers and franchisees believed all Max & Erma's needed was an experienced restaurant hand to guide it through what have become choppy industry waters in recent years. It may be getting just that. The Columbus company's new owner includes a high-profile restaurant executive and investor and an industry management veteran who already has restructured and led several dining chains out of their financial troubles.

Denver-based American Blue Ribbon Holdings LLC, owner of the Village Inn and Bakers Square regional restaurant businesses, has been approved by a judge in U.S. Bankruptcy Court in Pittsburgh to buy Max & Erma's Restaurants Inc. for \$28 million. The deal is expected to close Aug. 31. American Blue Ribbon is a subsidiary of Fidelity National Financial Inc., a title insurer from Florida whose founder and chairman, William Foley, has invested in restaurant businesses over the years, most notably the parent of the Carl's Jr. and Hardee's chains. He ran those businesses as CEO from 1994 to 1999 and served as chairman through 2003. Hazem Ouf, American Blue Ribbon CEO, meanwhile, has taken Village Inn, Bakers Square and two other restaurant companies out of bankruptcy reorganization, among his industry accomplishments. "We see Max & Erma's as a wonderful complement to our current portfolio of restaurants," Ouf said in a release. "It is our intention to keep Max & Erma's based in Columbus." Max & Erma's was acquired in 2008 for \$10.2 million by Pittsburgh contractor Gary Reinert Sr. The restaurant business filed for Chapter 11 protection from creditors last October after National City Corp. secured a \$15.9 million judgment against the dining chain on a \$23 million loan. Reinert said he was turning the company around and repaying debts when the National City action forced him into bankruptcy. He wasn't allowed to bid on the chain at its Aug. 16 auction and is seeking answers as to why. The 87-restaurant business generated \$144 million in sales for the fiscal year ended Oct. 25, down 15 percent from \$168.5 million the prior year, according to court documents. Records show sales at each restaurant, including its 26 franchised dining spots, averaged \$2 million last year. Village Inn and Max & Erma's have some things in common. The family dining chain was founded in Denver in 1958, the same year Max and Erma Visocnik bought and renamed the German Village bar on Third Street that would mark the start of the Max & Erma's chain in 1972. And as Reinert was buying Max & Erma's in April 2008, Village Inn's owner was declaring bankruptcy.

Business First of Columbus

### **New Friendly's CEO Looks to Build Up Brand**

As Friendly's Ice Cream Corp. marks its 75th year, new CEO Harsha Agadi has an Ambitious goal for the Wilbraham chain that generates \$725 million in annual sales. "My immediate vision is to get this brand across \$1 billion," the former Church's Chicken chief said. "The only word I can give you (about the timing) is soon." To get there, Agadi is eyeing domestic and overseas expansion for Friendly's restaurants and, in the next five years, a doubling of sales of packaged ice cream, which is distributed in 4,000-plus retail outlets and accounts for a significant portion of total revenue. Agadi last week was named the chain's third CEO since 2007, replacing Ned Lidvall, who left after less than three years to "pursue other interests." But there's one big difference between him and his predecessors, according to Agadi. His appointment

brings ownership-driven management to Friendly's, held by private investment firm Sun Capital Partners Inc. since 2007. "I am an investor and will run it like an owner," Agadi said. "I will focus very much on what I believe are the strengths of Friendly's. My strategy is not very complicated: I'm going to have more stores, and I'm going to have better stores." Friendly's is very similar to Church's Chicken, according to Agadi, who led the Atlanta quick-service chain of 1,650 locations from 2004 to 2009, growing it to more than \$1 billion in sales. Both have loyal followings and are "super regional" competitors. Friendly's is a New England-centric brand, though its 502 restaurants span 16 states. Agadi plans to update restaurants to make Friendly's more contemporary and expand the Friendly's Express quick-service concept - which debuted last August and now includes four restaurants - to 100 locations by 2015. "Friendly's has a very distinct advantage," he said. "Anywhere else in the world, there is not a single full-service restaurant chain whose differentiator is ice cream and treats." But the very first thing Friendly's must do is bring back affordability to its menu, he said. A more attractive lunch menu, with healthier items, is needed. "I want to invest in the brand and bring much more consistency to customer service and food quality," Agadi said.

The Boston Herald

### **HOGATEC 2010 TO FEATURE "AMBIENCE + AMBITIONS" THEME PARK**

The "AMBIENCE + Ambitions" theme park will be one of the highlights at hogatec 2010, International Trade Fair for Hotels, Gastronomy and Catering. Presented as a "walk-in hotel", the focus of this special exhibit will be on the "public areas": lobby, restaurant, bistro, conference facilities and the wellness area. On 5,300 square feet in Hall 10, hotel owners and managers will be offered an exclusive overview of the latest trends for the public areas of four and five-star category hotels. Organized by the JOI Design hotel interior designers company, the theme park will give hotel owners and managers the opportunity to consult with designers and manufacturers about rearranging or modernizing the public spaces of their hotels. hogatec will be held from September 12 - 15, in Düsseldorf, Germany. The lobby of the hotel in the "AMBIENCE + Ambitions" theme park will feature a reception desk, using a thin strip of wood (a concept by SignDesign) and a longer wooden table with seats by Tonon for meetings. Behind that table, the view will open to a "green meadow", a vertical green wall, to be put up by ArtAqua. Very large suspended luminaires with black shades by PetersDesign will float above the lobby, marking this area as a comfortable center of communication for the theme park and the entire trade fair. The bar will consist of a sculpture-like counter made from strips of veneer as well as tables (by SignDesign) and bar stools (by Accente). A colorful water drop curtain by Valuz will function as a partitioning system. In addition, Neosart will offer a series of lavishly backlit images behind the counter. The bistro will be furnished with state-of-the-art tables and chairs by Tonon, dark and elegant wall paper by IPD/Muraspec and shimmering curtains by Rolf Krebs. The three aisles dividing the theme park into six exhibition sections will be equipped with comfortable modern armchairs by Accente. In the seminar section, Burgess will present the latest table and chair systems, Philips Lighting Systems/ Philip Moebelmanufaktur will provide equipment for the conference section (including integrated media technology) and Rolf Krebs will show its automatic curtain systems, to be controlled from a conference table. At the fitness and wellness area at the other end of the theme park, Technogym will present a fitness training course with all appropriate equipment in front of a photo wallpaper by Neosart with a life-size black and white image of a New York marathon race.

Source: Messe Düsseldorf North America

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