



February 8, 2010

Arby's CEO Garrett Stepping Down

President and CEO Tom Garrett is leaving the company, Wendy's/Arby's Group Inc. said last week. Roland Smith, 55, president and CEO of Wendy's/Arby's Group, will take over as interim president of Arby's. A search is currently under way for a permanent president. Garrett became president and CEO of Arby's in September 2008, after the formation of Atlanta-based Wendy's/Arby's Group. Prior, he was president and chief operating officer of Arby's. "Tom made enormous contributions to the Arby's brand over the past 29 years," Smith said in a statement. "He is a man of honor and integrity, who has worked relentlessly to build the brand. We are beginning discussions with Tom about becoming an Arby's franchisee and hope that he continues to be involved with the brand."

Source: Atlanta Business Chronicle

The National Restaurant Association Responds to State of the Union Address

Dawn Sweeney, the President and CEO of the National Restaurant Association, issued the following statement in response to the President's State of the Union address: "The National Restaurant Association, the nation's second-largest private sector employer, welcomes President Obama's efforts to support small business, job creation, and our nation's economic recovery. We support the President's call for tax incentives to help spur the economy and generate additional jobs, including the extension of expired provisions that allow businesses an enhanced deduction for expensing and 'bonus' depreciation for capital expenditures. This will encourage restaurants to invest and create jobs. A tax credit for new hires will further encourage restaurateurs to hire additional workers. "During these challenging economic times, restaurants – many of which are small businesses – continue to have difficulty securing access to credit. We are encouraged by the President's proposal to allow a portion of unspent TARP money to be used to directly support small business lending. His call for a continued elimination of fees and continued increase in guarantees for SBA loans through 2010 would help restaurant businesses secure access to credit. "Our industry of nearly 13 million workers lost jobs in 2009, but employment growth is expected to resume in 2010 and to expand by 1.3 million jobs by 2020, according to our 2010 Restaurant Industry Forecast. The scale of the industry's upturn depends largely on consumer confidence. Until personal disposable income increases and general unemployment levels fall, economic recovery will be prolonged. Consequently, we strongly support efforts that lead to measurable, overall results in these two critical areas. "On health care reform, it is essential to the restaurant industry that the protections added to the Senate version of this legislation be included if the Congress enacts any reform. "Finally, as an industry devoted to nourishment and well-being, we appreciate the efforts of the President and the First Lady to address the troubling problem of childhood obesity. We look forward to working to advance voluntary, practical solutions to this issue while protecting consumer choice, the health and vitality of all our people, and the U.S. economy."

Source: The National Restaurant Association

McDonald's to Expand in Russia

McDonald's will expand by 45 outlets in Russia by the end of this year, CEO Jim Skinner said recently as the company marked the 20th anniversary of the opening of the first landmark restaurant under Soviet rule in 1990. The expansion, bringing the number of McDonald's in Russia to 290, comes as rival Burger King arrives in Russia. But Skinner dismissed suggestions that the recent market entry of Burger King Holdings Inc., operator of the No. 2 hamburger chain, could hurt the company. Oak Brook, Ill.-based McDonald's Corp. posted a \$1.2 billion profit in the fourth quarter 2009, 23 percent more than a year ago, as it continues to tackle the downturn better than most of its competitors. Skinner was visiting Moscow to celebrate the 20th anniversary of McDonald's entry into the Soviet Union, which was then opening up to the capitalist West. The first outlet in the country opened on Moscow's Pushkin Square on Jan. 31, 1990, after 14 years of negotiations. The Pushkin Square McDonald's held celebrations Sunday with Russian folk songs and buy-one, get-one-free deals. Its 1990 opening attracted thousands of Russians who stood in long lines to apply for 600 jobs at the restaurant executives say is the busiest in the world.

Source: The Associated Press

Diversified Restaurant Holdings Acquires Nine Buffalo Wild Wings Restaurants

DRH purchases six Michigan and three Florida stores from affiliate franchisees; has managed and operated stores since each opened. The company now owns and operates 16 Buffalo Wild Wings franchised locations, up from 7 in 2009; expects to have 18 restaurants operating by year end. Diversified Restaurant Holdings, Inc., the owner/operator and soon to be franchisor of the unique, full service fast-casual restaurant and bar Bagger Dave's Legendary Burgers & Fries® and a leading franchisee for Buffalo Wild Wings, Inc. announced that it has exercised its option to acquire nine Buffalo Wild Wings® Grill & Bar locations in Michigan and Florida for \$3.1 million. Previously, DRH managed the acquired restaurants for its affiliates. The Company received the right to exercise the purchase option as part of its initial public offering in August 2008. The purchase is being financed through a six-year promissory note from the sellers. The acquired BWW Michigan stores are in Sterling Heights, Fenton, Novi, Clinton Township, Ferndale and Warren, while the Florida stores are in Brandon, Fish Hawk Ranch and Sarasota. The stores range in age from 4 years to 10 years. In the nine months ended September 30, 2009, these restaurants generated \$18.3 million in revenue. Earnings before interest, taxes and depreciation (EBITDA) margin for the nine restaurants, excluding the management fee paid to DRH during the same period was approximately 15.9%. On a pro forma basis, DRH's nine-month revenue and EBITDA as of September 30, 2009 would have been \$31.3 million and \$3.2 million, respectively, compared with \$14.3 million and \$1.6 million, respectively, as previously reported. DRH uses non-GAAP EBITDA as a financial measure because management believes that it provides investors with information useful in understanding the Company's financial performance, its performance trends, and financial position. (See reconciliation of pro forma results to GAAP results in the attached table). Michael Ansley, President and CEO of DRH commented, "The acquisition of our affiliates' Buffalo Wild Wings locations allows us to fully realize the economic benefits associated with these nine strong BWW stores which we previously managed for a fee. In addition, with estimated 2009 revenue of \$24.4 million, these stores will add significantly to our top line going forward. We are committed to our strategic plan for continued growth through the acquisition of additional market-leading BWW franchises outside of Michigan and the continued penetration of the Michigan and Florida markets under our Area Development Agreement with BWW. Our growth strategy also includes further development of the Bagger Dave's concept through both owned and franchised locations, with our third Bagger Dave's store scheduled to open in Novi, Michigan, this month." DRH currently owns and operates five Michigan BWW franchises in Flint, Grand Blanc, Petoskey, Port Huron and Troy, along with two Florida locations in North Port and Riverview. DRH has an expansion plan and agreement with Buffalo Wild Wings International, Inc., to open 22 additional BWW locations by 2017 under which it recently announced plans for a new BWW location in Marquette, Michigan, scheduled to open in June 2010, with another location expected to open in Chesterfield, Michigan, later this year.

Source: Diversified Restaurant Holdings, Inc.



Smith & Wollensky in Steak-for-Stock Deal. Fat-Cat Bankers Low on Cash Can Still Get a Suitable Lunch

You know things are bad when bankers start bartering. But Smith & Wollensky put out a proposition in a full-page New York Times ad: You can use blue chips to pay for your black-and-blue. The chain, which does a significant chunk of its business with financial professionals and for corporate lunches, is keenly aware of its clientele's evolving cash flow status -- and its trickle-down effect on the service industry. The ad, from agency Walrus, New York, puts it to the suits in appropriate tongue-in-cheek fashion: "This bonus season has taken an unexpected turn, with the large banks paying out their bonuses not in cash, but in company stock. Its effects on the local economy could be catastrophic, leaving large tracts of land in the Hamptons and Martha's Vineyard undeveloped, legions of real estate brokers, personal shoppers and pet psychiatrists unemployed and massive amounts of steak and lobster uneaten." Alan Stillman, founder of Smith & Wollensky and Fourth Wall Restaurants, said the response has been "over the top." He's already taped TV interviews with major networks and spoken with reporters representing "thousands of newspapers." Mr. Stillman said the idea came to him last week. "I got a little bit annoyed that business will be a little off at restaurants, not due to anything but politics," he said of Wall Street's revised bonus strategy. "I don't mind being off [because of] the economy -- that's part of the business, but this one bothered me because it's more or less politics, and it's bothering everybody and wasn't helping anybody." Of course, the promotion is about business, not making a political statement. But the company is serious. The ad is accompanied by an appropriate amount of legalese. For instance, the stock's registered owner must be present, and must surrender the original certificate and a separate stock power with a medallion signature guarantee. At the moment, this offer only pertains to the chain's New York City location. A company spokeswoman said the restaurant has been flooded with inquiries to make sure the offer is legit, but participation isn't the point. "Don't forget, restaurant advertising is not very cutting-edge; I think that's something that's lacking for the entire genre," Mr. Stillman said. "When we do our advertising, we consider the fact that if you can get it to be cutting-edge, then you're doing something different from everybody else, and you don't have to worry about people copying your advertising." It's important to note that Mr. Stillman is a legend in the restaurant industry. He founded TGI Friday's in the 1970s with a \$5,000 loan from his mother.

Source: AdvertisingAge

Huddle House Trims Franchise Fee

Huddle House Inc. has made it a bit easier financially for franchise expansion. The Atlanta-based restaurant chain said Wednesday it trimmed its franchise fee for new development signed in 2010 to \$5,000, with no royalties due for restaurants opening under the program for the first five months of operation. Chief Development Officer Thomas Flaherty said Huddle House wants to attract experienced operators for new development in target markets. "This program allows existing and new Huddle House franchisees the opportunity to develop with a lower cost of entry," Flaherty said in a statement. "Also, the savings in paying no royalty for the first five months provides fuel for new restaurants to advertise more heavily during the initial stages. This model also encourages multi-unit development." Huddle House has more than 400 restaurants in 17 states, primarily in the Southeast, Midwest and Southwest.

Source: Atlanta Business Chronicle

Buffalo Wild Wings® Announces Key Senior Promotions

Buffalo Wild Wings® announced the promotion of two members of its leadership team to the position of Executive Vice President. Kathy Benning has been promoted to Executive Vice President, Global Marketing and Brand Development, and Judy Shoulak to Executive Vice President, Global Operations and Human Resources. In this expanded role, Ms. Benning will drive Buffalo Wild Wings' global marketing and brand strategy as it considers options for expansion outside the United States. Ms. Shoulak's responsibilities will expand to again include Human Resources, which she had overseen earlier in her career at Buffalo Wild Wings. "Both Kathy and Judy have been instrumental in the growth of Buffalo Wild Wings and these promotions are a well-deserved way to recognize their outstanding performance," said Sally Smith, president and CEO of Buffalo Wild Wings. "As we evaluate opportunities for international expansion, we will continue to look to Kathy and Judy for their contributions and leadership in their areas of expertise." Ms. Benning joined the Buffalo Wild Wings team in 1997 as Vice President of Marketing and was promoted in 2002 to Senior Vice President of Marketing and Brand Development, where she became responsible for multiple functional areas including Marketing, Advertising, Media, Design, R&D, and Public Relations. Ms. Shoulak joined the Company in 2001 as Vice President of Human Resources and has built a strong track record of developing high-performing teams thanks to her ability to align individual strengths into teams that can drive results.

Source: Buffalo Wild Wings, Inc.

Sheraton Hotels & Resorts Launches Multi-Million Marketing Campaign to support \$6 Billion Brand Revitalization

Sheraton Hotels & Resorts announced the launch of a new \$20 million dollar, multi-media marketing campaign created to highlight the brand's \$6 billion revitalization effort. Launching today, the "Rediscover Sheraton" campaign encourages travelers to take a new look at Sheraton, which features an enhanced guest experience following a three-year, global brand overhaul. This is the first new marketing campaign to debut for Sheraton in two years. The "Rediscover Sheraton" campaign showcases key elements of the \$6 billion enhancement, including 300 new lobbies, 70,000 new guestrooms, 100,000 new beds and the brand's unique wired lobby lounge called the "Link@SheratonSM experienced with Microsoft®." The multi-million campaign marks the first Sheraton campaign to be designed in-house by the company's global brand design team, led by Phil McAveety, Chief Brand Officer for Starwood. "Rediscover Sheraton" will launch across a multimedia platform that integrates consumer, trade and online and Sheraton will focus a significant portion of its buy on non-traditional media. "The focus on non-traditional media marks an exciting new direction for Sheraton," said Phil McAveety. "What sets this campaign apart is the fully integrated, multi-platform approach and how the work uses non-traditional media to convey the new Sheraton experience. Every brand touch-point of the campaign is strategically aligned, across all executions including print, online, mobile, promotional and experiential event activities." The campaign will run on key websites, including TripAdvisor.com, NYTimes.com, Kayak.com, BizJournals.com and CNN.com. Print ads will run in USA Today and other key business and travel titles. Sheraton is completing a three-year, multi-billion global brand overhaul that encompasses more than \$4 billion in new hotels, renovations and signature brand initiatives in North America and another \$2 billion in new hotels overseas.

Source: Sheraton Hotels & Resorts/Ehotelir.com

AMC Entertainment Plans to Add Snacks, Casts New Executive to Help

AMC Entertainment Inc. is working on expanding its snack offerings, and has hired a food service industry veteran to oversee those plans. The Kansas City-based theater chain said it had hired George Patterson as

senior vice president for food and beverage, its first senior-level appointment for concessions from outside the exhibition industry. AMC provided few details of how it planned to expand its food and beverage offerings, although Patterson said in a release that he would help “deliver on the company’s commitment to bringing more diverse and healthy food and drink options.” Patterson previously was director of brand asset strategy and multi-brand execution for Yum! Brands’ KFC division. AMC also has experimented with in-theater dining as a way to attract more customers to the movies, providing restaurant-style entrees, desserts and alcoholic beverages at its Studio 30 theater in Olathe, its Main Street theater downtown and a theater in Atlanta. Company spokesman Justin Scott said AMC plans to add the service at six to 12 theaters across the country in the coming fiscal year, although AMC hasn’t yet decided where. He added that AMC also is looking to expand its “grab and go” concept for concessions stands, which emphasizes self-service instead of long lines to a central snack bar. “People are looking for that stuff and we want to give people the most choices available,” Scott said.

Source: Kansas City Business Journal

Seattle’s Best Coffee Accelerates Growth, Expands Leadership Team

Seattle’s Best Coffee, a division of Seattle-based Starbucks Corp., has seen accelerated growth of its franchise base, signing an additional 10 new franchisees. These new franchisees, which plan to open cafes in several states (including California, Illinois, Texas and New York), will help grow its current cafe count from more than 550 as the brand expands across the United States. Seattle’s Best Coffee also has recently expanded its leadership team with the appointments of long-time Starbucks veteran Michelle Gass, president, Seattle’s Best Coffee, to lead and grow the brand, and John Wuycheck to fill the new position of vice president, franchising business development, to specifically focus on the franchising opportunity. “The rapid expansion of Seattle’s Best Coffee will continue to be driven by opportunities to broaden our overall portfolio of cafes, consumer packaged goods and foodservice accounts,” Gass said. “We think there is a very big opportunity--much larger than the business today--that is complementary to the Starbucks brand and will be a significant competitor to other brands that currently exist in the market.”

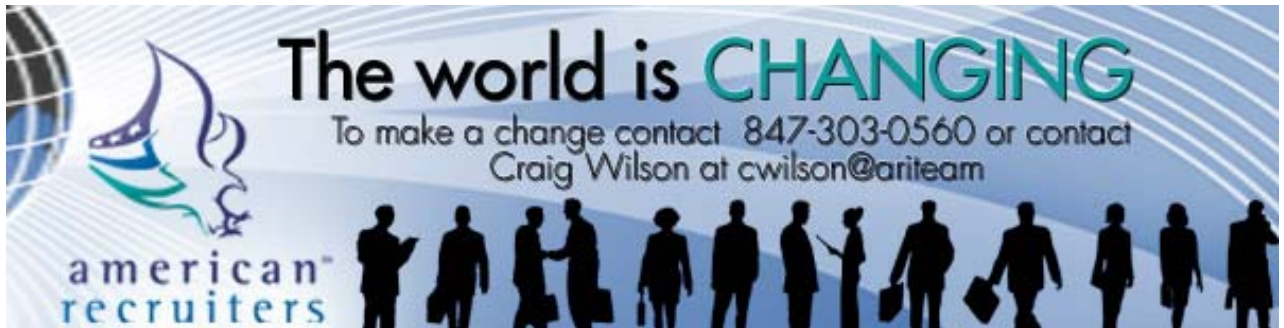
Source: Nielsen Business Media

Chick-fil-A: 42nd Straight Year of Sales Growth

Chick-fil-A Inc. ended 2009 with more than \$3 billion in sales for the first time ever, marking its 42nd consecutive year of growth, the company said last week. Sales topped \$3.2 billion, an 8.6 percent spike from 2008, despite an economy that has wreaked havoc on restaurants in pricier segments. Same store sales were also up, climbing 2.5 percent.

The chain, founded by S. Truett Cathy, has grown in annual sales every year since it was founded in 1967. The private, family-owned company, does not release specifics on net profits. “Chick-fil-A has truly been blessed to have had another year of sales growth during these difficult economic times,” Chick-fil-A President and Chief Operating Officer Dan T. Cathy said in a statement. “While we by no means are immune to the economic challenges our country is facing, we do believe we will continue to remain healthy as long as we stay committed to the qualities that have shaped the Chick-fil-A brand thus far: providing exceptional customer service and unmatched product quality to every customer on every visit.” During 2009, Chick-fil-A opened 83 new restaurants, including 69 stand-alone stores. It ended the year with 1,480 stores in 38 states. In 2010, Chick-fil-A plans a roll out of a spicy version of its original chicken sandwich, which the company called “the largest product introduction in the chain’s 42-year history.” The chain also plans 78 new locations, including 66 standalone restaurants, and renovations to 86 existing stores.

Source: New Mexico Business Weekly



Steak n Shake Parent Set for a Name Change

The investor who took control of Steak n Shake wants to rename the Indianapolis cheeseburger chain's parent company for himself. Shareholders will vote at the annual meeting to rename their company Biglari Holdings Inc. The parent is now called Steak n Shake Co., based in Indianapolis, and its restaurants are a subsidiary named Steak n Shake Operations Inc. The proposed name change, disclosed in a filing last week with the Securities and Exchange Commission, follows Texas investor Sardar Biglari's efforts to diversify outside the restaurant industry using cash from the burger business. Under Biglari, the parent company's chairman, Steak n Shake Co. launched a hostile takeover in December of a Michigan-based insurance company, Fremont Michigan InsuraCorp. Biglari earlier fell short in efforts to buy ITEX, a West Coast bartering business, and the California-based burger chain Jack in the Box. Renaming the parent could make it easier for Biglari to possibly spin off the Indianapolis-based restaurant chain in a few years without confusing shareholders, suggested restaurant industry analyst John Gordon, of Pacific Management Consulting Group, San Diego. Steak n Shake's annual meeting will be April 8 at the St. Regis Hotel in New York. The burger chain, which has 485 sit-down eateries, surprised some analysts last week with its strong profit report. After-tax income of \$5.49 million was reported on revenue of \$147.58 million. In the same period in 2008, Steak n Shake posted a loss of \$3.44 million on revenue of \$130.72 million. Operating costs were relatively flat while sales revenue soared, Gordon said.

Source: indystar.com

Pollo Campero Grows From Big D to Disney

Latin chicken quick-service restaurant company Pollo Campero is taking the fast-food dining concept it honed in Dallas to the Walt Disney World Resort. The Dallas-based company has partnered with franchisee Levy Campero to open a new restaurant in the Downtown Disney Marketplace within the heart of the family-friendly resort in Orlando, FL. The company will sell its signature chicken along with an assortment of wraps and salads. Pollo Campero has 50 locations across the United States, six of which are in the Dallas area. The Disney restaurant is slated to open in late 2010. Levy Campero is a subsidiary of Levy Family Partners LLC, a real estate investment partnership headquartered in Chicago.

Source: Dallas Business Journal

Morton's Appoints New CEO

Morton's Restaurant Group, Inc. announced the appointment of Christopher Artinian as President and Chief Executive Officer and as a director, effective immediately. Mr. Artinian replaces Thomas J. Baldwin, who has resigned from his position as President, Chief Executive Officer and Chairman of the Company's board of directors. Mr. Artinian previously served as Vice President of Eastern Operations, and has been with the Company since 1995. "Chris Artinian has impressed us with his strong management skills throughout his career at the Company," said John K. Castle, Chairman of the Executive Committee of the Company's

board of directors. "We are confident Chris will continue to build the Morton's brand and lead the Company to strong future performance."

Source: PRNewswire

Japan to Sprout Hundreds Of Sbarros

Sbarro, the quick-service Italian concept already in 42 countries, is ramping up its presence in Japan. The chain has partnered with JCI Inc. in a joint-venture franchise agreement to open 1,250 units over a 20-year period. A new-store opening in Tokyo last December marked the first of three Sbarro stores planned for the metropolis; the next two will open in the first quarter of this year. No further details on the rollout have been released. Sbarro is best known for its mall and food-court locations; its concepts include pizza express, full-menu food courts and standalone units with dining rooms. The Melville, N.Y., chain has more than 1,000 restaurants in 42 countries.

Source: FER

Tijuana Flats Launches New Menu, Opens Two Locations

Tijuana Flats has added several new menu additions to its Fresh Mex lineup, now available at its South Florida locations. According to a Broward County Blog, all six new items were featured for three months in test stores throughout the Central Florida area. The items include "signature burritos" that feature the Tijuana Flats take on other classic dishes. The Steak & Cheesy Burrito, a Tex-mex version of a classic Philly cheese steak, is filled with seasoned steak, grilled onions, peppers and topped with mozzarella cheese. The company added a Chips & Beefy Queso dip, which is Tijuana's delicious classic cheese "queso" dip mixed with fresh ground beef. Another permanent menu item are the rice bowls, a whole wheat fried tortilla shell loaded with rice, black beans, grilled onions, peppers, tomatoes, green onions, salsa and a choice of meat. The company also plans to open two new corporate locations in March, according to an article in the in the Orlando Business Journal. The Florida locations include a 2,000-square-foot, 100-seat location in College Park and a 2,300-square-foot, 105-seat location in Palm Beach Gardens.

Source: Fast Casual

New-Look Fazoli's Makes Debut in the St. Louis Area

The St. Louis area, which has a soft spot for mostaccioli and ravioli, has been one of the top-performing markets for Fazoli's, the Italian quick-service restaurant chain based in Lexington, KY. That's why Carl Howard, Fazoli's chief executive, picked this region for the chain's first new store in more than 3 years. The new outlet, which opened this week in Edwardsville, is also the first to debut the chain's new prototype. The new design is smaller than the old model, located in strip centers instead of a stand-alone building, and has a brighter, more modern decor. "This is a fresh look for us," Howard said in an interview during a visit to the new store. "Our old facility is a little bit stale. We wanted to juice it up and have some fun." Fazoli's has undergone more than just a face-lift. In the last year, it has also overhauled about 80 percent of its menu, adding new items such as baked pasta dishes. It has also started using fresher ingredients and revamped everything, from the submarino sandwiches to the marinara sauce. In 2006, Fazoli's was finally sold to Sun Capital Partners. Howard came in as CEO two years later. When he took over, the chain had been grappling with declining customer counts for several years at its 280-plus locations. One of his first major decisions was to shut down dozens of underperforming stores. Fazoli's now has closer to 240 outlets and does \$239 million in sales. "You get rid of your dogs and stick with your stars and all of a sudden your numbers and performance begins to improve," said Darren Tristano, executive vice president of Technomic, a Chicago-based food consultant group. The new Edwardsville site will be followed by six to eight other new Fazoli's in the next year or so in other strong markets for the company such as Kansas City, and Dayton and Columbus, Ohio, Howard said. If the innovations do well in these new stores, Fazoli's

hopes to roll out the changes to its other company-owned stores. As for the franchises, Howard hopes that the new elements will be such a hit that they will be motivated to follow suit.

Source: ST. LOUIS POST-DISPATCH

McDonald's Raises Investment in China by 25% to Overhaul Stores

McDonald's Corp. will increase capital investment in China by 25 percent this year as it overhauls stores and offers free wireless Internet services to woo customers. The Oak Brook, Illinois-based company will add restaurants and "re-image" 80 percent of existing stores within the next three years, Kenneth Chan, head of its China operations, said in Shenzhen recently. The company may add 10,000 jobs in 2010 as it opens restaurants, he said. McDonald's plans to open between 150 and 175 restaurants in China this year, adding to its more than 1,100 outlets already in operation. The company faces increased competition from rivals such as Hong Kong-listed Ajisen China Holdings Ltd. offering local fare such as noodles and rice for almost the same price as McDonald's Value Meals. "You're getting more of the standardized Chinese food and standardized Asian food and that's causing serious competition for McDonald's," Shaun Rein, managing director of China Market Research Group in Shanghai, said in an interview. "They're cheap enough and capturing market share."

Source: Bloomberg

Rethinking Buffalo Wings & Rings. New Boss Revamps a Winning Franchise

Four months into his post as president of Buffalo Wings & Rings, Roger David has plans to re-invent the fast-growing franchise of casual sports bars. The chain has expanded from six regional restaurants to 55 in 14 states since a trio of local investors bought it from the founders in 2005. Categorized as casual dining, a segment of the restaurant industry that has slumped throughout 2009, Buffalo Wings & Rings' systemwide sales grew last year to \$56 million. "As a growing chain, we thought we needed to stop being like a startup and become more professional," said Philip Schram, a Buffalo Wings & Rings investor who passed the title of president to David last October. Schram now is vice president of franchise development. Early last year, Schram and his partners decided they needed to establish a more sustainable and fine-tuned operation to increase same-store sales and be ready for continued expansion. The decision to hire a new president came out of strategic planning sessions hosted by the Cincinnati USA Regional Chamber. David's sweet spot was building and launching successful brands. A son of the Gold Star Chili founding family, he spent 10 years as the regional chili chain's vice president of marketing. He most recently worked in brand design at the consultancy Brandimage. He's also a cousin of Buffalo Wings & Rings investor Haytham David. David took the new role because the chain was already successful and had strong franchisees. It had invested about \$1 million in 2008 to build a new headquarters in Amelia and a new prototype and training restaurant at Eastgate Mall. With 12 new restaurants (in at least seven states) planned for 2010, system wide sales were anticipated to grow to \$70 million by year's end. Most restaurants that have achieved growth through the recession have been those like Buffalo Wings & Rings that opened new restaurants, said Eric Giandelone, director of research for Mintel Food Service in Chicago. The key for Buffalo Wings & Rings will be creating a better experience for customers, David said. "Part of the success has been that they create this place where you can hang out, like what Starbucks has tried to do with coffee," Giandelone said. "The longer you can get people to stay, the more likely they are to order another beer or another round of fries."

Source: Cincinnati.com

Johnny Rockets Set to Dabble in Quick Service

In an effort to expand its opportunities for existing and potential franchisees, Johnny Rockets announced that it is offering a new quick-service prototype. The FAST! model of Johnny Rockets, which ranges from 900 to 1,200 square feet, is now available for franchisees who can't find or afford the 1,800–2,000 square

feet required for the traditional unit. "It allows us to head in maybe nontraditional locations or those smaller spaces that are available, especially in some of those bigger cities where rent can be outrageous," says John Fuller, president and CEO of Johnny Rockets. "So it offers another way to get more points of distribution." The FAST! prototype will feature a streamlined menu, more condensed equipment, and lower initial investment for franchisees. Fuller says the FAST! model costs about half of what the traditional model costs. Each FAST! unit will also include only limited seating and no dining room—meaning there will be no singing and dancing staff, which the brand is known for. "People can come and go, [and] there'll be maybe six to 10 seats available," Fuller says. "But it won't be the traditional Rockets experience." Fuller, who was announced as the new president and CEO last week after serving as chief financial officer of the typically casual-dining burger chain since 2008, says the new prototype does not alter the strategic growth plan of the brand. "We still want to have as many traditional locations as we can as well, it just allows people who can't find the square footage and have maybe some smaller choices ... something that would fit for them," he says. Fuller also says that the company, which plans to open about 30–40 new units in 2010, won't push specifically for expansion with its FAST! model. "If someone comes in and wants to sign up for an area development agreement, we'd still want them to have [the option of] the traditional locations as well as the FAST! locations," he says. Johnny Rockets is also launching sports bar and mobile kitchen prototypes. The mobile kitchen is another quick-service option, offering a food truck for franchisees who want to take the brand to sports activities or other events. "The mobile kitchen, although it's a new choice, it's not something we're actively out there doing," Fuller says. "If we do one or two year, that's probably good enough." While no FAST! units have been sold to franchisees yet, Fuller says there is definitely interest brewing. "Several franchisees have shown interest in doing the FAST! model as soon as they can find the right location for it," he says.

Source: QSR

Bain Capital to buy Domino's Pizza in Japan

U.S. private equity firm Bain Capital said it would acquire the Japan franchisee of Domino's Pizza as it sees opportunities in the country's niche pizza delivery market. Bain Capital said in a statement that it would buy Japanese firm Higa Industries Co from Duskin Co, Daiwa SMBC Capital and Ernest Higa, the founder of Higa. "In Japan pizza delivery is a niche business and home delivered pizza is treated as a specialty item so there is less price sensitivity," David Gross-Loh, a managing director at Bain Capital in Tokyo told Reuters. He said delivered pizza is priced higher in Japan than in the U.S. and that this boosts opportunities for the development of new products and marketing. Domino's Pizza charges 3,900 yen, or \$43, for a large pizza with roasted chicken topped with anchovy sauce, according to the company's website. Even a medium pizza with just cheese and tomato sauce costs about \$10. Domino's Pizza currently only operates in Tokyo and Osaka, Japan's two largest cities, so there is considerable scope for expansion, Gross-Loh continued. Bain did not disclose the purchase price although Duskin, which owns 44 percent of Higa, said it was selling its stake for 2.64 billion yen (\$29 million), making the entire company worth about 6 billion yen. The transaction is Bain's second in Japan in about two months. The firm announced in November the purchase of Bellsystem24, a Japanese telemarketer, for \$1 billion from Citigroup Inc. The buyout firm has obtained loans from Bank of Tokyo Mitsubishi UFJ, the main banking unit of Mitsubishi UFJ Financial Group, for the Higa acquisition. Bain owns a minority stake in Domino's Pizza in the United States. Higa Industries operates 179 Domino's Pizza shops in Japan.

Source: Thomson Reuters

Einstein Noah Restaurant Group Announces the Appointment of Rhonda J. Parish as General Counsel and Secretary

Einstein Noah Restaurant Group announced that the appointment of Rhonda J. Parish as Chief Legal Officer and Secretary, effective immediately. Ms. Parish succeeds Jill Sisson, who had announced her retirement in August 2009, but remained available to the company until her successor was named. Ms. Parish most recently served as Executive Vice President, Chief Legal Officer and Secretary of Denny's

Corporation and its predecessor companies from 1998 to 2008, after joining the company in 1995 as Vice President, Legal Counsel. Jeff O'Neill, Chief Executive Officer and President of Einstein Noah, stated, "I am delighted to have Rhonda as a key partner on our Executive Leadership team. With her extensive background in the restaurant and retail industries, Rhonda brings a knowledge, expertise, and perspective that will make her a valuable asset to the Einstein Noah Restaurant Group." Rhonda Parish stated, "I am excited to be joining Einstein Noah to help guide the Company's key business and growth initiatives and to lead its regulatory and legal requirements. I believe that Einstein Noah has a very exciting future and look forward to being a part of its continued success."

Source: Einstein Noah Restaurant Group

Sonic Appoints New Chief Information Officer

SONIC Corp. announced that Craig Miller has joined the company as Chief Information Officer. Miller comes to Sonic from his position as Executive Vice President and Chief Information Officer at Movie Gallery/Hollywood Video, where he was responsible for integrating and upgrading the IT capabilities of more than 3,800 stores, including data center consolidation, multiple point-of-sale (POS) systems, merchandising, inventory, e-commerce, workforce management and corporate systems. Commenting on the announcement, Clifford Hudson, Chairman and Chief Executive Officer of Sonic Corp., said, "We are pleased to have Craig join our team. With his extensive knowledge of the technology infrastructure necessary to effectively run a multi-unit retail business, along with his vast knowledge of corporate systems and practices, Craig will bring depth to our technology team. In turn, this will help us better serve our operators and franchisees as they take care of our great Sonic customers in all locations."

Source: Sonic, America's Drive-Inc.

California Pizza Kitchen Opens at Stony Brook University

California Pizza Kitchen, Inc. opened on the campus of Stony Brook University. The new quick-serve location, the second opened by CPK franchise partner Lackmann Culinary Services, is located in the university's Roth Quad adjacent to student residence halls. Stony Brook University is located on 1,100 acres of Long Island's north shore, just 60 miles east of New York City, and has been ranked in the top 100 best national universities by U.S. News & World Report. Over 24,000 students will now be able to order from a specialized selection of CPK's most popular pizzas, pastas, salads and Panini sandwiches including the Thai Chicken Pizza, Original BBQ Chicken Chopped Salad and Chicken Tequila Fettuccine. Stony Brook University will be hosting an on-campus kick-off party in early February which will include prizes for the first student to try all CPK menu items as well as a campus-wide vote for their favorite CPK pizza. Lackmann Culinary Services opened the first California Pizza Kitchen location on a college campus at Hofstra University in Hempstead, New York in August 2009.

Source: California Pizza Kitchen, Inc.

Ruby Tuesday Bets on Upscale Food

Goodbye, old Ruby Tuesday. Known for decades for its casual burger-and-salad restaurants, the nearly 40-year-old chain has undergone an aggressive \$100 million makeover that started just before the recession sapped many restaurant companies of their earnings. But finally, analysts say, the risky menu switch, as well as a cultural shift in how Ruby Tuesday approaches the food business, may be paying dividends with a return to profits and brighter prospects for the roughly 900-unit chain. The catch was that Ruby Tuesday's chairman, president and CEO, Sandy Beall, hit his brand's start-over button just as many consumers faced job losses, home loan problems and other pressures that led them to keep tighter reins on spending. Few people dined out, and sales at the chain's company-owned stores open a year or more fell. At first, consumers didn't take to the changes, analysts said. The Maryville-based company suffered through a

dreadfully weak stock price — at one point in the past year Ruby Tuesday traded at less than \$1 a share on the New York Stock Exchange — as some investors worried about its ability to pay its debt. Ruby Tuesday has since trimmed its debt, and the stock has risen, closing at \$7.35 a share on Friday. The company had about \$546.7 million in long-term debt two years ago, but it took several steps, including offering 10 million shares of its common stock to the public and working with lenders to modify loan agreements. It had \$350.8 million in long-term debt as of Dec. 1. "To date, it appears the changes are beginning to pay off," said analyst Robert Derrington of Morgan Keegan, a brokerage firm that has provided financial services to Ruby Tuesday over the past 12 months. Ruby Tuesday said its long-term goal is to increase its average check size to the \$12.50 to \$14.50 range, from a range of \$11.50 to \$12. A goal is to alter diners' perception of the restaurants so they stand out from chains such as Applebee's or Chili's. The biggest challenge for the chain may be that hard times, high unemployment rates and strains on consumer spending aren't done. But Beall said he expects a better economy in 2010: "We will still be here. It's just a matter of when it (the economy) turns." One more growth area under consideration is expanding restaurant franchises abroad in Asian countries such as Indonesia, as more diners there will be looking for American casual dining restaurants.

Source: THE TENNESSEAN

If you would like to have news about your company in our newsletter, please send all editorial contributions to Mario Schacher: marioschacher@yahoo.com

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