



**August 15, 2011**

### **The Legacy Companies Acquires Blakeslee Commercial Dishwashing/Preparation Equipment Company**

The Legacy Companies, Fort Lauderdale, Florida has acquired Chicago based Blakeslee commercial dishwashing/preparation equipment company that began in 1880. Terms of the deal were not disclosed. "Since their founding, Blakeslee has become a leader in the commercial dishwashing and preparation equipment industry in the U.S and around the world, which complements our acquisition approach to developing and growing these excellent U.S. companies by expanding market share and product mix. Blakeslee's long legacy says a lot about the pride in the quality of the equipment it sells to foodservice operators," said Neal Asbury, CEO of The Legacy Companies, whose company exports to more than 100 countries. The Legacy Companies is no stranger to acquiring successful U.S. foodservice companies, having acquired Omega Products (juicers, blenders and food processors); General Slicing (slicers, mixers and cooking equipment); Maxximum (refrigeration and ice machines); and Zeroll (ice cream scoops, dishers and kitchen utensils). It's hard to believe that prior to 1880, all dishes in restaurants and road houses were washed by hand, so dishwashers everywhere celebrated when Blakeslee came out with the first ever automatic model. Even though Blakeslee is 125 years old, it never stopped innovating, and in 1965 developed the first and only under slung conveyor on a Flight – Type Machine; the only modular tank system for both Rack and Flight -Type machines; and the only low profile Rack and Flight - Type machines available. Blakeslee's modular tank system revolutionized the entire commercial dishwasher industry. Now standard size Pre-Wash, Wash and Rinse Modules can be manufactured in advance. "We're proud to have Blakeslee join The Legacy Companies family of leading commercial foodservice brands," added Asbury. – Source: The Legacy Companies

### **The Middleby Corporation Acquires Auto-Bake Pty Ltd.**

The Middleby Corporation announced the acquisition of Auto-Bake Pty Ltd. Auto-Bake has annualized revenues of approximately \$20 million USD and is based in Australia. "The acquisition of Auto-Bake adds another advanced set of products to our growing food processing platform and further expands the Middleby portfolio of leading brands and technologies," said Selim A. Bassoul, Chairman and Chief Executive Officer of The Middleby Corporation. "The superior design of the Auto-Bake system offers customers a flexible and fully automated baking solution providing for labor savings and reduced energy consumption. Auto-Bake equipment is recognized for its top-quality bake in a compact, space saving footprint. Auto-Bake is well positioned in North America and in emerging markets. We anticipate the well established international infrastructure of Middleby will enable Auto-Bake to accelerate its growth and expand its global reach." – Source: The Middleby Corporation

### **Landry's Makes a Play for Eva Longoria's Bankrupt 'Beso'**

Landry's Restaurants Inc. is continuing to bet on the potential of distressed restaurants, this time making a play to scoop up actress Eva Longoria's Las Vegas restaurant Beso from bankruptcy. Beso LLC, the entity through which the "Desperate Housewives" star and her partners own and run the Latin-inspired steakhouse, on Monday hired a Landry's unit to manage its operations. In court papers filed Tuesday, Beso's attorneys also disclosed that Landry's intends to make an offer to buy Beso for \$1 million, but the restaurant would have the right to seek higher offers. The attorneys are now urging the U.S. Bankruptcy Court in Las Vegas to approve the management agreement,

which they deemed “the only viable alternative to ceasing operation” of the cash-crunched restaurant. Landry’s “is ready, willing and able to take over the daily management function of the Beso restaurant and loan the funds necessary to pay the current operating expenses of the Beso restaurant,” the attorneys said. “Without the ability to borrow money for operations, the debtor is unable to continue its business operations.” Landry’s Chairman and Chief Executive Tilman Fertitta told Vegas Inc. in an interview recently that Longoria would retain a “substantial” stake in Beso, visit the restaurant when she came to town and maintain her say in the restaurant’s menu and direction. “Eva created a landmark restaurant in the spectacular CityCenter and I look forward to working with her as my partner,” Fertitta said in a statement. – Source: The Wall Street Journal

### **Dunkin’ Brands Turns Attention to Struggling Baskin-Robbins**

Dunkin’ Brands Group Inc. said it plans to rejuvenate the struggling Baskin-Robbins brand in the U.S. and expand its Dunkin’ Donuts chain in Europe. Dunkin’ Donuts’ U.S. revenue grew 6.3 percent over the year, helped by the success of new stores. But the U.S. division of Baskin-Robbins, hurt by rising dairy costs, was the only unit to lose revenue, with a decrease of nearly 6 percent. Nigel Travis, who’s been CEO since early 2009, told analysts he largely had been focusing on the Dunkin’ Donuts U.S. brand, which makes up about 70 percent of the company’s revenue. The brand, which has been in a fight with Starbucks and McDonald’s Corp. for the loyalty of coffee drinkers in an increasingly competitive market, opened more new U.S. locations last year than any restaurant except Subway. Travis said he’s turning some of his attention to Baskin-Robbins. He said he’s reaching out to Baskin-Robbins franchisees, introducing technology to their operations, and cutting the fields of operations managers to allow them to focus on 50 stores each instead of 120. Travis also said he plans to expand the Dunkin’ Donuts brand beyond the company’s focus in Asia, where stores may enjoy low costs but also relatively low sales, into Europe, beyond the company’s base of Germany, Russia and Spain. Both brands have done well internationally. Revenue grew the most — by 17.3 percent — in the international unit of Dunkin’ Donuts, driven by sales in South Korea, Southeast Asia, Russia, Colombia and the Middle East. But it made up just a tiny sliver of the company’s overall revenue, 2.4 percent. Baskin-Robbins’ international arm was much stronger than that of its U.S. cousin. Revenue there grew 8 percent, helped by sales in South Korea, Saudi Arabia and Australia. Dunkin’ Brands said its net income fell 1 percent in the quarter ended June 25, to \$17.2 million, weighed down by the higher costs for ingredients. Earnings excluding one-time items fell about 3 percent, to \$24.7 million, which the company said was because it paid higher interest costs before retiring some of its debt. Revenue climbed about 4 percent, to \$157 million, helped by new store openings and by customers buying more on each visit. Company executives noted that the money Dunkin’ Brands raised last week by going public had allowed it to slash its debt load to \$1.5 billion from \$1.88 billion, which also cut its annual interest expenses in half. They also noted that the banks that underwrote the public offering had decided to purchase extra shares, an indication that the banks believe the shares will continue to rise. Investors have been attracted to Dunkin’ Brands for the strong name recognition of its two chains, Dunkin’ Donuts and Baskin-Robbins. They also believe that the Massachusetts-based company has room to expand outside its stronghold in the Northeast U.S., both internationally and in the U.S. Neal Yanofsky, hired in May for the newly created position of president of international, said the company has increased its national advertising budget for Dunkin’ Donuts by tenfold over the past five years, which will help “soften the beaches” as the company expands southward and westward in the U.S. – Source: The Associated Press/The Salt Lake Tribune

### **Burger King Plans to Tap Flavia Faugeres as Global CMO. Brazilian Marketing Consultant Has Worked with InBev, Unilever**

Burger King plans to hire Flavia Faugeres, whose marketing experience includes posts at InBev and Unilever, as its new global CMO, multiple people familiar with the matter have told Ad Age. She is slated to replace Natalia Franco, who left the company in February. Representatives for the restaurant chain confirmed that Ms. Faugeres is currently working as a consultant for the company, but said a final decision has not been made about her taking on the global CMO role. But in an internal memo obtained by Ad Age from Burger King CEO Bernardo Hees to the chain’s franchisees and employees, the company announced its intention to hire Ms. Faugeres for the post, and also noted other changes to Burger King’s global marketing team. “We are pleased to announce that Flavia Faugeres, our senior consultant who has been assisting us in the marketing transformation since the acquisition, has agreed to join BKC later this year as our global chief marketing officer,” the memo said. “In the meantime, Flavia will continue to provide us with clear and concise counsel on the brand’s new marketing direction.” Also detailed in the memo were the appointments of Alex Macedo, who joined last month as senior VP-North American marketing (he is stationed in Miami, where the chain’s marketing team is based); Claudia Lezcano, who was promoted to VP-North America

marketing communications; Andreas Barth, who was to take on the role of senior VP-global brand management; and Leo Leon, who is now VP-marketing innovation. Mr. Leon was previously VP-global marketing and brand identity at Burger King. Those executives are to eventually report to Ms. Faugeres after she assumes the global CMO role. Prior to Ms. Faugeres' involvement with Burger King, she held various marketing roles at blue-chip marketers such as Unilever, Latin-American brewer Ambev and InBev. Ms. Faugeres was also founder and senior partner of consultancy True Brand, which she started in 2009. Mr. Macedo also worked at True Brand and has ties to Ambev; he is the former head of marketing for Ambev-owned Brahma Beer. – Source: Advertising Age

### **Del Taco Debuts New Stores, Logo**

Del Taco has a new logo and is testing a new restaurant prototype. After months of research, both are making their first appearance together at new locations in Los Angeles and Irvine, California, as well as Irving and McKinney, Texas. The company's new logo will be phased in through marketing and advertising efforts beginning in Q4 while the new store prototype will be evaluated and refined over the next few quarters. "We have a legacy of well-established value, great food at a great price," says John Cappasola, Del Taco's chief brand officer. "With our new look, we maintain our value heritage while adding emphasis to the quality, freshness and great care we put into our food preparation every day in all of our Del Taco restaurants." Del Taco tapped the San Francisco-based brand strategy and retail design firm Tesser Inc. to help with the redesign of both the logo and the prototype. "Tesser was very excited to be selected as Del Taco's partner," says Tre Musco, Tesser CEO. "The Del Taco team was 100 percent focused on the big picture and encouraged the project team to really push the brand forward. The end result really pays homage to the quality and freshness of the food and to the bold attitude of the brand. The final deliverable is a truly unique and stand-out future vision which will set a new bar for the category." The new logo makes use of a contemporary color scheme and a unique brush style font while retaining its familiar look. The design elements of the logo are a nod to the company's heritage, with the classic Del Taco "buzz saw" sun and rolling hills built into the design. Del Taco's new logo will adorn a prototype design that also utilizes contemporary colors and expands on the freshness theme with a redesigned interior and exterior. "The logo and prototype were designed in concert with complementary elements that enliven one another and stand out from the street while inviting customers to explore the interior," Cappasola says. "Guests will see the new logo standing against a fresh color palette and new architectural elements designed to elevate Del Taco in a crowded fast-food landscape." Del Taco's new interior features an updated, inviting dining room with new seating combinations that offer a flexible and comfortable setting for a variety of customer occasions. Select new prototype locations will also feature a salsa bar that offer customers fresh new flavors with two different types of salsa as well as Del Taco's signature sauces: Del Inferno, Del Scorcho and Mild sauce. "The consumer response has been overwhelmingly positive and telling our food story through the new design further enhances our value position in the minds of our customers," Cappasola says. "In fact, more than a few customers told us they hadn't realized the lengths we go to ensure our food is always freshly prepared." – Source: QSRmagazine.com.

### **Madeleine Kleiner to Join Jack in the Box Inc. Board of Directors**

Jack in the Box Inc. announced the addition of Madeleine Kleiner to the company's board of directors, effective September 22, 2011. Kleiner was most recently executive vice president, general counsel and corporate secretary for Hilton Hotels Corporation, a hotel and resort company. At Hilton, Kleiner oversaw the company's legal affairs and the ethics, privacy and government affairs functions. She was also a member of the executive committee, with significant responsibility for board of directors matters. She left Hilton in 2008 after completing her responsibilities in connection with the sale of the company. Prior to Hilton, Kleiner served as senior executive vice president, chief administrative officer and general counsel of H. F. Ahmanson & Company and its subsidiary, Home Savings of America, where she was responsible for oversight of legal, human resources, legislative and government affairs and corporate communications. Previously, Kleiner was a partner at the law firm of Gibson, Dunn & Crutcher, where she advised corporations and their boards primarily in the areas of mergers and acquisitions, corporate governance, securities transactions and compliance. Kleiner currently serves on the Board of Directors of Northrop Grumman Corporation. She also is vice chair of the UCLA Medical Center Board of Advisors and a member of the board of the New Village Charter School. She previously served as a director of several Merrill Lynch mutual funds operating under the Hotchkiss and Wiley name. Kleiner earned her bachelor's degree from Cornell University and her juris doctorate from Yale Law School. "Madi brings more than three decades of corporate leadership to her new role on our board," said Linda A. Lang, chairman, CEO and president of Jack in the Box Inc. "With her strong background in corporate governance and experience as a senior executive for a major franchisor in the hospitality

industry she's an excellent fit with our board." – Source: Jack in the Box Inc.

### **Jersey Mike's Branches Out with Franchisees**

Jersey Mike's Subs has signed multi-unit development agreements with restaurant industry veterans Steve Rosenfield and Linda Nash Rosenfield, who currently own and operate 99 Carl's Jr. and Hardee's Restaurants throughout the country, and Terry Nordenstrom, a former 30-year Domino's Pizza franchisee. This supports the sub chain's strategy to expand in select U.S. markets with franchise partners who have track records of building strong brands and are committed to the company's focus on product and service excellence. Rosenfield and Nash Rosenfield plan to open 10 Jersey Mike's units in the Phoenix area in the next five years as part of their Rosenfield Restaurants group. The first unit is expected to open by the end of the year. Nordenstrom plans to open and operate 10 restaurants in the West Houston area. "I was first a fan of the Jersey Mike's concept as a consumer," says Rosenfield, who also plans to expand into other markets. "Management, product, profitability, and consumer reaction are all the important points I look for – and Jersey Mike's scored high on all those. Linda and I are totally committed – it's full steam ahead." Principal and president of the Rosenfield Restaurants, Mr. Rosenfield has more than 40 years of restaurant and real estate experience: he started his career at the age of 18 and previously was a franchisee with McDonald's, Burger King and Tony Roma's in Southern California. Currently he is a franchisee of Carl Karcher Enterprises (CKE), operating the Carl's Jr. and Hardee's brands in several states. His expertise is in the strategic financial and operational turnaround of restaurant portfolios, as noted in his first Hardee's acquisition in Montana/Wyoming – this DMA now boasts the highest average unit sales volume in the entire Hardee's system. Ms. Nash Rosenfield is vice president of legal affairs and business development at Rosenfield. She has 30 years of experience as CEO and vice president in the medical device industry for multibillion dollar corporations. She also worked in the mergers and acquisitions team at several companies, as well as Rosenfield Restaurants. Another experienced foodservice operator, Mr. Nordenstrom built and operated 28 Domino's Pizza stores in six Midwest states and opened the first Domino's locations in both North Dakota and South Dakota. He has won multiple Domino's franchise awards for sales, operational excellence, and customer service, and was the 1999 Entrepreneurial Success Award winner for North Dakota, presented by the Small Business Administration. "I met Peter Cancro [Jersey Mike's Founder] and was impressed by his commitment to quality products, service, and support of the local community," Nordenstrom says. "Jersey Mike's subs are best in class and I am excited to work with a company that is perceived as having such a high quality product." From 2005-2008, Nordenstrom served as a board member and chairman of the Board of Domino's Franchisee Association. He was also appointed by the city of Fargo Mayor to the position of Planning Commissioner from 2003-2008. "We are excited to partner with Steve, Linda, and Terry to grow the Jersey Mike's brand," says Brian Sommers, franchise development, Jersey Mike's Franchise Systems. "They are outstanding operators with multi-unit experience who are passionate about the brand, care about their local communities, and understand the value of a proven system. The combination of attracting proven operators throughout the quick-serve industry, and growing with franchisees within our own system, continues to strengthen our brand." – Source: QSRmagazine.com



### **Red Robin Names New CMO**

Casual dining chain Red Robin Gourmet Burgers has named Denny Marie Post as SVP and CMO. Post will be responsible for development and execution of brand strategies and product innovation, overseeing internal marketing, R&D and communications teams, as well as outside agencies. Previously, Post was a marketing and business development consultant for clients including Sara Lee, Lamb/Weston/ConAgra and Kerry Ingredients. Her earlier positions include SVP and CMO at T-Mobile USA; SVP global beverage, food and quality for Starbucks

Corp.; and SVP/chief concept officer for Burger King, as well as senior management positions with several Yum Brands units. – Source: MediaPost/Marketing Daily

### **Five Guys Ranked Fastest Growing Restaurant**

Starting with a single location in Arlington in 1986, Lorton-based **Five Guys** burgers has grown to 750 stores in more than 40 states and Canada. According to Stores Magazine's annual Hot 100 ranking, Lorton-based Five Guys is tops in the American restaurants category. Many were able to boost systemwide sales through domestic growth, while others, like Five Guys, saw significant increases in franchise operations last year. Behind Five Guys, other hotspots were Jimmy John's, **Chipotle Mexican Grill**, **BJ's Restaurants** and Wingstop. Stores Magazine found a fresh batch of retailers is benefitting from precise market segmentation, innovative solutions and popularity among consumers. Topping the list this year is Ascena Retail Group, whose major business lines include the Dress Barn, Maurices and Justice apparel chains. Ascena's sales rose 58.9 percent in 2010 to \$2.4 billion. Coming in at No. 2 is **Amazon.com**. Amazon's sales grew 46.2 percent last year to more than \$18.5 billion. No. 3 on the list is Tesco's Fresh & Easy, which recently moved into large cities in California. Revitalizing its 56-year-old brand, consumer electronics and appliance retailer hhgregg secures the No. 4 spot, capitalizing on the void left by the closing of Circuit City stores in 2009; hhgregg opened 110 stores in the last two years and is now approaching 200 locations nationwide. Sales in 2010 grew 36.3 percent to more than \$2.1 billion. – Source: Washington Business Journal

### **Russia Becomes a Magnet for U.S. Fast-Food Chains**

Earlier in his career, Christopher Wynne put his Russian expertise to work researching arms proliferation for the American government. Now he's engaged in geopolitics of another sort: deploying American fast food for the emerging Russian middle class. Mr. Wynne is the top franchisee in Russia for the Papa John's Pizza chain. His competitors include the American chains Sbarro and Domino's, and a Russian upstart, Pizza Fabrika. But so far, compared with the largely saturated United States market for fast food, Mr. Wynne says he is finding plenty of demand. "I could succeed in my sleep there is so much opportunity here," said Mr. Wynne, who has just opened his 25th Papa John's outlet in Russia, doubling the number in the last year. American fast food has been going global for years, of course. And China and India continue to be big expansion markets. But lately, the industry is finding a growing appetite for its fare in Russia — not only pizza, but Burger King's Whoppers, Cinnabon's Classic Rolls and Subway's barbecue pulled pork sandwiches, among others. "As consumers have more disposable income they will spend it on fast food," Jack Russo, a fast-food industry analyst at Edward Jones, said in a telephone interview. He compares the market here to the United States half a century ago. For years, McDonald's, which opened its first restaurant on Pushkin Square in 1990 and generated gigantic lines, was the only American fast-food chain in Russia. McDonald's now operates 279 restaurants in Russia. But other chains are flocking in. Burger King has opened 22 restaurants, mostly in mall food courts, in two years. Carl's Jr. has 17 restaurants in St. Petersburg and Novosibirsk. Wendy's has opened two restaurants including a flagship on Arbat Street in Moscow, and plans 180 throughout Russia by 2020. The Subway sandwich chain has opened about 200 shops in Russia, working through several franchisees. Yum Brands operates a co-branded chicken restaurant chain in Russia, called Rostik's-KFC, and Il Patio in the Italian food segment. Yum now has about 350 restaurants in Russia. Paving the way has been Russia's development in many cities of the modern infrastructure needed for fast food to flourish — including malls with food courts, highways with drive-through locations, and specialty suppliers of frozen foods and packaging. Moreover, Russian consumers are increasingly affluent, partly because of the trickle down from the nation's lucrative oil exports. And though they still trail far behind the average household income of Americans — \$43,539 in the United States versus \$7,276 here — Russian consumers tend to have a large portion of their money for discretionary spending. They are unburdened by the hangover of consumer debt that has curbed American purchasing power. Nor do Russians have high medical bills because the health care system, if flawed, is largely socialized. The income tax is a flat 13 percent. And a majority of Russians own property mortgage-free, as a legacy of the mass privatization of apartments in the 1990s. As a result, the fast-food chains find they can charge higher prices in Russia than in America. The average check at a Russian fast-food outlet — \$8.92 according to research by a Wendy's franchisee here — is significantly higher than the United States average of \$6.50. A large "the works" pizza at Papa John's in the company's home base of Louisville, Ky., for example, costs \$14, compared with \$21.62 for the same pizza in Moscow. By opening 19 restaurants in Moscow — besides the six in other cities — Mr. Wynne's Papa John's franchise has become the third-largest takeout pizza company in the city. "The bottom line is the opportunity is here," said Mr. Wynne, who in a presentation to prospective investors earlier this year said the

Russian operation had 21 percent annual revenue growth in stores open more than a year. The franchise does not disclose its average sales per restaurant but says it is the highest figure among 35 countries where Papa John's operates. Mr. Wynne says it costs about \$400,000 to set up a store in Moscow, which can turn an operating profit in three months. The enterprise is well financed, with a \$10 million loan at 7 percent interest from the United States Overseas Private Investment Corporation, an agency that encourages American exports. – Source: The New York Times

### **Chattanooga-based Krystal Co. Seeks Buyer for 79-Year-Old Burger Chain**

The feisty Southeastern restaurant chain famous for its small, steamed burgers is seeking a buyer after fighting its way through the recession. The Krystal Co., which owns or franchises 364 restaurants in 11 states, said it has retained an investment firm to find a new owner for the Chattanooga-based chain. Krystal CEO Fred Exum said the company is seeking "a new investor" to take over the financial reins of the company from the private investors who bought the firm in 1997. "The target is to deliver an attractive exit for current shareholders who have been tremendously supportive over the past 14 years, while also establishing a solid platform for our employees to further expand the brand by continuing to serve our loyal customers," he said. The company, founded during the Great Depression, now has more than 7,000 employees. Industry officials say it's unlikely that Krystal would be bought by another chain restaurant -- a move that could result in lost jobs locally. Instead, most restaurant sales in the past year have been to private equity investors, said Paul Frumkin, managing editor of Nation's Restaurant News. "There's been a lot of private equity interest in restaurants this past year," Frumkin said. "It looks like there's going to be more of it, and it probably will be a private equity buy on this." White Castle, an Ohio-based chain that, like Krystal, is privately owned and known for small, square burgers, previously has been discussed as a possible suitor for Krystal. But White Castle's Jamie Richardson, vice president of corporate relations, was noncommittal on the possibility of a merger. "We wish Krystal well as they consider a potential sale," he said. "Knowing the strength of the chain's culture, we are certain they'll find the right fit in ownership that will safeguard the qualities of their brand." Krystal used to be a publicly traded company until a group of investors under the name Port Royal Holdings bought the chain and took it private in 1997. Phil Sanford, who now heads Jackson Hewitt Tax Service, led Krystal's purchase after the company came out of bankruptcy, staying on as head of the company until August 2003. During his tenure, Sanford pursued a strategy of expanding the company's franchise operations, which saved the company money on start-up restaurant costs but offered less revenue growth. Exum took over as CEO in 2003 after Sanford. By 2008, the company had changed course and began building more company-owned stores, which offered Krystal more control over the brand and a bigger slice of the profits. The restaurant chain was able to expand to more than 420 stores by 2002, according to company figures. But Krystal subsequently closed more than 55 stores and laid off employees during the recession. On the whole, Krystal has seen "significant growth since 1997," Exum said, leaving the brand "well positioned to continue its momentum." "We have been extremely successful over the last 14 years, which is primarily due to the hard work of all levels of our management team," Exum said. "Krystal is growing, and we are excited about the future opportunities for the brand." Minneapolis-based Piper Jaffray, an international investment and asset management firm, will work with Krystal during the attempted sale. – Source: The Associated Press

### **DQ Lands Franchise Agreement in Guatemala**

Dairy Queen is expanding into Guatemala. The company has signed an agreement with franchisee Grupo Buen Rollo to open 15 locations throughout Guatemala by 2015. Owned by Berkshire Hathaway, the Dairy Queen system also has 11 locations in the Central American country of Panama. "The Dairy Queen system is continuing an aggressive expansion of our brand in the international marketplace," says Brad Houser, executive vice president for International Dairy Queen, Inc. "We look forward to introducing all of our signature DQ treats in Guatemala that consumers internationally and in the United States have come to enjoy." The first kiosk Dairy Queen store is scheduled to open in Guatemala City in October 2011. A second in-line store is slated to be open in Guatemala by the end of the year. Grupo Buen Rollo has developed four successful brands in the foodservice industry over the last 12 years, operating more than 60 quick-service, fast-casual and fine-dining restaurants throughout Central America, Mexico, and Colombia. The Dairy Queen locations in Guatemala will feature all of the soft-serve products that have made the DQ system an icon in the industry. Guests will enjoy DQ signature Blizzard Treats, soft-serve cones, sundaes, DQ Cakes, and MooLatté frozen blended coffee beverages. In addition, a majority of the stores also will introduce Iron Grilled Sandwiches and hot dogs. Guatemala is the most populated country in Central America, with nearly 13 million people. Tourism has become an increasing source of revenue for Guatemala as the ruins of the

Mayan civilization, a culture rich in music and art, and the abundant and unique ecosystems throughout the country attract visitors from all over the world. The Dairy Queen system has more than 5,900 locations, of which 856 are outside the United States and Canada in 16 international markets. – Source: QSRmagazine.com



### **KFC Exits Fiji after Colonel's Secret Recipe is Quarantined**

Colonel Sanders appears to have met his match in Fiji, with KFC closing all three of its outlets on the Pacific island after the food-safety agency slapped the restaurant chain's top-secret herbs and spices blend in quarantine. The country's agriculture secretary, Colonel Mason Smith, told local media that the breadcrumbs – which contain the much-touted "secret recipe" – and a milk-and-egg mix had been held up for inspection to ensure the products were disease-free, and insisted the country had not banned any products. But KFC said it had been unable to import the key ingredients since October last year. "The missing ingredients led to a decline in product quality [which], coupled with rising food costs, contributed to decreasing sales," the Fiji Times quoted the company as saying. Fijian officials allege that the fuss over the ingredients is a ruse to cover up the fact that the stores were suffering financially. "KFC are a global fast-food chain with a very slick public-relations machine but at a local level I think their message is becoming a little confused," Elvis Silvestrini, the head of Fiji's Biosecurity Authority, told Radio New Zealand International. "The local general manager stated himself, he has attributed the decision to suspend Fiji operations because of rising costs and deteriorating sales." – Source: The Independent, London.

### **Giordano's Trustee Says Franchisees Are Once Again Using Approved Ingredients**

The bankruptcy trustee for Giordano's says all of the chain's Chicago-style, deep-dish pizza restaurants are again using its proprietary products. Bankruptcy trustee Philip Martino had filed complaints against certain franchisees for failing to buy ingredients from approved suppliers. Martino said recently that all restaurants are now buying the approved products. Martino says certain disputes with franchisees remain unresolved. But he says those differences should be settled over the next month. Martino says customers should know the pizza "will continue to be of the highest quality." Giordano's was founded in Chicago in 1974. The pizza chain filed for Chapter 11 bankruptcy in February. It continued operations with court approval by using a bankruptcy loan to pay employees and vendors. – Source: Yahoo/The Associated Press

### **U.S. Restaurant Count Declined 2%. 9,450 Restaurants Closed in U.S. Last Year, Report Says**

U.S. restaurant unit counts declined by 2 percent, for a loss of 9,450 restaurants, based on the most recent restaurant census conducted by The NPD Group. NPD's Spring 2011 ReCount, a census of commercial restaurant locations in the United States compiled in the spring and fall each year, finds most of the total unit declines were independent restaurants, 8,650 of which closed in the census period. Chain restaurant unit counts remained relatively stable. NPD's Spring 2011 was collected from April 1, 2010 to March 31, 2011 and finds that the number of quick-service restaurants declined by 1 percent or 3,495 units. Full service restaurant units, which includes casual dining, mid-scale, and fine dining restaurants, decreased by 5,965 units, a 2 percent decline from the Spring 2010 ReCount. "The decline in independent units is the steepest we've seen since NPD began conducting the Spring ReCount census in 2001," said Greg Starzynski, director, product development-foodservice. "A volatile economy, more frugal consumers, and a lack of financial backing have made it a difficult business environment for independent restaurants." According to The NPD Group's CREST, which continually tracks consumer usage of commercial and non-commercial foodservice outlets, the declines the restaurant industry has been experiencing over the last several years are improving. For year ending May 2011, visits to U.S. restaurants held stable compared to the same time last

year when visits were down 3 percent. Consumer spending at restaurants improved by 2 percent for year ending May 2011 compared to same time year ago. – Source: Fastcasual.com

### **McDonald's Can't Nab a Spot at the Airport**

McDonald's, the fast food chain that lured millions with its "you deserve a break" jingle, can't seem to catch a break of its own — at least at the San Diego airport. Like a forlorn teenager who's dateless for the prom, McDonald's says it's been shut out of the latest bidding process to replace the airport's food and retail concessions with mostly new businesses. A fixture at the airport for the last 15 years, the burger chain will likely be packing up its griddles, fryers and golden arches come Dec. 1 of next year when Lindbergh Field transitions into its new concessions program for dining and shopping, with a focus on local brands. Last week, the San Diego County Regional Airport Authority board awarded leases for more than 50 dining and shopping outlets that include two burger concepts, The Counter among them. But no McDonald's, which currently has three franchise locations at the airport. McDonald's not only failed to partner with an operator on a proposal, but its own bid was rejected — because it didn't include restaurants in each of the locations specified by the airport. "We reached out to all major master concessionaires — as well as numerous smaller groups — in an attempt to identify a partner that would include McDonald's on its proposal," wrote Steve Norby, a vice president with McDonald's USA's Southern California region, in a letter to the Airport Authority. "However, despite McDonald's previously partnering with many of these companies at other airports around the country, none of them were willing to include McDonald's ..." Although the Airport Authority board is scheduled next month to consider up to five more food contracts covering 28 additional locations, McDonald's is not among the proposals that already have been submitted, airport officials confirmed. Norby has sought a meeting with Airport Authority President Thella Bowens in hopes of finding a way to remain at the airport, but his phone isn't ringing. The fast-food chain isn't the only one feeling miffed over the airport concessions overhaul. Two bidders, one seeking to operate two coffee and baked goods locations and the other proposing a couple of spa outlets, have filed protests with the authority, arguing they have more airport experience and offered more financially lucrative proposals than the companies awarded the contracts. The Airport Authority is expected to rule on the appeals within a couple of weeks. Meanwhile, come Dec. 1 of next year, when the new concessionaires start setting up shop, it's hard to know how passengers will react once they discover they can't get their Egg McMuffin or Quarter-pounder fix anymore. Norby is betting they won't be happy. "I think the customer is going to be disappointed that they can't stop at McDonald's and get breakfast on the way to wherever they're going," he said. "And we're disappointed as well that we can't serve the customer. I just think the consumer has grown to trust McDonald's." San Diego restaurant analyst John Gordon agrees. There's a reason, he said, why the burger chain remains a financial powerhouse in the fast food industry. "McDonald's right now is firing on all cylinders. They're not perfect but their menu evolution over time is amazing," Gordon said. "It will take the other operators time to build that same sentiment, alliance and market familiarity. I travel a lot and am shocked that McDonald's won't be present. They're present almost everywhere, even in San Francisco." It's still possible a well-known fast-food chain could nab a spot at the airport. San Diego-based Jack in the Box, for instance, has confirmed it's among the four proposals that were rebid by the airport and which will be considered by the board on Sept. 1. San Francisco-based High Flying Foods, which won two contracts to operate concessions at Lindbergh Field, is not as sure McDonald's will be missed, given travelers are increasingly seeking out more healthful dining options, like the yogurt parfaits, fresh fruit and low-fat scones it will be offering at its Pannikin location. "People may resist at first," conceded company President Kevin Westlye, "but they may ultimately decide that our ham and cheese croissant tastes better and is better for them than an Egg McMuffin." – Source: San Diego Union Tribune

### **Cracker Barrel Old Country Store, Inc. Elects William W. McCarten to Board of Directors**

Cracker Barrel Old Country Store, Inc. has elected William W. McCarten to its Board of Directors, effective immediately. Mr. McCarten's election brings the number of Cracker Barrel board members to 12, of whom 11 are independent directors. He is the third new independent director to join the Board since June. Bill McCarten is Chairman of DiamondRock Hospitality Company, a lodging-focused Real Estate Investment Trust, that he founded in 2004 and took public in 2005. DiamondRock (NYSE: DRH) owns 26 high-quality hotels throughout the United States and has assets of nearly \$3 billion. Mr. McCarten served as Chief Executive Officer of DiamondRock from its inception through September 1, 2008. Mr. McCarten brings extensive hospitality, retail and restaurant experience to Cracker Barrel. Prior to founding DiamondRock, he held a number of senior executive positions with Marriott International, Inc. and related entities over the course of 25 years. He was President of Marriott International's Services Group from 2001 to 2003. From 1992 to 2000, Mr. McCarten served as the Chief Executive Officer of

HMSHost Corporation, the nation's leading developer and operator of restaurant and retail concessions in travel and entertainment venues. Mr. McCarten led the transformation of this industry segment through his efforts to bring national retail brands into these venues. "We welcome the addition of Bill McCarten to Cracker Barrel's board of directors as part of our ongoing board succession process and our focus on shareholder value," said Michael A. Woodhouse, chairman and chief executive officer. "His wisdom and in-depth knowledge gained as the CEO of a company that successfully combined both restaurants and retail shops under the same roof will add a valuable perspective to our board." – Source: Cracker Barrel Old Country Store, Inc.



### **Krispy Kreme UK Co-Branding Efforts Pick Up**

Krispy Kreme is hoping to double the size of its footprint in the United Kingdom market and has added co-branding opportunities and an experiential campaign to help with the process. According to Marketing Week, Krispy Kreme will add a second co-branded partnership in September, after teaming up with Glamour magazine earlier this year. The Glamour campaign included the creation of glittery doughnuts in celebration of the publication's 10th anniversary. These co-branding opportunities are part of the North Carolina-based doughnut chain's growth in the U.K., which includes a plan to open 80 locations by 2015. There are currently 40 units in the country. In addition to the anticipated partnerships, Krispy Kreme launched its first experiential campaign to connect with customers in existing markets. The company's "office hero roadshow" will visit offices in 12 U.K. cities throughout August, accompanied by a social media campaign inviting fans to nominate their business for a visit and free doughnuts. Krispy Kreme's expansion will be headed by franchisee Krispy Kreme UK Ltd. The plan is in response to increasing consumer demand. Revenue for the U.K. based stores was up nearly 13 percent compared to last year. – Source: qsrweb.com

### **Wendy's Bringing HQ Back, Adding 50 Jobs**

Wendy's Co. is bringing its corporate headquarters back to Dublin along with 50 jobs – and \$12 million in state and local incentives in hand. The fast food chain announced plans for an \$11 million renovation of its 35-year-old Dublin office complex and the return of 50 executive-level jobs that were moved to Atlanta after the company's 2008 acquisition by Triarc Companies Inc. "This could've happened in Georgia," Gov. John Kasich said at a press conference announcing the move. "There was a choice." Wendy's spokesman Denny Lynch said afterward that the company considered Atlanta, Dublin and other Ohio locations for the 50 jobs. The company also considered Dublin and other Ohio locations for the 388 jobs currently in Dublin, but chose to reinvest in the current facility. It did not consider moving jobs in Dublin to Atlanta. Kasich said the return-on-investment for the state's \$4 million in incentives is positive for Ohio and its taxpayers. Kristina Clouse, assistant director of the Ohio Department of Development strategic business investment division, also said the exact return to Ohio isn't yet known but is in the millions. The payroll of the returning jobs is estimated at \$10 million. One of the state's incentives is a 55 percent credit on the payroll taxes of those jobs. Dublin is offering \$8.2 million in incentives of its own. "From our point of view, Wendy's never left," Dublin Mayor Tim Lecklider told the assembled crowd. He said the company was one of Dublin's first major corporate tenants and is a key component to its Bridge Street Corridor plans for the area stretching across the Scioto River and through historic Dublin. Wendy's CEO Roland Smith said the \$11 million investment in the 249,000-square-foot headquarters will give Wendy's (NYSE:WEN) a more modern corporate office and better working conditions for all. Improvement plans include a redesigned main entrance and lobby, upgrades to common areas like bathrooms and hallways, a complete renovation on Building Five on the complex, which will include a new boardroom, additional meeting space in its innovation center, a new meeting center that will hold up to 700, and an on-campus fitness center, a first for the company. BHDP Architecture, which has offices

in Columbus, Cincinnati and Durham, N.C., is the architect on the project, which is expected to be substantially completed by mid-2012. – Source: Columbus Business First

### **Tasti D-Lite Eyes Australian Expansion**

New York-based Tasti D-Lite is set to open its first unit in Australia by month's end. The unit will be located in Melbourne. According to StartupsMart.com, the company is also seeking franchisees in that country for further expansion. Specifically, Tasti D-Lite is looking to open 30 units within the next five years. John Crawford, managing director of Tasti D-Lite Australia, told the publication that the brand will translate to Australian consumers. Australia is the world's third largest consumer of ice cream. – Source: qsrweb.com

### **Savored, OpenTable Expand Deal Partnership to Chicago**

Restaurant reservation website OpenTable is teaming up with Savored, a restaurant reservations and deals platform, to launch a partnership that gives Chicagoans access to Savored discounts through OpenTable.com. OpenTable was launched in 1998 and has more than 20,000 restaurants signed up for its reservation system, which seats more than 7 million diners every month. Savored is a newer company that has more than 500 high-end restaurant partners in 10 cities. The partnership between the two companies started in San Francisco last month, and debuts in Chicago and Denver this week. Savored members pay \$10 per reservation and get 30 percent off their bill. The partnership allows OpenTable members to access Savored deals and book qualifying reservations through the website. The OpenTable system flags the booking so that the discount is automatically applied without the customer needing to print out a paper certificate for redemption. OpenTable already has promotional programs of its own, including one called Spotlight that offers dining deals. The company said partnering with Savored complements, rather than replaces, its existing programs. "We believe that by working together we can enhance the experience and benefits for both restaurateurs and diners," OpenTable Chief Executive Matt Roberts said in a statement. – Source: chicagotribune.com/ Reuters

### **Marriott Unveils Plans to Open New York's Tallest Hotel**

Global hotel chain Marriott has announced plans to build the tallest hotel in New York City. The brand, which operates 3,600 hotels around the world, plans to build a new 68-story skyscraper on Manhattan's 54th Street to house two hotels under the brands Courtyard by Marriott and Residence Inn. The tower will be designed by Nobutaka Ashihara, an established New York architect who designed Lexington House Hotel, Hotel Indigo on 28th Street and Courtyard by Marriott Times Square, and is set to be 752 feet (229 meters) high. The 378-room Courtyard hotel will occupy the lower floors, while guests for the 261-room Residence Inn will stay on floors 36 through 64, although both hotels will have separate banks of elevators in the arrival lobby on 54th Street. The second floor will be given over to a restaurant, while the fifth floor will offer a lounge and terrace with an outdoor seating area that overlooks Broadway. A shared fitness center for both hotels will be offered on the fourth floor, Marriott said August 10. Courtyard is a mid-scale hotel brand and Residence Inn is Marriott's extended-stay offering, so guests in the upper hotel will have access to kitchens and other "homely" amenities - although those wanting a more upscale experience may be better off staying at the nearby Ritz-Carlton. New York has seen a flurry of new high-rise hotels over the past year, with InterContinental, W Hotels and Yotel all opening up in skyscrapers. – Source: Marriott.com/The Independent



## **Balcor Commercial Leases Museum District Property to New Restaurant**

Balcor Commercial has facilitated a new lease for a Museum District property located at 5219 Caroline in Houston, Texas. Christopher Balat, principal and broker at the Houston-based firm, represents the landlord and a new restaurant which has yet to be named. Balat, Chef Randy Rucker and Chef Chris Leung are partners in the new restaurant, which they plan on opening before the end of this year. The property is situated on 11,700 square feet of land with a 3,624 square foot residence. It is located directly next to the Asia Society of Texas Center, a new museum development occupying almost 2 city blocks. The Asia Society of Texas Center is currently under construction with an expected date of completion in early 2012. Mr. Balat anticipates that "this new restaurant will be an exciting addition to the Museum District." James Ray of James Ray Architects will be the architect for the new the restaurant. Chef Rucker and Chef Leung are enthusiastic about the endeavor. Both are eager to return to Houston after closing Bootsie's, their acclaimed Tomball restaurant known for its avante garde cuisine. Balat was exploring ideas for the location when he met the Chefs. The three instantly realized the amazing potential for this project and their collaborative effort will bring a dynamic dining experience to the area. "When we met Balat we realized this was going to work as we all share the same vision ... it was reassuring to me that I found someone (Balat) who believed in us and was excited about what were we doing at Bootsies," says Rucker. "As a resident, business owner, and active community leader I am very excited that Chef Randy Rucker & Christopher Balat have teamed up to make Museum Park home of this new restaurant. Museum Park is home to Houston's Museum District, Hermann Park, the Houston Zoo, Miller Outdoor Theatre and much more. With over \$700 million dollars in private institutional investment planned for the Museum Park area, commercial retail and dining experiences such as this will enhance the value of Museum Park as a premier destination within the city," says Russell Hruska. – Source: Balcor Commercial

## **Jennifer Sanning to Lead Marketing for American Blue Ribbon Holdings' Restaurant Brands**

American Blue Ribbon Holdings (ABRH) President and CEO Hazem Ouf announced the appointment of industry veteran Jennifer Sanning as chief marketing officer for the company's restaurant brands: Village Inn, Bakers Square and Max & Erma's. In addition to leading the marketing functions for the brands, Sanning has responsibility for menu development and culinary direction. "Jen brings the right combination of marketing experience, vision and leadership to the position," Ouf said. "In this economy, successful restaurant marketing requires a multi-dimensional approach that Jen and I share." The title, CMO, is new at ABRH. "We elevated the position because we wanted an experienced sales and marketing executive to implement a comprehensive growth strategy for the company that included the revitalization of its restaurant brands," explained Ouf. Ouf said Sanning's background, which includes working for a number of major restaurant chains, advertising agencies and consumer brands, made her the ideal CMO for ABRH. The company has 217 Village Inns, 46 Bakers Squares and 73 Max & Erma's. "Hazem's team at American Blue Ribbon Holdings has created tremendous momentum for these great brands," said Sanning. "Helping to grow our three restaurant chains, each with a distinct personality, is a challenge and an honor." – Source: BusinessWire



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