



September 15, 2011

### **Win-Holt Acquires Commercial Stainless Fabricators**

Win-Holt Equipment Group announced the acquisition of Commercial Stainless Fabricators, Inc. located in Marietta, Georgia. The 60,000 square foot facility in Marietta will join Win-Holt's Custom Stainless Steel Fabrication operation and will be supported by our existing national manufacturing facilities in Pennsylvania, Texas, and California. With the acquisition of CSF, Win-Holt will be able to offer refrigeration, heating, ventilation, customized millwork and wood work, and full on-site factory installation services. This expands Win-Holt's current Win-Fab custom stainless program to include hoods, spectrum, mobile serving counters, stationary serving counters, chef units, and Comm-Veyor conveying systems. "CSF is a growing and exciting company, with over 15 years of experience offering a complete line of high quality custom stainless steel fabrication," says Dominick Scarfogliero, Win-Holt's president and COO. "The acquisition will allow us to expand our capabilities & services, expand our product offering, and expand into new markets." Jason Womack, the president and founder of Commercial Stainless Fabricators, has joined Win-Holt as vice president of business development of custom stainless fabrication, reporting to Dominick Scarfogliero. Womack will focus on CSF's national sales and the future growth of the company. Jonathan J. Holtz, Win-Holt's chairman and CEO, says, "By integrating CSF's full line of Custom Stainless Steel Fabrication, the continued companies will focus on providing the total stainless fabrication package to our customers nationwide." – Source: QSRMagazine.

### **Wendy's Taps Yum Brands Executive as CEO**

Wendy's Co. said Chief Executive Officer Roland Smith is stepping down this month as the company remakes its menu to compete with McDonald's Corp. Emil J. Brolick will take over as president and CEO on Sept. 12, Dublin, Ohio-based Wendy's said in a statement today. Brolick, 63, currently is chief operating officer of Yum! Brands Inc., which owns the Taco Bell, KFC and Pizza Hut chains. Smith, who sold the Arby's sandwich brand earlier this year and moved Wendy's headquarters from Atlanta to Ohio, has sought to draw customers from McDonald's by remaking its breakfast menu. Smith has said he planned to use the proceeds from the Arby's sale to invest in new products, ads and store remodels. "As I made the decision with my board not to move to Dublin, we actually sought out and went after Emil," Smith, 57, said in a telephone interview. Brolick will continue Wendy's strategies, including new breakfast foods and cheeseburgers as "he believes it's the exact right thing to do," Smith said. Wendy's rose 16 cents, or 3.3 percent, to \$5.03 at 11:01 a.m. in New York Stock Exchange composite trading. The shares had gained 5.4 percent so far this year. Before joining Yum in 2000, Brolick had worked at Wendy's for 12 years. Smith has been the CEO of Wendy's since September 2008 and will serve as a senior adviser through the end of the year. "We view the hiring of Emil as a very clear positive for Wendy's," said Mark Kalinkowski, an analyst at Janney Montgomery Scott LLC in New York. Brolick has a "very data-driven, analytical mind" and is "arguably one of the best individuals out there that's never been the CEO of a publicly traded company." Kalinkowski advises buying the shares. Billionaire investor Nelson Peltz's Trian Fund Management LP was the largest Wendy's shareholder as of July 1, with 19 percent of the company, according to data compiled by Bloomberg. Peltz, who united Wendy's and Arby's in a \$2.56 billion all-stock deal, also is the restaurant's biggest individual investor. Carrie Bloom, a spokeswoman for Trian, declined to comment on the management changes. Roark Capital Group, an Atlanta-based buyout firm, bought 82 percent of the Arby's chain in July in a deal valued at about \$430 million.

The sale undid the tie-up engineered by Peltz, who united the two brands in 2008. Peltz has said that Wendy's has "substantial" growth potential. – Source: Bloomberg.com.

### **Panda Express heads to Mexico**

Panda Express has announced that it will open its first restaurant in Mexico, September opening, in Mexico City. The company is actively looking to open more locations there in the next year with the second restaurant scheduled to be a freestanding unit. Panda Express has partnered with master franchiser Grupo Gigante for its Mexico development and operations. The company has acquired commercial chains and created strategic alliances to generate jobs for Mexico. "In Mexico today, there is no clear leader in the Chinese fast casual industry. This expansion is an opportunity for Panda Express to launch this sector by bringing our Orange Chicken and other favorites to the Mexican consumer," said Bob Lustig, senior vice president, Panda Express International. "We have spent the last year developing deep relationships with the Grupo Gigante team, which has set a solid foundation for the success of this venture." – Source: FastCasual.com

### **Chipotle's Growth Machine**

Founder Steve Ells has built a multibillion-dollar Mexican food chain by providing fresh meals fast. Can he do it again, this time with Asian cuisine? Or is he a one-hit wonder? It's fast food, but it still may be the most anticipated restaurant launch in town. In a modest unmarked storefront near Dupont Circle in downtown D.C., ShopHouse Southeast Asian Kitchen is finalizing the menu and training the staff. Scheduled to open within days, the innovative restaurant has tantalized both eaters and investors. The food will feature a mix of meats and fresh vegetables served in a bowl with spicy sauces and aromatic herbs. The flavors will be a blend of Thai, Vietnamese, and Malaysian. The style will be "fast casual": Customers move along a cafeteria-style line, with servers behind the counter customizing each meal. You can sit down and eat -- there's room for roughly 40 -- or take out your meal. The intriguing thing about ShopHouse, though, is it's not the startup of a fledgling, but the wholly owned experiment of Chipotle Mexican Grill Inc., already a national leader in fast-casual cuisine and No. 54 on *Fortune's* 2011 list of the 100 Fastest-Growing Companies. If the ShopHouse concept works, it represents an opportunity for the company to expand even beyond its current torrid pace. Bob Derrington, a managing director at Morgan Keegan, says some of his clients are asking, "Is this the birth of a billion-dollar baby?" Chipotle's growth has been remarkable. Revenue for the 12 months ending June 30 was more than \$2 billion, up 23.5% from the prior year. Since 2006, revenue has nearly tripled; in the same period the number of restaurants in the chain doubled. In restaurants open at least a year, sales were up 11% in the first half of 2011. Profit margins in Chipotle restaurants have been in the 25% to 26% range -- among the highest in the fast-food industry. That's all the more notable since Chipotle says it spends more on food and more time preparing it. The high margins can be explained by other efficiencies, like that its top-performing locations can move 300 customers an hour; that rate of service -- "throughput" -- is a Chipotle obsession. "Slow food, fast," the company boasts. It doesn't hurt that the average tab runs upwards of \$9 -- more than a Big Mac and fries. Chipotle's margins, along with its rate of growth and its decision not to franchise, accounts for its generous market capitalization relative to other fast-food chains. – Source: CNNMoney.

### **A Booming Latin America Shows an Appetite for Fast Food**

Apparently, all that new wealth flowing in parts of Latin America is fueling a great hunger – for all-beef patties and that special Mickey D's sauce. Investor's Business Daily reported that, with 1,757 restaurants across Latin America, Argentina-based Arcos Dorados Holdings—a take-off on "Golden Arches"—is the world's biggest McDonald's franchisee, accounting for 5 percent of global McDonald's sales. Latin America is also one of the chain's fastest-growing regions. In 2007, Puebla, Mexico-based chef (and slow food proponent) Ana Bredée told the online magazine Mexconnect: "Fast food is regarded in Mexico as a sign of status, not as much with the wealthy as with the middle class." The same may hold throughout Latin America. How else to account for the fact that economically-booming Brazil, for example, accounts for 53 percent of the franchise's sales, despite the fact that a Brazilian Big Mac goes for approximately \$6, about twice what you'd pay in the U.S.? Market research firm Euromonitor International expects 2014 McMeal sales to be larger than 2010 ones by 19 percent in Argentina, 26 percent in Chile, 27 percent in Brazil and 31 percent in Colombia. In fact, Investor's Business Daily notes that a fast

food war of sorts has broken out in Mexico, where Burger King has actually outnumbered its closest competitor in the last few years. The home of The King lobbed the first bomb about a week ago, dropping the price of a Whopper to 20 pesos (about \$1.60, according to IBD, compared to a \$2.60 Big Mac) for 20 days in order to celebrate its 20<sup>th</sup> anniversary in the country. Let the beef begin! – Source: Fox News Latino

### **La Madeleine Names New COO**

La Madeleine Country French Café announced that Phil Costner has been named president and chief operating officer. In his new role, Costner is responsible for the strategic direction and operations of la Madeleine, while also continuing to oversee the culinary, marketing and purchasing functions for the 60 unit bakery-café chain. "I am honored to have the opportunity to lead la Madeleine into its next stage of opportunity and growth, and am excited to be charged with further elevating and expanding the brand across North America," said Costner. Costner has served as the vice president of food and beverage for Carlson Restaurants Worldwide, where he and his team reinvented the core menu at TGI Friday's 534 domestic restaurants. Prior to that, he spent 11 years at Universal Studios Hollywood, where he held numerous positions including corporate executive chef, vice president of food and beverage and senior vice president of food and beverage and retail. He also was part of the team that opened the Islands of Adventure Theme Park in Orlando, Fla. In addition, Costner has held management positions at LSG Sky Chefs, The Warwick Hotel, Seattle, Wash., The Woodmark Hotel, Kirkland, Wash., and The Riverplace Alexis Hotel, Portland, Ore. – Source: FastCasual.com

### **Gino's East owner eyes Giordano's. Former Owners Also in the Running for Bankrupt Pizza Chain**

The Chicago owner of Gino's East, Ed Debevic's and Edwardo's restaurant chains is among the parties considering a bid for Giordano's, the Chicago-based deep-dish pizza chain that filed for bankruptcy in February. Giordano's Enterprises and its various properties will be sold as part of its Chapter 11 reorganization in U.S. bankruptcy court. The bidding process has started, and Jeff Himmel, whose Chicago-based Bravo Restaurants Inc. already owns pizza-makers Gino's East and Edwardo's Natural Pizza as well as diner-themed Ed Debevic's, is among those taking a look at Giordano's, sources familiar with the matter said. The chain is expected to be sold for at least \$40 million. Its main creditor, Fifth Third Bank, is owed more than \$45 million. Other interested bidders include the Apostolou family, which owned Giordano's when it went into bankruptcy court. Family patriarch John Apostolou lost control of Giordano's in bankruptcy after he fired his previous lawyer and struck up a relationship with Marshall Home, an Arizona man who made a claim that the bankruptcy trustee said was fraudulent. John's two sons, Bill and George, who own Chicago Giordano's franchises that aren't part of the bankruptcy, are heading the family's bid, a family spokesman said. They have the backing of a Chicago-based equity partner and lender, said the spokesman, who declined to identify the financiers. "They're familiar with the employees and the business," the spokesman said of the family. "They're the obvious choice to continue running it, and they intend on keeping the business intact." – Source: chicagotribune.com

### **Intelligentsia Coffee Brings on New co-CEO**

Intelligentsia Coffee & Tea Inc. has a new co-CEO: former real estate developer Robert Buono. Mr. Buono, 48, will share duties with founder and current CEO Doug Zell. According to Mr. Zell, Mr. Buono is going to focus on streamlining business operations while continuing to work on product development and branding. "We want to show off the business part of it, and I want to keep focusing on the coffee," Mr. Zell said. The two met when they were undergraduates at the University of Wisconsin in Madison and joined the same fraternity. The move comes as Chicago-based Intelligentsia looks toward moving into other locations and markets. Over the past four years, Intelligentsia has expanded beyond its flagship store in Chicago's Lakeview neighborhood with two locations in the city; three coffee shops and a roaster in Los Angeles, and a coffee lab and training center in New York. Mr. Buono, who has experience in real estate and construction, will oversee the expansion. "This strengthens us as a company," Mr. Zell said. "It really puts us in a good position to grow but maintain independence." – Source: Crain's Chicago Business



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### **Hilton China Hotels to Rise Fourfold by 2014**

Hilton Worldwide said it will have 100 hotels in China by 2014, four times the number of properties it manages in the country now. China will become Hilton's biggest market after the U.S. by the time, Andrew Flack, vice president of global brand and marketing, told reporters in Shanghai today. The company now runs 25 hotels in the country. "This exceptional growth is really a once in a generation opportunity we are seeing in China," Flack said, citing the increasing number of Chinese travelers. "What that delivers for us is the opportunities to build hotels." Hilton, which also operates under brands including Waldorf Astoria and Doubletree in China, is expanding as the number of domestic tourists climbed 11 percent in 2010 and will continue to increase as incomes and economic growth spur travel, according to Los Angeles-based CB Richard Ellis Group Inc. China is the world's third-largest tourism destination, according to the United Nations Tourism Organization. Hilton is joining an expansion spree by other international hotel groups in China. Starwood Hotels & Resorts Worldwide Inc. (HOT) expects China to be its largest growth market in the next three to four years, Chief Executive Officer Frits van Paasschen said in an interview in June. InterContinental Hotels Group Plc (IHG), owner of the Holiday Inn brand, said in May that one in four of the hotel rooms that it opens over the next five years will be in China. Source: Bloomberg.com

### **Dunkin' Donuts Plans to Move into the West**

The coffee-and-doughnut chain, an institution in the Northeastern U.S., said recently that it's seeking franchisees for largely untapped parts of Colorado, Texas, Nebraska, Oklahoma and New Mexico. To entice would-be franchisees, the company will offer reduced royalty fees and extra money for local advertising. It aims to open new shops in Denver and Colorado Springs, Colo.; Houston and Waco, Texas; Lincoln and Omaha, Neb.; Oklahoma City and Tulsa, Okla.; and Santa Fe and Albuquerque, N.M., starting in early 2013. Dunkin's parent company, Dunkin' Brands Group Inc., went public in July, saying it wanted to pay down debt so it could expand outside New England to other parts of the country and abroad. There's roughly one Dunkin' Donuts in the Northeast for every 9,700 residents, compared with one for every 1.2 million people in the West. The Canton, Mass., company, eager to compete with the ubiquitous Starbucks Corp. and McDonald's Corp., announced plans this summer to expand into San Antonio, Texas; Cedar Rapids, Iowa; and Little Rock, Ark. It has some inherent advantages. Its specialties of breakfast and snacks are among the few areas of the restaurant industry expected to see notable growth over the next decade. But the company is, like its peers, balancing its need to cover higher costs for coffee beans against the danger that charging more will drive customers away. Coffee is trading around \$2.85 per pound, up from about \$1.90 a year ago. – Source: MSNBC/The Associated Press

### **BAB, Inc. Expanding Presence in Texas**

BAB, Inc. announced that its presence in Texas is expanding, with three new restaurants opening in Texas in the upcoming two months. Two new Big Apple Bagels® restaurants are scheduled to open soon in San Antonio. The first, targeted to open September 16, is located downtown at 300 E. Houston Street, Suite 105. Following within the next 2-3 few weeks is a location at 19178 Blanco Road. These new locations will join the Big Apple Bagels long enjoyed at 8434 Fredericksburg Road, to total three in the San Antonio market. In Corpus Christi, home to 2 My Favorite Muffin® restaurants for many years, the franchisee that owns both is opening a third, to be located at 3920

S. Padre Island. The new location is targeted to open in October. The existing restaurants are located at 3264 S. Alameda and 6418 S. Staples, Suite #114. – Source: BAB, Inc./Big Apple Bagels ®

### **Sodexo Becomes the Leader in On-Site Service Solutions in Brazil Following the Acquisition of Puras do Brasil**

SODEXO announced that it has acquired 100% of Puras do Brasil for an enterprise value of approximately 525 million Euros. Founded 30 years ago, Puras do Brasil is the number two On-site Service solutions operator in Brazil, a fast-growing market. Puras do Brasil has revenues of around 0.5 billion Euros and employs 22,000 persons across the country, operating across 1,300 sites. Michel Landel, Sodexo Chief Executive Officer, said: *“With this significant transaction, Sodexo is creating a leading actor in Brazil, one of the most important markets in the world. This is in line with our strategy to consolidate Sodexo’s position in high-potential emerging economies by seizing the best opportunities. Puras do Brasil is a successful, well-managed business with strong values and high-calibre teams; I am pleased to welcome Puras’ teams on board.”* The current Chairman and CEO of Puras do Brasil, Hermes Gazzola, will be named Non-Executive Chairman of the Board of Sodexo’s enlarged On-site Service solutions activities in Brazil and will help management continue to develop successfully the business in Brazil given the numerous market growth opportunities. In accordance with Sodexo’s long term vision and strategy, this important move demonstrates the Group’s confidence and commitment to local and international clients, as well as to the Brazilian economy. Financing of this transaction represents less than one year of Sodexo’s consolidated operating cash flows. Accordingly, on a pro-forma basis following this acquisition, Sodexo’s consolidated net financial debt as of 28 February 2011 would represent just 46% of shareholders’ equity. – Source: Sodexo.

### **Bob Schade has been Appointed to the Missouri School Nutrition Association Industry Advisory Board**

Winston Industries’ district Sales Executive, Bob Schade, has been appointed to the Missouri School Nutrition Association Industry Advisory Board. The Missouri School Nutrition Association is a professional organization of school food service employees in the state of Missouri. The association works to ensure all children have access to healthful school meals and nutrition education by providing members with education and training and setting standards through certification and credentialing, and gathering and transmitting regulatory, legislative, industry, nutritional, and other types of information related to school nutrition. Their mission is to “advance the good nutrition for all children.” “As a member of this board, Mr. Schade’s efforts will significantly impact the school meal and nutrition programs throughout the state of Missouri and position Winston Industries to provide better equipment for school meals,” said Jill Conklin, Domestic Sales Manager at Winston. – Source: Winston Industries.

### **The Cheesecake Factory Names New Chief Marketing Officer**

The Cheesecake Factory Incorporated announced that Donald Evans joined the Company as Chief Marketing Officer. Mr. Evans will be responsible for all aspects of the Company’s marketing and branding, including planning and executing marketing strategies, and social media and other publicity campaigns. Mr. Evans’ experience, spanning over 15 years, focuses on brand and product marketing for a number of major Hollywood studios and as a consultant, primarily to clients in the entertainment industry. He spent 11 years with The Walt Disney Company, most recently as Senior Vice President of Animation Marketing for Pixar Animation and Walt Disney Animation Studios. In that role, he was responsible for all aspects of strategic marketing, including traditional and digital campaigns, publicity, research, media and in-theater marketing, resulting in successfully publicizing the studios’ biggest animated releases. In addition, Mr. Evans served as CEO of 33 Consulting, a firm he founded, whose clients included creative agencies such as Wieden + Kennedy and mOcean, where he developed film marketing and strategy plans, as well as clients such as Activision. “Donald is a seasoned executive who has built his career on marketing high-caliber consumer brands and products. He has a deep understanding of marketing strategy and has demonstrated the ability to create innovative approaches that are on-brand and of high quality. He is also well-versed in directing digital strategies using social media in order to drive consumer awareness and engagement. We are excited to have Donald join our senior management team and are confident that his leadership will help support the future growth of our concepts,” said David Overton, Chairman and CEO. – Source: The Cheesecake Factory Incorporated.



### **Muscle Maker Brings its Brawn to Texas**

Muscle Maker Grill, a chain of casual eateries that serves great food prepared with your health in mind, announces it is expanding its reach to the South by securing a multi-unit franchise deal to develop 10 Muscle Maker Grill restaurants in Texas. This new agreement marks the chain's first franchise deal in the Lone Star state and is another step in the company's national expansion plans. The first Muscle Maker Grill location in Texas is expected to open in Austin at 906 Congress Ave in October. "We are excited to be bringing a healthier, great-tasting alternative to the Austin community, and to welcome Matthew DeLeon to our dedicated team of franchisees," says Rod Silva, founder of Muscle Maker Grill. "We are confident that Austin is a terrific opportunity to open the first of many restaurants in a new core market." Muscle Maker Grill experienced 100 percent growth in new unit openings in both 2010 and 2011. Currently, there are 47 Muscle Maker Grill locations in the United States, including restaurants in California, Florida, New Jersey, and New York. DeLeon brings an impressive restaurant industry background to Muscle Maker Grill. Most recently serving as a general manager at San Marcos River Pub & Grill in Austin, DeLeon first discovered Muscle Maker Grill while visiting New York. "I have always tried to make healthier eating decisions, but typically restaurants serving these options sacrifice taste," DeLeon says. "The first time I ate at Muscle Maker Grill I was amazed by the great flavor and instantly thought I would enjoy bringing this unique concept to my own community." Muscle Maker Grill is currently negotiating a lease agreement to develop the first location in Austin. The nine other Texas sites will be chosen over the next few months, but DeLeon is looking to open the majority of the restaurants in the Austin and Dallas metropolitan areas. "I am confident that Muscle Maker Grill is a perfect fit for Austin and Dallas, where the residents are very active and health-conscious," DeLeon says. "There is an endless amount of outdoor activities in both cities and people are always riding bikes, kayaking, or running to stay in shape." – Source: QSRmagazine.com

### **McDonald's Canada Invests \$1bn on Restaurant Overhaul**

McDonald's Canada is investing \$1bn to undertake its biggest store-by-store brand transformation. It is focusing on re-invigorating the look, feel and function of the majority of its more than 1,400 restaurants across the country. New interior and exterior design will provide the same familiarity of McDonald's. However, the new design will feature prominent fireplaces, flat-screen televisions, stone and tile accents as well as wood tones and colorful wall graphics. Dining rooms will be divided into separate eating areas for larger groups, on-the-go customers, families or for individuals who want to stay, relax and enjoy new amenities such as free and unlimited Wi-Fi. Exterior design will feature a red 'blade', a central and attention-grabbing architectural element. Changes to the layout of kitchens will include the introduction of new restaurant equipment to accelerate the company's menu evolution and to facilitate greater order customization. It is also expanding its menu offerings in Premium Salads, coffee and beverage business. A new front counter service platform will provide seamless integration between the point-of-sale and the food preparation area to ensure improved order accuracy. The addition of double-lane drive-through, in many re-imaged locations, will ease line-ups inside and outside restaurants and speed up overall service. McDonald's Canada President and CEO John Betts said that this is a pivotal time for McDonald's and it is placing unwavering focus on transforming the face of the brand. "Strong and sustained business results have put us in a unique position to make this historic investment in improving restaurant ambiance, enhancing service and supporting our continued menu evolution," Betts added. The chain claimed that more than half of the restaurants will be re-branded by the end of 2011 while the remaining restaurants will be transformed by the end of next year. – Source: Food Business Review.

## **Seattle's Best Rolls Out New Retail Locations**

Seattle's Best Coffee, part of Starbucks Corporation, announced the addition of 12 new locations, which have opened since April 2011. In recent weeks, the final two locations planned for this fiscal year opened, completing a portfolio of locations in a variety of venues, such as city centers, college campuses, airports, and office complexes. The two newest cafes are among nearly 100 Seattle's Best Coffee retail locations in the U.S. and Canada. The expansion reflects a Seattle's Best Coffee strategy outlined earlier in the year to bring great coffee everywhere. The new retail locations build upon the brand's already broad distribution network of franchised locations, company-operated stores, relationships with restaurant chains, and foodservice locations. Today, the brand has more than 50,000 places where its coffee is served. "Our retail locations are important to our business and franchising will be the engine for our continued retail growth," says Jim McDermet, senior vice president and general manager of Seattle's Best Coffee. "Franchisees find us to be an attractive business opportunity, combining the growth of the premium coffee segment with the strength of an established brand like Seattle's Best Coffee." In the Houston market, Amin Gheewalla, president of Hi Rise Amenities Inc., opened his third franchised Seattle's Best Coffee location in late August. The new location is in the El Paso Energy Building in the downtown Tunnel System, an interconnected series of walkways, restaurants, and shops servicing all those who wish to navigate the city in air-conditioned comfort. The strategy behind Hi Rise Amenities' expansion has been putting Seattle's Best Coffee along pathways for downtown commuters. "I'm excited to grow with Seattle's Best Coffee," Gheewalla says. "I am putting great coffee into the hands of hundreds of commuters in Houston each day, and I'm also creating jobs in my hometown." Hi Rise Amenities' existing locations are at Williams Tower and Two Shell Plaza in Houston. Gheewalla plans to continue to expand with Seattle's Best Coffee and open new locations. – Source: QSRMagazine.com

## **Six George Webb Restaurants Gwitch to Griddlers Café**

Six former George Webb restaurants are taking on a new name and concept, Griddlers Cafe, after the owners failed to reach a franchise renewal agreement with George Webb Corp. of Waukesha, according to a news release issued Wednesday by the new company. Don and Robb Hensiak are changing their five George Webb restaurants in southern Milwaukee County to Griddlers Cafes starting Thursday, the release said. Another former Webb franchisee, Diane Neavins, is changing her Menomonee Falls restaurant to a Griddlers Cafe under a licensing agreement with the Hensiaks. Griddlers will serve breakfast, burgers, deli-style and grilled sandwiches and homemade soups and chili 24 hours a day, the release said. The change will give the owners more freedom to be creative, said Don Hensiak. For example, a new menu item is the "jalapeno hangover burger," a bacon double cheeseburger with jalapenos and an egg. The owners have increased the size of the hamburger patties and switched to a different bun.

"Everything that we look at on the menu, we're trying to make a little tweak or a little better or at least match the quality of Webb's," he said. The Hensiaks, who have been franchisees for 20 years, were unhappy with a new franchise agreement they were asked to sign last year, he said. The agreement required a lot of changes in royalties, advertising and management control, he said. Ryan Stamm, George Webb vice president, said the changes were minor and meant to ensure George Webb has a high-quality, consistent brand reputation. "What we were asking for is better managed restaurants, cleaner restaurants and consistent food throughout our chain," he said. Eight restaurants chose not to renew their franchise agreements, including restaurants in Burlington and Appleton. He said the company thanks the former franchisees for their service and wishes them well in their new concepts. The changes leave George Webb with 28 restaurants, but it's planning to open a new location in Kenosha by the end of the year, he said. – Source: The Milwaukee Business Journal.

## **KFC Swallows Rostik's and Expands in Russia**

A white-haired colonel from the American south officially replaced a white bird as the symbol of fast-food fried chicken in Moscow, as U.S. chain KFC announced that it is rebranding. The event marks the third time the company has attempted to find its position on the Russian market, having seen different partnerships and challenges over the last 16 years. The latest incarnation involved a five-year partnership with Rosinter, one of the country's leading restaurant chains, which culminated in a friendly buyout that ends the Rostik's fried chicken brand. "We are

positioning ourselves as a Western brand,” said Piotr Rozanski, marketing director for Yum!Brands, the company that owns KFC. The chain will rebrand the 164 Rostik’s-KFC restaurants already operating in Russia, Armenia, Azerbaijan and Kazakhstan. The process should be complete at some point in mid-2012, by which time all the stores will carry the single KFC logo and decor. Some former Rostik’s hallmarks, like serving beer, will be continued. The bulk of existing locations, or 153 stores, are in Russia, with 81 in Moscow and 72 in the regions. Fifty of the 164 restaurants are corporate, and the rest are franchises. The company plans to add 300 restaurants by 2015 in Russia and the Commonwealth of Independent States. The typical KFC customer is aged 16 to 39, is not afraid to try new things and wants to see society progress while enjoying a Western dining experience, said Oleg Pisklov, general director of Yum!Brands in Russia. The company also owns Pizza Hut and Taco Bell, which has yet to make a landing in the former Soviet Union. An extensive advertising campaign, called “So Good,” will accompany the rebranding and include a television commercial featuring attractive teenage girls feeding fried chicken to young men. Yum! had a global retail turnover of \$11 billion in 2010. The average check at local KFCs amounts to 200 rubles, Pisklov said, which is about the same as in the United States. Yum! and domestic chicken chain Rostik’s entered a partnership in 2005 and became Rostik’s-KFC. In line with the terms of that deal, Yum! had the option to buy out the local brand after five years, which it exercised in 2010. “There is a right time for everything,” Pisklov said. “The whole point of the partnership was to get full control of the brand in the end.” Rostik’s provided a smooth entry into the local market, Pisklov said. The challenges of entering the Russian market include a lack of infrastructure — which makes delivering fresh food a problem for a chain that uses fresh local chicken — and also a problematic legal framework, high real estate prices and a lack of available space and professional employees. The rebirth of KFC comes on the heels of a fast-food boom in Russia. Earlier this year, American hamburger chain Wendy’s opened its first eatery in Russia on Arbat. “We are happy about the market, it is growing quickly,” Pisklov said. Company spokespeople were loath to talk about earlier attempts to satiate Russian’s fried chicken demands. Prior to the 2002 renaming, different companies operated the chain, they said. In 1995, KFC joined sister company Pizza Hut, which had already been in Russia for five years, in opening a double outlet in a prime location on Kutuzovsky Prospekt. But three years later, at the height of the 1998 financial meltdown, both chains — owned by former Pepsico subsidiary Tricon Global Restaurants — abruptly departed. – Source: The Moscow Times.

### **DineEquity Taps Universal Studios Exec as CFO**

DineEquity named Tom Emrey, a former executive at Comcast's Universal Studios Home Entertainment, as its new chief financial officer. DineEquity, the operator of Applebee's Neighborhood Grill & Bar and IHOP restaurants, said early Tuesday that Emrey will take over as finance chief on Sept. 12. Emrey replaces John F. Tierney following "a brief transitional period." The company didn't say why Tierney was leaving his post. Emrey will join DineEquity after most recently serving as executive vice president and chief operating officer of Universal Studios Home Entertainment, a subsidiary of NBCUniversal, which is owned by Comcast. Prior to that, Emrey was CFO at Universal Studios Home Entertainment between 2003 and 2004, and had also held several senior finance positions at Nestle USA. Shares of DineEquity were unchanged in premarket trading Tuesday after closing lower at \$37.97 in Friday's session. Stock markets were closed Monday in the U.S. for the Labor Day holiday. Source: TheStreet.com



### **Atlanta is Home to 15 New Wingstops**

Wingstop announced that the company has signed multiple development agreements that will result in 15 new restaurants in the Atlanta area. Wingstop, owned by Atlanta-based Roark Capital Group, hosted an open house event last spring where franchise candidates met with company executives to learn about expansion plans in Atlanta. Now,

just four months later, Wingstop has signed three multi-unit development agreements, including an 11-store deal with Tomahawk Brands LLC, and a multiple franchise agreement with K and M Patel Investments LLC of Peachtree City, Ga. Wingstop currently has two locations open in the Atlanta area. The first location under the new development agreements is expected to open in early 2012. "After a very successful open house earlier this year, we had tremendous interest in growing Wingstop in Atlanta," said Steve Sweetman, director of franchise sales for Wingstop. "We've partnered with some talented developers and entrepreneurs who recognize the simplicity in our focused menu of made-to-order wings and fresh-cut fries. Atlanta has the potential to be one of our strongest markets in the southeast." Founded in 1994 and headquartered in Richardson, Texas, Wingstop has more than 485 restaurants open across the United States and Mexico. – Source: FastCasual.com

### **HomeMade Pizza Appoints New CEO**

HomeMade Pizza Co. has named board member Allan Hickok CEO as the Chicago-based chain eyes expansion. Prior to joining the 36-unit take-and-bake pizza chain, Mr. Hickok was CEO Redstone American Grill in Wayzata, Minn. He continues to be a senior adviser in the restaurant industry practice at Boston Consulting Group. "The board asked me to step in as CEO to help them grow more efficiently and to raise capital to fund expansion," said Mr. Hickok, 56. "We are delighted to have attracted a leader with such sophisticated insights and phenomenal track record in our industry," Eric Fosse, founder of HomeMade Pizza, said in a statement. Mr. Fosse had been CEO. Earlier in his career, Mr. Hickok founded Minneapolis-based retail advisory Restaurant & Retail Strategies and was managing director and group head of restaurants for Los Angeles-based investment bank Houlihan Lokey Inc. and a senior research analyst for Minneapolis-based investment bank Piper Jaffray & Co. HomeMade Pizza opened in 1997 and last year received fresh equity with plans to quadruple its locations to 100 over the next four years. Among its investors, Matthew Pritzker took an undisclosed stake in the chain in 2009 as part of a \$500 million trust fund settlement he received from his father and cousins. – Source: Crain's Chicago Business.

### **Meet the New Kid: Burger 21 Begins Franchising**

Fondue-chain operator The Melting Pot Restaurants Inc. tested the better-burger-restaurant waters in November 2010 by opening Burger 21 in Tampa, Fla. The fast-casual restaurant takes its name from the 21 "chef-inspired" burgers—priced from \$5.95 to \$8.95—on its menu. It also features signature hand-dipped milk shakes, a dipping-sauce bar and more. Front Burner Brands—the corporate management company formed to oversee The Melting Pot, Burger 21 and GrillSmith—now has decided to seek franchisees for Burger 21. BurgerBusiness.com talked with Chief Concept Officer Mark Johnston, Concept Development Director Arlene Johnston and Vice President of Franchise Development Dan Stone about why they believe the Burger 21 concept will succeed. – Source: BurgerBusiness.com

### **Margaritas Names New President with Eye on Growth**

Margaritas Mexican Restaurant, the 23-unit New England restaurant chain, has named restaurant executive Hugo Marin as the company's new president, with plans to grow the chain's brand through a focus on franchising. Marin, a resident of Rye, most recently served as chief operations officer with Al Copeland Investments, a Louisiana-based restaurant group with 15 company-owned and 11 franchised restaurants under the names Copeland's, Copeland's Express, and Cheesecake Bistro by Copeland's. Before that, Marin served as vice president of operations for Ted's Montana Grill for three years, and in various management positions at The Cheesecake Factory, Romano's Macaroni Grill and other restaurant brands. During his tenure with Ted's Montana Grill, Marin oversaw site selection and the opening of six new restaurants. Marin lived overseas and is fluent in Spanish. His food service career started at Alfredo's Mexican Restaurants, a six-unit, family-owned chain. "I've enjoyed being a customer of Margaritas for the past 14 years with my family, and I have watched the restaurant's growth from a guest's perspective. There's something about Margaritas that's always drawn my family back," Marin said. "Now being part of the team, I'm looking forward to sharing the Margaritas experience with more consumers by expanding the franchise community and enhancing our core concept." "We're looking forward to working with Hugo to take Margaritas to the next level. We're confident that with his solid organizational and leadership expertise, combined with his industry knowledge and restaurant operations background, he'll help create systems which will enable us to grow and expand the brand," said John Pelletier, founder of Margaritas. – Source: SeaCoastonline.com



### **Diminished Chains Such as Tony Roma's, Bob's Big Boy Enjoy Robust Presence Overseas**

Massive U.S. restaurant chains such as McDonald's, Burger King and KFC have thousands of thriving locations outside the U.S. But some smaller chains that have diminished or nearly disappeared in the U.S. also enjoy a robust presence abroad. Here we list a few chains you may remember -- or still see stateside -- that are flourishing overseas.

**Kenny Rogers Roasters:** "The Gambler" singer Kenny Rogers in 1991 linked with former Kentucky Gov. (and KFC owner) John Y. Brown to found Kenny Rogers Roasters. But true to his lyric, Mr. Rogers knew when to fold "em: In 1998, the company filed for bankruptcy. Nathan's Famous bought the ill-fated Kenny Rogers Roasters and in 2008 sold the entire chain to its Asian franchiser, Berjaya Group, for \$4 million. That turned out to be a rather savvy deal. Total revenue for the last fiscal year was over \$100 million, according to a recent Time article. There are roughly 140 locations in Asia, including in Malaysia and the Philippines, as well a handful of locations in Beijing. The chain is slated to begin opening stores in China in September. Stateside, Mr. Rogers' chicken run hasn't been nearly as successful: A single outlet still stands in the U.S., in Ontario, Calif.

**Gloria Jean's Coffee:** Founded in 1979 by Ed and Gloria Jean Kvetko outside of Chicago, Gloria Jean's Coffees in the mid-'80s began franchising stores. At the end of 2010, the company still operated about 87 U.S. locations, many mall-based, but what's impressive is its international presence: It now has more than 900 stores -- roughly 460 of them in Australia -- in 35 countries including Cambodia, Kuwait, Pakistan, Turkey and Singapore.

**Bob's Big Boy:** well-known for its mascot -- a chubby boy in red-and-white checkered overalls -- Bob's Big Boy was founded by Bob Wian as a hamburger stand in 1936 in Glendale, Calif. Mr. Wian expanded the chain through a franchise agreement that gave franchisees flexibility to customize their restaurants -- even the name. Among some of franchisees were Dave Frisch, whose Frisch's Big Boy became a separate company, and Alex Schoenbaum of Shoney's. Mr. Wian in 1967 sold the chain, which by then had about 600 units, to Marriott Corp. Big Boy reportedly struggled under Marriott. Elias Brothers Corp., a franchisee at the time, bought the rights to Big Boy in 1987, but in 2000 the chain filed for bankruptcy. Post-bankruptcy, the chain overhauled restaurant designs and menu items, and still operates about 137 locations in the U.S., according to Big Boy's website, mostly in Michigan, where the company is headquartered, and in the Los Angeles area. But its heftiest presence is in Japan, where operations are helmed by Zensho Group, with nearly 265 locations.

**Tony Roma's:** Founded in 1972 in North Miami by the restaurant's eponymous founder, Tony Roma's was just one location until Texas financier and Dallas Cowboys owner Clint Murchison Jr. in 1976 bought the majority of the U.S. franchise rights and formed a jointly owned company, Roma Corp. The chain opened its first franchised location in Japan in 1979, and followed with its first domestic franchise in Beverly Hills, Calif., in 1982. The chain, while never amassing a huge presence in the U.S., is known for its baby-back ribs, and now has more than 200 locations in 17 states and 33 countries. About 75% of the locations are outside the U.S., including units in Aruba, Peru, Chile, the Dominican Republic, Guam, Ecuador, Singapore, Thailand, Germany, Bahrain and more. -- Source: AdvertisingAge.

### **Moscow Hotels Remain the Most Expensive for Business Travellers**

The average Moscow room rate from January to June this year cost £261, compared to £228 in Geneva and £220 in Zurich. The Russian capital is also home to the world's wealthiest expats, with over a third of them earning in excess of £160,000 per annum. Of the 50 cities surveyed by international corporate services company Hogg Robinson Group (HRG), 33 reported a four per cent year on year increase in hotel rates, with particularly strong growth in Asia. The boom in hotel development and the flourishing financial centers of Hong Kong and Singapore are believed to be behind the seven per cent rise. At £196 per night, Istanbul achieved the highest overall increase in

hotel rate of 37 per cent, due to the growing interest in the city as a business destination coupled with an inclination among business travelers, conscious of Istanbul's security issues, to stay in five-star accommodation. Margaret Bowler, director of global hotel relations at HRG, said "The shift from Europe to Asia in hotel rate growth is significant in that it demonstrates changing business priorities. "The rates demonstrate that demand has increased for travel to emerging regions as a result of the need to do business and that travelers are willing to pay higher hotel costs during their stay." Source: telegraph.co.uk.

### **i.MENU EXPO to Launch at IHMRS 2011. Technology Pavilion to Feature iPad, Android Apps for Restaurant Industry**

Restaurant owners and operators looking for new technology solutions to manage both front and back of the house operations will find them at the 2011 International Hotel, Motel + Restaurant Show® (IHMRS), with the launch of the i.Menu Expo. Hosted in partnership with *i.Business Magazine*, the i.Menu Expo will showcase developers of iPad and Android tablet apps, accessory manufacturers and hardware vendors, who will demonstrate the latest menu and back-end office solutions, including cost-effective ways to improve productivity and bottom lines. "The i.Menu Expo will be a great addition to the IHMRS, as the restaurant industry's most influential marketplace," said Carmine DeSanto, founder and publisher of *i.Business Magazine*. "This is the only dining tablet menu technology expo, created exclusively for restaurant owners looking to meet experts in the field, learn about dining tablets and embrace the latest technology." The i.Menu Expo will take place on the IHMRS exhibit floor, November 13-15, 2011, and will feature live demonstrations. The special focus area will complement the hundreds of technology resources showcased throughout the 3-day market. The 96<sup>th</sup> annual International Hotel, Motel + Restaurant Show will run Saturday, November 12, through Tuesday, November 15, 2011, at New York City's Jacob K. Javits Convention Center. Following a full-day of conference and networking activities on Saturday, November 12, the IHMRS will feature three full days of exhibits from Sunday, November 13, through Tuesday, November 15. The market presents some 700 hospitality industry suppliers and attracts 30,000 in total trade attendance. IHMRS is co-located with Boutique Design New York (BDNY), featuring more than 200 interior product manufacturers of high-end, unique and innovative design products for hospitality. The International Hotel, Motel + Restaurant Show is sponsored by AH&LA, the Hotel Association of New York City, Inc., and the New York State Hospitality & Tourism Association; and is managed by GLM. – Source: IHMRS.

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



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