



May 2, 2011

### **Papa John's President Resigns**

Papa John's International Inc. has announced the resignation of J. Jude Thompson as president, co-chief executive officer and member of the board of directors. Thompson, who has been a director of Papa John's since 2008 and an officer of the company since 2009, is leaving to spend time focusing on his interests in Arison Insurance Services, a Louisville, Ky.-based insurance agency. "We thank Jude for his service to Papa John's," said John Schnatter, the company's founder, chairman and CEO. "We've accomplished a lot during his three years with the company and we wish him well." Thompson is a principal and co-founder of Assurance Investment Partners Inc., owner of Arison Insurance Services, a full-service insurance brokerage firm. Prior to joining Papa John's, he had 20-plus years in the insurance industry, including serving as senior vice president of WellPoint Inc. and president of Individual Business of Anthem Blue Cross and Blue Shield. With Thompson's departure, Schnatter, 49, will assume sole responsibility for the CEO role, while also continuing to serve as chairman of the board. He created the Papa John's concept in 1984 and also serves as brand spokesperson.

Source: [PizzaMarketPlace.com](http://PizzaMarketPlace.com)

### **McCormick & Schmick's Vetoes Fertitta Offer**

McCormick & Schmick's officially rejected the unsolicited tender offer from Tilman Fertitta. The Houston restaurant tycoon, CEO of Houston-based Landry's Restaurants Inc., offered to buy the Portland-based restaurant chain for about \$137.2 million on April 7. In a statement, McCormick & Schmick's said its board of directors had unanimously rejected Fertitta's offer, made through his company LSRI Holdings, saying the \$9.25 per share offer undervalues the company. The company's stock closed Wednesday at \$9.29, unchanged from the previous day's close. "The Board believes that the LSRI Holdings offer undervalues the Company, is highly conditional, opportunistically timed and seeks to advance the financial and competitive interests of LSRI Holdings at the expense of all other McCormick & Schmick's stockholders," said Board Chairman Douglas Schmick. CEO Bill Freeman added: "The Board and management remain confident that McCormick & Schmick's is well-positioned to benefit from the recovery of the upscale casual dining industry and that continued execution of the Company's strategic revitalization plan, announced in March 2011, will improve revenue per location, provide strong returns on invested capital and deliver significant value to all stockholders."

Source: [Portland Business Journal](http://Portland Business Journal)

### **Bigger Lick of the Market: Ben & Jerry's Announce Franchise Plans**

US ice-cream chain Ben & Jerry's has announced a rollout of franchises around Australia. Brand manager Johnny Hammond says the franchise model has been tweaked for the Australian retailing environment which, given our relative higher cost of labor and higher retail rents, is very different to other markets such as the US where Ben & Jerry's has an established presence. "Many US food businesses have come to Australia and failed because they have

tried to replicate what they do in their home market here. But we know the Australian market is different and our model caters for its idiosyncrasies,” Hammond said. To address this, Ben & Jerry's has focused its Australian menu on ice-cream products and limited the number of perishable products it uses. Hammond said the company would roll out the franchise model alongside their own stores, and planned to open those in well-populated areas with high traffic, some in tourism hotspots. But there's no plan to open stores on every second street corner. “We're looking for a smaller number of fantastic sites in high volume locations,” he said. Phil Blain, the head of franchising at the Business Development Company, said Ben & Jerry's Australian approach was “refreshing and realistic”. “Usually foreign franchisors expect to breeze into Australia, sell a master franchise and sale off into the sunset.” US food retailers have had mixed success opening stores in Australia. In 2008 US coffee house Starbucks was forced to close 61 Australian stores and US doughnut maker Krispy Kreme closed 21 of its Australian outlets late last year after being placed into administration. More recently, the future of 14 Gloria Jean's coffee shops inside Borders bookstores was in question after the book retailer was also placed into administration. Gareth Pike, general manager of Gloria Jean's Coffees, said although the coffee stores will close “the franchise agreements will remain in place and we are looking for new locations along with preparing financial assistance packages for each partner to assist in relocation”. Hammond said the company was looking for franchisees who wanted to work in the business, rather than investors. “We're looking for people with a real passion for the Ben & Jerry's brand, not just people who are focused on profits. The business can be very profitable, but that shouldn't be someone's sole motivation for wanting to become a franchisee.” Blain agrees with this approach. “In my experience investor franchisees are rarely successful,” he said. Importantly, said Hammond, franchisees have to be an entrenched part of their local community – the Ben & Jerry's brand has a strong philanthropic focus – and have ideas about how to grow the business. It will cost between \$350,000 and \$500,000 for a franchise, and agreements will be for a five-year term with a five-year renewal option. Hammond said the main variant in the price would be the fit-out. “If the site was already a food outlet then it's going to be cheaper to turn into a Ben & Jerry's than a site that was once a real estate agency.” Ongoing fees paid by franchisees to Ben & Jerry's – which are confidential – will cover product costs, training for the franchisee and their staff and marketing. Franchisees are asked to contribute a small percentage of retail sales to the franchisor towards marketing. The initial focus will be on the eastern seaboard. About 100 potential franchisees attended the launch event in Sydney. Ben & Jerry's now has four shops but no franchise stores in Australia. Stores are located in Manly and Broadway in New South Wales, Chadstone in Victoria and Oxenford, Queensland. Its ice cream is sold in more than 22 countries and there are more than 500 scoop shops around the world.

Source: The Sydney Morning Herald

### **Greg Dollarhyde to Head Veggie Grill Expansion as CEO**

The Veggie Grill, a fast casual restaurant chain serving plant-based, comfort food has announced that industry veteran Greg Dollarhyde will be leading the company as chief executive officer in addition to making a substantial equity investment. Dollarhyde will be joining co-founders Kevin Boylan and T.K. Pillan as they continue to build and expand the company. Dollarhyde also will continue in his role as a member of the board of directors. “Veggie Grill is one of the best new concepts on the restaurant horizon. Kevin, Pillan and food expert Ray White have done a masterful job reshaping American comfort food with their forward-thinking, wholesome, good-for-the-planet concept,” Dollarhyde said. “It's a true winner.” As CEO and/or chairman of six different restaurant companies over the last 20 years, Dollarhyde has built a reputation as being someone who takes restaurant concepts from regional to national chains. As CEO of Baja Fresh from 1998 to 2003, Dollarhyde led the concept's growth from 30 locations to more than 250. Just prior to joining Veggie Grill, Greg was CEO and chairman of Zoes Kitchen, a Mediterranean inspired concept that he took from 19 to 45 locations in two and a half years.

Source: FastCasual.com

### **Newk's Has Already Awarded 24 Franchise Units This Year**

Newk's Express Café has started 2011 with a bang, awarding 24 new franchise locations in the first quarter. Four separate groups have committed to opening restaurants in Jacksonville and St. Augustine, Florida; Baton Rouge and Lafayette, Louisiana; Atlanta; Michigan; and Virginia. Newk's partnered with Franchise Dynamics, one of the

country's leading full-service franchise sales outsourcing firms. The partnership led to seven development agreements totaling 36 restaurants in 2010. With deals for 24 locations signed in the first quarter of 2011, Newk's is on track to exceed its goals for 2011. "We are very excited about the start of this year. It really shows how far Newk's has come in a short time," says Chris Newcomb, president, CEO, and cofounder of Newk's Express Café. "Our franchise development team, led by Steve Hinkis, and Franchise Dynamics has done outstanding work. Since our initial goal was to open 20 locations in 2011, it is clear we will be surpassing that." Created by the founders of McAlister's Deli (Don Newcomb, Chris Newcomb, and Debra Bryson), who helped pioneer the fast-casual restaurant concept, Newk's Express Café provides an express casual dining experience and features a variety of made-to-order choices including fresh-tossed salads, oven-baked sandwiches, California-style pizzas, made-from-scratch soups, and homemade cakes baked by Newk's Bakery Company. A selection of wines by the glass and beer is also available. Terry and Linda Russell will open five Newk's restaurants in Jacksonville and St. Augustine. Terry—who has been a farmer for 43 years in Cleveland, Mississippi—sold his farm to move to Florida, where he will oversee the development of these restaurants. JKT Management LLC, a group made up of Kent Ward, James Carmody, and Tim and Mona Ward, will start by opening nine Newk's restaurants. The group, which is a multiunit franchisee of Buffalo Wild Wings, is bringing their vast restaurant experience to Newk's with plans to open four locations in Baton Rouge and Lafayette and five additional restaurants in Michigan. JKT Management hopes to continue expanding the Newk's concept in the Midwest. Current franchisee Spencer Mooney is adding to their three-store agreement. Mooney owns Newk's restaurants in Clinton, Mississippi, and Shreveport, Louisiana, and will open another location in Bossier City, Louisiana. Mooney has added a five-store deal for Harrisonburg, Charlottesville, Roanoke, Lynchburg, and Blacksburg/Christiansburg, Virginia. Under the company K & M Deli of Savannah LLC, Keith Estapa and Missy Moon will open five Newk's restaurants in the Atlanta area, targeting Peachtree City, Newnan, Buckhead, Midtown, and Augusta. Moon and Estapa have experience with Five Guys Burgers and Fries, but they recently sold three of their five restaurants back to corporate. They hope to continue expansion and are also looking at Macon, Columbus, and Savannah, with plans to open about 10 Newk's restaurants in Georgia.

Source: QSR

### **Yogurt Mountain Self-Serve Frozen Yogurt Store Opens in Tiger Town, Alabama Brings Total Number of Stores to 23**

Yogurt Mountain, LLC, today announced that America's Favorite Yogurt Store™, Yogurt Mountain®, has opened a new store yesterday at 2199 Tiger Town Parkway in Opelika, Ala. "The Opelika-Auburn area makes an excellent addition to our build-your-own self-serve concept expansion throughout the southeast," commented David Kahn, President and CEO of Yogurt Mountain, LLC. "We're bringing Tiger Town patrons endless dessert options through the convenience of build-your-own yogurt and topping combinations galore in a pay-by-the-ounce model."

Source: Yogurt Mountain®

### **400th KFC Restaurant Opens in Indonesia**

Yum! Brands Inc. has opened its 400th KFC franchise restaurant in Indonesia. Yum's chairman and CEO, David Novak, attended the grand opening of the KFC restaurant, along with long-standing franchisee Dick Gelael, who opened the first KFC in Indonesia in 1979. KFC is the top quick-service restaurant brand in Indonesia, and Pizza Hut, with more than 200 restaurants, is the number one casual dining brand, according to a news release from the company. "By 2015, we expect to have more than 1,000 KFC and Pizza Hut restaurants in Indonesia," Siddharth Varma, managing director, Yum Restaurants International Asia Franchise Business Unit said in the release. "We believe we have a long runway for growth in this dynamic emerging market. We have only two restaurants per million people where nearly 50 percent of the population lives in urban areas." Louisville-based Yum Brands is the world's largest restaurant company in terms of system restaurants, with more than 37,000 restaurants in 110 countries and territories, 14,000 of which are outside of the United States and China.

Source: Business First



### **GE Capital, Franchise Finance provides \$26.5 million to Dairy Queen franchisee**

GE Capital, Franchise Finance has provided a \$26.5 million credit facility to Frauenshuh Hospitality Group, a major Dairy Queen franchisee. The facility includes a \$24 million term loan and a \$2.5 million development line of credit, and will be used to finance the acquisition of 58 additional Dairy Queen units. A portion of the funding was provided through GE Capital's bank affiliate, GE Capital Financial Inc. Frauenshuh operates 61 Dairy Queen units under the name Fourteen Foods, located in the upper-Midwest, with locations in Minnesota, Iowa, Wisconsin, Nebraska, and South Dakota. With this funding, the Frauenshuh family is acquiring 58 additional Dairy Queen units in Kentucky and Indiana, making them the largest Dairy Queen franchisee. "We are excited to work with Frauenshuh Hospitality," said Paul Cantieri, senior vice president, GE Capital, Franchise Finance. "Their passion for the business and desire to grow will create lots of opportunities to work together in the years ahead." Dairy Queen restaurants are independently owned and operated franchise locations. With more than 5,700 units in 19 countries, Dairy Queen is one of the largest soft serve franchises in the world.

Source: QSRWeb.com

### **Jamba Juice Announces Completion of Refranchise Initiative with Sale of 41 Stores in Mid-West Market. Completion Results in Asset-Light, Less Capital Intensive Business Model**

Jamba Juice announced the completion of its refranchise initiative, originally announced in May 2009, with the sale of 41 stores in the Chicago/Minneapolis markets to J J Maa, Inc. The Company was successful in completing the sale of 173 stores, exceeding the original goal to refranchise up to 150 stores primarily outside of California. In conjunction with several of the refranchise transactions, development agreements for an aggregate of 52 additional new Jamba Juice stores were entered into as well as commitments to refresh and refurbish select mature stores. "To have exceeded our goal is a significant accomplishment. I could not be more proud of the entire team. Refranchising these stores will allow us to better focus our operational resources on our Company-owned stores in California and New York and improve efficiencies and performance. It also creates a business shift to an asset-light business model that is less capital intensive," stated James D. White, chairman, president, and chief executive officer, Jamba Juice Company. "We were able to find new or existing highly qualified and successful franchisees who wanted to be a part of the Jamba team. We welcome all of our new franchisees into the system and look forward to working with them in their respective markets." The Company believes that the completion of the refranchise initiative better positions Jamba for accelerated growth, will increase brand presence and market share, will provide the Company with greater overall margins, and reduce capital outlays.

Source: Jamba, Inc.

### **Why Pinkberry went to Moscow and Chipotle will go to Paris**

Chains are no longer saturating the U.S. market before setting up lucrative yet risky overseas outposts. In an increasingly smaller world, they just can't afford to wait. When McDonald's opened its first location in Moscow in 1990, an endeavor that had been in the works for 14 years, the fast food giant had more than 10,000 locations to its name and had been a franchising company for 35 years. Meanwhile, the Berlin wall had only just come down. Fast-forward about two decades to March 2011 when Pinkberry opened its first store in Russia's capital. The frozen yogurt chain that began in 2005 has about 100 stores, yet Muscovites might be wondering what took the chain so

long to arrive. There's no question times have changed. A global operation was once considered tenable only for big restaurant companies, which would often be well on their way to a fully developed U.S. market before looking far outside North America. But now companies like Pinkberry are turning international earlier in their growth cycles as they face a saturated U.S. restaurant industry and more globalized demand. Pinkberry, which has stores in countries including Kuwait, Bahrain, Mexico, and Peru, plans to operate in at least 19 countries by the end of the year. In 2011, its 30 expected international store openings will match the number of openings anticipated in the entire U.S. Pinkberry declined to comment for this story. "For many of these smaller companies," says Bernstein restaurant analyst Sara Senatore, "I do think they're considering how competitive the U.S. market is and the fact that the better part of the industry's growth story is behind it in the U.S." In response, many chains are trying their hand in less developed markets. In 2010, 155 of the top chains that restaurant consultancy and research firm Technomic tracked had sales outside the U.S., up from 130 in 2005 and 109 in 2000. Not only are more companies going global, but more restaurants in general are in the competitive mix. Technomic tracked 350 chains in 2000, compared with 1,600 in 2010. "There are just too many brand names," says Jinlin Zhao, a professor at Florida International University's school of hospitality and tourism management. "It makes people dizzy. In many cases the core concepts are the same." (In the frozen yogurt world, think Red Mango, Yogen Fruze, and Cherry on Top, just to name a few.) American companies are also competing against an influx of chains from other countries that have staked out turf in the U.S., explains Darren Tristano of Technomic. Take Canadian chain Extreme Pita, Pollo Campero from Guatemala, and European imports like Pret A Manger and Wagamama. In other words, expanding overseas is really a two-way street. While the U.S. restaurant industry has developed into a fierce battle over market share, getting into a new region early can be key for outmaneuvering the competitive set. Case in point for Pinkberry in Moscow, which The Moscow Times reported was the first frozen yogurt venue with a sit-down café setup in the city that is home to Lenin's Tomb. Even companies that still have room for tremendous growth in the U.S. are trying to at least have a presence beyond the domestic market. Chipotle, with about 1,100 restaurants, still has plenty of opportunity to grow in the U.S. But the chain has already opened one location in Toronto and another in London. One or two of about 135 to 145 of its openings this year will be outside the U.S., including a location in Paris. Getting into these markets now is a way to introduce the brand to consumers and start developing relationships with suppliers, says Chipotle communications director Chris Arnold. The greater global acceptance today of U.S. brands, along with an emerging and rapidly growing middle class in many of these markets, has resulted in a favorable environment for restaurant companies that want to become multinationals. But business partners and capital are also more readily available. The Cheesecake Factory CEO David Overton says his casual dining operation had offers from potential partners for many years to take the company international. It wasn't until he found an operator he felt really knew what it was doing that he decided to go for it. Now he's entered into an agreement with M. H. Alshaya Co. to operate its chain in the Middle East, even though he still believes the Cheesecake Factory can double its size domestically. "The time was right," he explains. But going global isn't without its risks. Carin Stutz, president of global business development for Brinker International, which operates dining chains including Chili's, says there are plenty of rewards that come with international expansion. But you also have to be aware of the risks. She gives a laundry list of this year's events as an example: economic crisis in Europe, a tremendous amount of unrest in the Middle East, an earthquake and tsunami in Japan. "You don't expect a lot of those catastrophic things all at once," she says. Stutz says the biggest challenge is infrastructure and supply chain. Then you have to develop enough critical mass to make these investments pay off. Pinkberry may be at an advantage here. Starbucks CEO Howard Schultz is an investor in the yogurt chain through his private equity and venture capital firm Maveron and sits on the board, which has allowed Pinkberry to develop relationships with some of the coffee company's partners around the world. But there are also plenty of risks beyond just an operations standpoint. "It's a diversion," says Burton Cohen, a professor at Northwestern University's Kellogg business school, who worked at McDonald's for 35 years. "It just sucks up enormous amounts of time and energy." That's not necessarily a problem when you're a large company that has significant resources, but it can be for a small operation that's in start-up mode. "In most countries when you're starting out you have to be prepared to lose money for a while," he adds. It seems that in the frozen yogurt business, that's a risk a company simply has to be willing to take.

Source: Fortune

### **Boardwalk Fresh Burgers and Fries expands to Alabama**

Maryland-based Boardwalk Fresh Burgers and Fries has signed a franchise agreement to open its first restaurant in Alabama. The unit will open soon in Montgomery and will be operated by Frank and Theresa Limas. Frank Limas

grew up in California and was a farmer for more than 21 years. Having sold his ranch, he ventured into real estate and owns the building where Boardwalk Fresh Burgers and Fries will open. "I did some initial research on several concepts. My decision (to open a Boardwalk) was based on a variety of considerations, such as cost and menu; but at the top of the list was the accessibility to the 'boss' of the company. It was a pleasure to be able to speak directly to the president of the company (David DiFerdinando), and I felt welcomed and informed from those conversations," he said. The couple plan to open two more stores in Alabama. In addition to being the first unit in Alabama, the Limas' new restaurant also will be the chain's first location to have a drive-thru and be open 24 hours. It will include signature menu items and all sandwiches and fries will be made to order. Boardwalk is in the middle of an aggressive growth plan and has additional development deals signed for Delaware, Michigan, New Jersey, Florida, Georgia, Pennsylvania, California, Oregon and Virginia. Once these units open, it will bring the system total to more than 200 stores.

Source: QSRWeb



### **Starbucks Spurts to No. 3 U.S. Restaurant Chain**

In a striking cultural signal of just how differently consumers are eating, Starbucks has leaped ahead of Burger King and Wendy's to become the nation's third-largest chain restaurant in domestic sales. Starbucks now ranks behind only No. 1 McDonald's and runner-up Subway, according to research firm Technomic's just-released listing of America's top 500 restaurant chains in total 2010 U.S. sales. For decades, the nation's top three restaurant chains were the burger and fries triumvirate: McDonald's, Burger King and Wendy's. No longer. Two of 2010's top three — Subway and Starbucks — don't even sell burgers or fries. Today, even as the coffee kingpin is expected to report stellar second-quarter earnings, it has got something else to crow about. "Starbucks keeps gaining and gaining," says Ron Paul, president of Technomic. "Carrying a Starbucks cup in your hand says something about you as a person." One key to the recent success of Starbucks is an ongoing shift in how consumers define "healthy," says Sandra Stark, vice president of food at Starbucks. People used to think low-calorie or low-fat meant healthy food, she says. More recently, she says, that's evolved to food whose ingredients consumers understand and can pronounce. Two years ago, Starbucks was among the first chains to remove all artificial ingredients from its food. Not that the chain doesn't have challenges. The prices it pays for coffee beans and milk have skyrocketed, forcing it to recently raise coffee prices. And the company is undertaking a massive — possibly risky — effort to evolve into a grocery store seller of much more than coffee products. "Starbucks has become the default cup of coffee for most people," says Bryant Simon, history professor at Temple University and author of *Everything but the Coffee: Learning About America*. "Starbucks has been one of the strongest growth stories in all of retail over the past 20 years," says Sharon Zackfia, analyst at William Blair & Co. Starbucks' recent growth, however, is also due to the shared weakness of Burger King and Wendy's, says Paul. "They both need to figure out where their niche is." Executives from Burger King and Wendy's declined to comment.

Source: USA TODAY

### **FOCUS Brands International Names New COO**

FOCUS Brands announced that it has hired John Reale as COO of FOCUS Brands International. The restaurant industry veteran will oversee global field operations and new business development for over 825 international Carvel Ice Cream, Cinnabon, Seattle's Best Coffee, Schlotzsky's, Moe's Southwest Grill, and Auntie

Anne's locations in 50 countries. "These are exciting times for our international team," says Mike Shattuck, FOCUS Brands International president. "John brings a tremendous amount of expertise and knowledge to our team, and his stellar reputation is well-known around the globe. With his guidance and the recent addition of the Auntie Anne's brand, we anticipate exponential growth for all our brands in the coming years." Reale most recently served as president of global business for Brinker International, where he led all Brinker brands outside the U.S. with 217 locations and annual sales of more than \$550M. In this role, Reale was responsible for the development of more than 100 restaurants in less than three years, doubling Brinker's international presence while improving profitability more than 60 percent. Prior to this role, he held the positions of interim president, COO, and regional vice president for Brinker's Romano's Macaroni Grill concept. Before joining Brinker, Reale spent seven years with Carlson Restaurants Worldwide where he served as senior vice president of operations for Friday's International, in addition to holding executive roles with the company's Emerging Brands Division and Italianni's brand. During his time, Reale spearheaded the international development of T.G.I. Friday's through Europe, Asia, Middle East, and Latin America and opened more than 100 restaurants in less than three years, making the international division larger than the U.S. domestic franchise division.

Source: QSRMagazine.com

### **Yum! Brands Will Offer to Buy All Outstanding Shares of Little Sheep Group**

Yum! Brands Inc., owner of the KFC and Pizza Hut fast-food chains, will seek to buy all outstanding shares in hotpot-restaurant operator Little Sheep Group Ltd. to further expand in China. Yum may bid for all shares that it doesn't already own or are held by parties acting in concert with it, according to separate releases from Yum! and Little Sheep yesterday. No formal offer has yet been made, Yum said in a statement. "Buying Little Sheep will be a very good complement to Yum's business as it'll be the first Chinese-style non-fast food chain for Yum, with great expansion potential around the world," Titus Wu, an equity analyst at DBS Vickers Hong Kong Ltd. with a "buy" rating on Little Sheep, said by telephone today. Louisville, Kentucky-based Yum, with about half of its locations outside the U.S., said in February that sales at Chinese stores open at least 12 months increased 8 percent in the fourth quarter. The company, which also owns Taco Bell, drew about a third of revenue last year from China, where it competes with McDonald's Corp. Discussions are at "a preliminary stage only" and "subject to obtaining all necessary regulatory approvals for the transaction," Little Sheep said in a filing to the Hong Kong stock exchange yesterday. Little Sheep. The U.S. restaurant operator increased its Little Sheep stake to 27.2 percent from 20 percent last year. Little Sheep's 2010 net income gained 21 percent, according to a company filing last month. Little Sheep controlling stockholder Possible Way International Ltd. holds 29.9 percent, or 308 million shares, according to its statement. Yum is deemed to have an interest in this stake through a 2009 agreement with Possible Way. Little Sheep Chairman Zhang Gang owns 2.4 percent of the company. Baotou, Inner Mongolia-based Little Sheep operates 179 self-owned restaurants and another 274 through franchises in mainland China, according to its 2010 annual report. The company plans to open 40 outlets this year. The purchase "would further solidify Yum's position as the leading restaurant company in fast-growing China," and so will be good news, provided it takes place at a "reasonable" price, Mark Kalinowski, a research analyst at Janney Montgomery Scott LLC, wrote in a note to Kalinowski, who owns Little Sheep stock in his personal account, recommends buying Yum shares.

Source: Bloomberg

### **Jamba Signs 40-Unit Franchise Agreement in the Philippines**

Jamba Inc. has announced a master development agreement with Max's Group of Companies, a restaurant and franchise operator, to develop 40 Jamba Juice locations in the Philippines throughout the next 10 years. The first Jamba Juice location is scheduled to open later this year. Max's Group currently operates three brands in the Philippines, including Max's Restaurant, a casual dining restaurant chain founded in 1945 with more than 100 locations and a growing presence internationally. "The partners at Max's Family of Companies are highly experienced restaurant and franchise chain operators with 120 restaurants in the Philippines and nine in Canada and the U.S. We could not have found a better team with whom to partner as we enter our second major international market," said Thibault de Chatellus, senior vice president, Global Franchise and Development, Jamba Juice

Company. In addition to expanding into its second international market, Jamba Juice expects to add up to 50 to 70 new domestic traditional and non-traditional franchise locations in 2011.

Source: FastCasual.com



### **Smashburger Now 100 Stores Strong**

Smashburger opens the doors to its 100th store on April 27 in Schaumburg, Illinois. Since its debut more than three years ago, Smashburger has successfully opened stores in 20 states and 29 markets with an even mix of corporate and franchise units. "We've accomplished a lot in three years and can attribute our growth and success to our loyal customers, our talented team and franchise partners, and the dedication of our shareholders and advisors," says Smashburger CEO and chairman Dave Prokupek. "The strong commitment to our brand by these groups in the midst of a recession has allowed us to achieve rapid success in a short period of time." Smashburger's burgers start with 100 percent Certified Angus Beef, cooked to order and smashed on a flat grill to sear in the juicy flavor. Smashburger also serves tender marinated grilled or crispy chicken sandwiches, grilled and split hot dogs, entree salads, and an array of signature sides like rosemary and garlic-seasoned Smashfries, sweet potato Smashfries, crispy haystack onions, and veggie frites. Burger lovers can pair their meals with Haagen-Dazs shakes, malts, and floats and an array of local craft bottled beers and wine. "Burgers are America's favorite food, and Smashburger has put burgers back into peoples' lives in a unique way. It's more than just a place to eat burgers, it's also about becoming part of the culture where our stores open," says Tom Ryan, founder and chief concept officer. Smashburger plans to open 85 new stores in 2011 ending the year at approximately 175 units with a goal to reach 500 stores in the next few years. International expansion is also part of Smashburger's plans for continued growth.

Source: QSRMagazine

### **Sonic Announces Proposed Refinancing**

Sonic Corp. announced that certain of its subsidiaries intend to refinance their outstanding securitization debt with a new securitization debt facility. Sonic's subsidiaries have had a securitized financing facility in place since December 2006, and as of February 28, 2011, there was approximately \$502 million of notes outstanding under this facility. The net proceeds of the new facility will be used to repay the 2006 notes in full and for general corporate purposes. It is anticipated that, subject to market and other conditions, the new facility will close in 2011. The 2006 notes are currently scheduled to be repaid by December 2012. The notes to be issued under the new securitization facility will be offered and sold to qualified institutional buyers in the United States pursuant to Rule 144A and outside the United States pursuant to Regulation S under the Securities Act of 1933. The notes will not be registered under the Securities Act of 1933 or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act of 1933 and applicable state laws.

Sonic, America's Drive-In

## **Popeyes Relies Heavily on Existing Franchisees for Expansion Plans**

To say Popeyes Louisiana Kitchen has been on a roll of late would seem like a bit of an understatement. The chain, franchised and operated by Atlanta-based AFC Enterprises, yielded a 5.1 percent systemwide sales increase in 2010, its fourth year in a row for positive sales. The company's sales outpaced both the general quick-service restaurant and chicken QSR categories for the second consecutive year. Much of this success is a direct result of the company's "Strategic Plan" initiatives, put into place by CEO Cheryl Bachelder. Among these initiatives are: Build the brand; Run great restaurants; Strengthen unit economics; Ramp up unit growth. The fourth initiative was tackled with fervor in 2010; the company opened 106 new units and now has about 2,000 total. Popeyes hopes to piggyback off of that momentum in 2011, as well. In doing so, it's eyeing a number of markets for growth, including Tampa, Fla.; San Diego, Los Angeles, Phoenix and Philadelphia, among others. The ultimate goal this year is to open between 120 and 140 new restaurants, about 60 of which will be in international markets. "We've looked at where we have done the best and where the greatest opportunities are. We are not really recruiting new franchisees, but instead are actively romancing existing ones. We figure that we have done well lately because we have great relationships with our franchisees and we want to continue doing just that," said Greg Vojnovic, Popeyes' vice president of development. He estimates that 75 percent of the chain's growth has and will continue to come from existing franchisees. Vojnovic believes Popeyes' strategy is unique in the quick-service segment. "Most companies, from what I'm aware of, recruit many new franchisees and put new blood in their pipeline," he said. "We like folks that have invested their time and wealth into the pipeline." Popeyes' multiunit franchisees vary widely from two restaurants to about 300. Vojnovic said the average franchisee portfolio is between five and 25 units.

Source: QSRWeb.com



## **Bon Jovi Foundation Gets OK to Build Community Restaurant in Red Bank**

Rocker Jon Bon Jovi got the green light on plans by his charitable foundation to build a community restaurant on the site of an auto repair shop on Monmouth Street, which could be open as early as July. The borough planning board unanimously approved the application to convert a former auto shop in the rear of a 7,424-square-foot lot on Monmouth Street between Bridge and Shrewsbury avenues. Plans call for tearing down a one-story house in the front of the lot for a four-space parking lot and using the back yard for outdoor seating. The former auto shop would house the four-table restaurant and kitchen and seat about 30 people. Attorney Philp San Filippo, representing the JB Soul Foundation said that with it's approval, the community restaurant could be open as soon as the July Fourth weekend. "The building permit can be issued this week and they'll get started right away, the bulk of it its interior renovation" said San Filippo, who donated his services. "We'd be happy to open by July 4th." The foundation would operate it like a restaurant, where people would have a menu of healthy dishes and have a selection of items and have the option to pay cash or volunteer time with the foundation or another charity to pay for the meal. The board approved plans to only have four parking spaces on site, less than what is required with the condition that if the restaurant is ever sold, that applicant would return to the board. Any neighborhood issues with parking would also send the issue back to the board. But most of the clients wouldn't drive to the restaurant, San Filippo said, which was its experience when the foundation ran a similar operation at Lunch Break and St. Anthony's Church last year. "Most came by bike or walked," he said. Board member Dan Mancuso, who grew up in the neighborhood, praised the application. "I can't say how happy I am to see this use rehabilitate the area. I grew up playing in the back yard. It's very nice to see such a good use," Mancuso said. Plans were filed late last month by the Philadelphia-based Jon Bon Jovi Soul Foundation, which did some piloting of the low- or no-cost meals concept late last year at St. Anthony's. "Any improvement to the site will be an improvement," said Mayor Pasquale "Pat" Menna.

Source: APP.com

## **Home-Grown Italian Chain Dreams Big. Already in the Middle of an Expansion, Francesca's Restaurants Aims for 60 Across the U.S.**

Francesca's Restaurants made a big bet last year to grow beyond its Chicago-area roots coming right out of the Great Recession. Now, it's upped the ante, hoping consumers' confidence will improve more quickly and that they'll head back out for dinner sooner. The Chicago-based chain of 20 restaurants looks to go beyond its plans announced last year to open 50 national locations: Founder Scott Harris wants 60. "I'm not getting any younger," Harris said in an interview from Maui, Hawaii, where he was vacationing. "I want to work really hard for the next 10 years and maybe call it a day, do it more for the fun." Harris, who turns 50 this summer, hopes he can grow Francesca's into a \$125 million-a-year business in that span, at which point he would consider selling part or all of the chain. Francesca's expanded growth efforts come amid several industry trends: increased investor interest in restaurants in the wake of a recovering economy, a glut of vacant spaces in many major cities and the migration to high-end casual dining from fine dining. In the meantime, Harris has raised \$1.7 million of the \$5 million he needs to open restaurants in Del Mar, Calif.; Scottsdale, Ariz.; and Raleigh, N.C. Additional restaurants are expected to be funded through cash on hand, and he is targeting Minneapolis, St. Louis and Indianapolis. Harris believes there's room for at least three of his restaurants in each city. Each location will be company-owned and operated, not franchised. While it's more expensive and labor intensive for chains to develop and operate their own restaurants, experts say doing so allows for tighter quality control. The chain, founded in 1992, is known across the Chicago area for its affordable Italian offerings in an upscale, yet comfortable, setting. Francesca's average dinner check ranges from \$18 to \$25 per person, Harris said. "No one wants to put on a suit and a tie" when they go out for a nice meal, he said. There's still a niche for white table-cloth restaurants with waiters in tuxedos, Harris said, "but I believe it's on the way out." Harris collaborated with Tony Mantuano of Spiaggia and Jimmy Bannos and Jimmy Bannos Jr. on the Purple Pig, a high-end pork, wine and cheese-themed restaurant with a boisterous atmosphere in River North, which Bon Appetit named one of the nation's 10 best new restaurants last year. Darren Tristano, executive vice president of Technomic, a Chicago-based restaurant consultancy, said sales at fine- and casual-dining restaurants lagged the rest of the industry in the recession, though fine dining has bounced back recently with the return of more-affluent customers and expense-account lunches. Meanwhile, traditional casual-dining chains have been caught in the middle, Tristano said — too expensive for most families for a quick weeknight dinner when Chipotle or Panera will do and perhaps too casual for a special occasion. "The majority of people can't afford to go to a real high-end restaurant," Tristano said. For that reason "contemporary casual" restaurants like Francesca's, which offer high-quality food below fine-dining prices, have generally performed better than traditional casual restaurants such as Applebee's or Olive Garden, he said. Tristano said Francesca's faces several hurdles. "There are challenges and pressures chains face as they grow, and they don't necessarily experience those challenges until they've grown," he said, pointing to food quality, service and finding the right managers. In addition, he said, "taking what works in one region into another isn't always going to work. A lot of times there's evolution and adaptation of the concept to get it right in the local market."

Source: The Chicago Tribune

## **Pritzker Family Might be Preparing to Slash Stake in Hyatt**

The billionaire Pritzker family is preparing to decrease its ownership of the Hyatt hotel chain to less than 50 percent while not relinquishing control. Six family members, through their trusts, issued a shelf registration in February with the Securities and Exchange Commission that allows them to sell 19 million shares of Hyatt stock at any time. When the shares are sold, the Pritzkers' ownership would decline to less than half of Hyatt's outstanding common stock for the first time since the company went public in November 2009. But family members would continue to control 73 percent of the voting power thanks to a dual-stock structure that gives the Pritzkers 10 times the voting power of other shareholders. "Having somebody enjoy control - which is what happens with this arrangement - but not have the majority of the economic exposure; it's a misalignment," said Beth Young, a senior research fellow at The Corporate Library who teaches a course in shareholder activism at Harvard University. In a statement, Hyatt Hotels Corp. said it operates its business "for the benefit of all our shareholders and in a manner intended to create long-term value." The company added that a potential sale of stock by individuals or a group would not alter its strategy or structure. "They might sell and they might not," David Loeb, a senior research analyst at Baird who covers the

hotel industry, said of the Pritzkers. He predicts the stock will react positively if more shares are offered publicly. Several analysts predict Hyatt's stock to trade at more than \$50 a share by year-end, a doubling in price since the initial offering when the hotel chain sold 38 million Class A common shares at \$25 apiece. The potential to offload shares in Hyatt is part of an agreement among the 11 heirs of Hyatt founder Jay Pritzker to divest and divide the family's assets by the end of 2011. The deal was inked in 2001 following disagreements about how the family's assets should be divided. As a result, the Pritzkers have been selling assets and stakes in various family-controlled companies.

Source: [chicagotribune.com](http://chicagotribune.com)

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)

Thank you for reading The Global Foodservice E-newsletter from American Recruiters!



Craig Wilson  
312-780-7510  
[cwilson@ariteam.com](mailto:cwilson@ariteam.com)

Michael Page  
312-780-7505  
[mpage@ariteam.com](mailto:mpage@ariteam.com)

Ted Agins  
312-780-7508  
[tagins@ariteam.com](mailto:tagins@ariteam.com)

Mario Schacher  
847-909-1237  
[mschacher@ariteam.com](mailto:mschacher@ariteam.com)

DJ Amborski  
312-780-7509  
[djamborski@ariteam.com](mailto:djamborski@ariteam.com)

John Daschler  
312-780-7506  
[idaschler@ariteam.com](mailto:idaschler@ariteam.com)