

# Long Island Business NEWS

Where Business Gets Down to Business

## Checkers shrinks to expand

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As much as the black and white checkerboard décor and bright red signage, the double drive-thru has been the distinguishing feature of [Checkers](#) restaurants nationwide for the last 25 years. But now the Tampa, Fla.-based hamburger chain has introduced two new store formats and a modified version of its traditional double drive-thru to facilitate a major expansion in denser areas like Long Island.

Challenged by the often tighter retail spaces in many metropolitan areas, Checkers growth had been hampered by its bulky footprint that requires at least 25,000 square feet to construct. So to increase its market share, Checkers decreased the amount of space needed to house its franchises, and introduced new inline and endcap restaurant models that can fit into as little as 1,200

square feet. And to make it more attractive for potential and existing franchisees, the new models also cost a lot less to build.

The first of the new Checkers store designs on Long Island was built in a 2,000-square-foot space at the endcap of a three-store strip center in Patchogue that opened in December. The average build-out cost for the endcap model, which has a single drive-thru window, runs between \$400,000 and \$450,000 – about half of the \$850,000 average build-out of the double drive-thru. And the inline store build-out can cost as little as \$300,000.

About 300 of Checkers' 800 restaurants are corporate-owned, and CEO Rick Silva, in New York last week for franchise meetings, said the new restaurant models will also help the company save money when it builds its own stores.

"It allows franchisees and us to offer guests different environments at lower investment costs," Silva said.

On Long Island, Checkers already has four active franchisees that own a collective 16 locations, but it's looking for more. Jennifer Durham, Checkers' chief development officer, said the company wants to open between 20 and 25 new restaurants in the New York metropolitan area and at least half of them will likely be in Nassau and Suffolk counties.

Checkers is offering multistore deals, but single franchises are also available, Durham said. The franchise fee is \$30,000 per store and prospective franchisees should have a net worth of at least \$750,000, with about \$250,000 liquid.



"Long Island tends to be one of our best markets," Durham said. The Checkers in Elmont is one of the three top-grossing restaurants in the entire chain.

Rasheed Ahmad owns five Checkers restaurants, four in Nassau and his newest in St. James. Ahmad is planning to open two more stores, in Massapequa and Bethpage, later this year.

Joe Gatas, of Berlin, N.J.-based FHG Enterprises, owns nine Checkers restaurants on the Island – from Lindenhurst to Shirley – as well as five in New Jersey.

Gatas bought his Long Island locations from Checkers pioneers Pete and Mike O’Hara in 2001. After getting out of the franchise game for 10 years, the O’Haras are back in the Checkers business, building the new Patchogue single drive-thru as part of their 10,000-square-foot, three-store strip on East Main Street – the other two stores are leased to [Bethpage Federal Credit Union](#) and [7-Eleven](#).

“They’re great businesses,” Pete O’Hara said of Checkers. “You can make a lot of money if they’re run properly.”

Each Checkers restaurant hires between 20 and 25 employees, and the biggest seller is the Big Buford, “a double-patty burger fully dressed,” according to the company.

CEO Silva gets a taste of what it’s like to be one of those employees in tonight’s episode of [Undercover Boss](#) on [CBS](#).

Since it’s privately owned, Checkers doesn’t reveal its sales figures, but Silva said the company has seen year-over-year growth during the past three years. He said Checkers finished second only to [McDonald’s](#) in comparable same-store sales in 2011.

And speaking of the competition, Checkers doesn’t have as much when it comes to selling franchises in the fast-burger world. Franchises like McDonald’s, [Burger King](#), [Wendy’s](#) and even [Five Guys](#) are sold out in this area.

Some of Checkers’ current expansion will target redevelopment of existing fast-food locations. Silva said these conversions are desirable because the build-out doesn’t cost as much as starting from scratch, and the locations have a historical food presence. He said some of the better candidates for conversion to Checkers include Starbucks, KFC and Popeyes.

“We really do well with conversions because they’re already permitted for a drive-thru,” Silva said.

Meanwhile, Durham said Long Island is one of the company’s target markets for growth, and Checkers’ new store models provides more location options.

“We have a lot of interest, and we’re excited about the expansion opportunities we have here in the next couple of years,” she said.