



Fast Food Franchise Roars into the Winners Circle

Fast food is as American as, well...hamburgers, fries and hot apple pie. Ever since the country started to urbanize in the 1930s, Americans have been flocking to fast food outlets making it a \$160 billion business today.



FRANCHISE STATISTICS

Market: \$160 Billion

Founded: 1986

Locations: 800

Franchise fee: \$30,000

Royalty: 4% Gross Receipts

Start-up Costs: \$500,000 avg.

Today, there are more than 200,000 quick service restaurants (QSRs) in the United States. They're a **\$160 billion segment of the restaurant business** and despite the recent economic downturn, they're still **growing at nearly 10% a year**. Furthermore, QSRs are among the most profitable franchise businesses too, with **margins ranging from 10-25% per year** for top locations, according to industry sources.

Does a QSR franchise make sense for immigrant entrepreneurs?

While the margins are attractive, the initial investment can exceed \$1 million for some well-known brands. Since many franchisees must finance part of their start-up expenses, the biggest question is not just about return on investment (ROI), but timing: specifically, **how long will it take them to earn back the initial investment?**

Why the Checkers Model Makes Sense for Immigrants



Jennifer Durham

[Checkers/Rally Drive-In Restaurants](#) of Tampa Florida has one of the best answers to this question. According to Jennifer Durham, Vice President of Franchise Development, the typical ratio of sales to investment in the QSR sector is one-to-one, meaning for every dollar invested, you get a dollar in sales volume. However, **the Checkers/Rally model is two-to-one, or two dollars of sales for every dollar of investment.** Says Durham, “it means you’re able to accelerate your return on investment much more aggressively and you can get started with Checkers for less than half what it takes for other food service concepts.”

A Company You Can Grow With



Double-drive thru location

Checkers was founded in 1986, and merged with Rally’s Drive-in Restaurants in 1999 to create **Checkers/Rally** — **the largest chain of double-drive through restaurants in the United States** and now has more than **800 locations** around the country. Roughly half of their stores are company owned, and half are franchises. Currently, Checkers & Rally have locations throughout the Southeast, Midwest, and are beginning to penetrate Eastern seaboard markets such as New York, Connecticut, New Hampshire, Maine, Vermont, and Rhode Island.

Jennifer Durham points out that Checkers/Rally offers tremendous opportunity to immigrant entrepreneurs because of the company's relatively small size. “We’re really poised to grow in a very accelerated way because we only have about 800 restaurants,” says Durham, “whereas, our peers, you know Burger King McDonalds and Wendy’s etc. have 7,000 to 14,000 restaurants, so we’ve barely scratched the surface.”

Checkers' size provides another benefit to immigrant entrepreneurs: they'll get personal attention. "The size of our franchise system is not intimidating," says Durham. "We know every single one of our franchisees by name, and as a part of our approval process, we invite each of them to Tampa to meet with our executive team, which is pretty unique in our QSR franchising."

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Products You Can Believe In



Checkers takes pride in what they offer consumers for their hard-earned dollars, and it comes down to three things: flavor, values, and convenience. Their menu is dominated by seared burgers, chicken and fish sandwiches, hot dogs, fries and desserts. Checkers food is fully seasoned and their portions are larger than many of their competitors, which goes a long way toward meeting what they call the **“Five Dollar Challenge.”** Most of the consumers of QSR tend to be heavy users of the category, and typically have five dollars or less to spend. “If you only have \$5 in your pocket, you go to McDonalds, or Wendy’s, and then you go to Checkers, you’re always going to leave our restaurants more satisfied, not just in terms of being full, but also in terms of flavor,” explains Durham.

While meeting the Five Dollar Challenge is important, good service is also critical for customer retention and growth. Adam Noyes, Checkers’ chief restaurant officer, says that eating at Checkers is “not a transaction, but an experience. Customers want to drive away feeling good about their three minutes with us.”

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To ensure good service, Checkers has employed industrial engineers to help improve the process. Among other things, they’ve added an additional opportunity to place orders in the drive through process, and by the time a customer reaches the window, their order — made fresh just for them — will always be ready. The biggest hold-up in the overall process is the time it takes for customers to decide what to order.

Checkers Wants Franchisees to Succeed

Checkers began franchising in 1990, which is far later than their competitors, but taking the time to do things right pays dividends in the long run. “In order to lead, and be a good franchisor, it’s incredibly important to be able to walk the talk,” says Jennifer Durham. **This means that Checkers is focused more on bottom-line profit than in their royalty revenue,** and this is where their company-owned restaurants provide a benefit to franchisees. Also, they test all new marketing and foods concepts at company restaurants first so that the franchisees don’t have to shoulder the additional burden. In the end, everything they bring to the franchisees has already been tested and tried. So it’s not surprising that their **overall satisfaction numbers are very high with their franchisees(#5 among food franchisors).**

A Welcoming Culture for Immigrants

Checkers currently has 120 plus franchisees operating some 460 restaurants around the country, and the franchisees are a diverse group with multiple ethnicities and national origins. In fact, approximately **56% of franchisees that joined the company over the last five years are immigrants from India or the Middle East, and overall, some 70% are from ethnic minorities.** Checkers stresses that personal values are far more important to success in the organization than cultural background.

What Makes a Good Franchisee?

The company has a development committee that evaluates every one of their franchise candidates, determining whether they're a good fit for the Checkers' brand. What are they looking for? First of all, they're looking for candidates who are excited about the business. If they don't have a passion for the business, they won't work well within the system, and they won't last. Checkers' franchise agreement is for twenty years, so they want to make sure that the candidate has a long-term vision for the business. Having some experience with food operating within restaurants or running a franchise of other concepts is also very helpful.

What's Required to Get Started?

To become a Checkers' franchisee, you must meet their basic financial qualifications. You must have a net worth of \$750,000 and have available liquid capital of \$250,000. The start-up costs vary considerably, from a low of \$240,000 to a high of \$1,235,400, depending on the cost of real estate and construction costs in your area among other factors. As with all franchises, there is one time franchise fee, and an annual royalty payment to the franchisor, which in the case of Checkers, is \$30,000 and 4% of gross sales respectively. Funding: The company doesn't provide help with funding, although it does work with a financing company like most franchisors.