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# Checkers Drive-In planning major expansion into Houston market



Checkers CEO Rick Silva

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*Courtesy of CBS Television*



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Everyone, it seems, [wants to be in Houston](#). Add [Checkers Drive-In Restaurants](#) Inc. (Nasdaq: CHKR) to the list.

The Tampa-based fast-food company came to [the Franchise Expo South](#) at the Reliant Center last week and got such good feedback from potential franchisees that [Jennifer Durham](#), vice president of franchise development, flew into town this week to meet with prospective business owners.

Dunham said the company hopes to have one or two Checkers open this year in the Houston market and then add five to 10 locations every year.

"We want to grow smart, not fast," she said.

According to [the corporate website](#), franchisees must have a minimum net worth of \$750,000, with \$250,000 in liquid assets. The franchise fee is \$30,000 per store, with \$10,000 due at the signing of the 20-year development agreement. The initial investment ranges from \$165,000 to \$1.2 million, according to the corporate website, but Durham said franchisees can expect to spend about \$500,000 per store, not including real estate.

Checkers has almost 500 locations nationwide, and they average about \$950,000 a year in sales.

Dunham said she sees [Sonic](#) Corp. (Nasdaq: SONC) and [Whataburger](#) as Checkers' primary competition in a fast-food market that targets consumers at or below the median income, which she said is \$44,000 in Houston, compared with \$51,000 nationwide.

[Scott Sebastien](#) owns a Checkers franchise in Beaumont, the only one in Texas, and has four more locations in Louisiana. He said his annual revenues are more than \$1 million per store.

"There seems to be a lot of growth potential in the Houston market," said the former CPA who opened his first Checkers in Lake Charles 22 years ago. "I'm sure it can handle at least 100 units." So why not him?

"I don't want to be the pioneer to go into that market," he said. "I'm 55 years old, and I want to be conservative."

"The whole Checkers venture has been a great opportunity for me," said Sebastien, who grew up poor and worked to put himself through Louisiana State University, graduated, passed the CPA exam and then bought a practice with several partners who are also partners with him in Checkers. "We kind of just got our CPA practice going when this opportunity came up," he said. "All of my partners pretty much mortgaged their houses and took the risk of opening that first store."

Sebastien has a gentleman's agreement with the Checkers corporate office that he'll stay out of Houston — for now.

"My market is pretty saturated, so I'm looking for another area," he said. "But I only want to do a Checkers location if it's a really good site."

Mark Yost covers money and financial matters for the Houston Business Journal.