

ESPRESSO

	SMALL	MED	LARGE
CAFE LATTE	3.75	4.25	4.75
MOCHA LATTE	4.25	4.75	5.25
PRALINES & CREAM LATTE	4.00	4.50	5.00
WHITE CHOCOLATE LATTE	4.25	4.75	5.25
SKINNY VANILLA LATTE	4.25	4.75	5.25
CAPPUCCINO	3.50	4.00	4.50
MOCHA CAPPUCCINO	4.00	4.50	5.00

ESPRESSO

	SMALL	MED	LARGE
ESPRESSO	2.00	2.50	3.00
AMERICANO	2.50	3.00	3.50
MACCHIATO	2.50	3.00	3.50

SMALL BATCH ROASTED

COFFEE

	SMALL	MED	LARGE
VIENNA CREME	3.50	4.00	4.50
CARAMEL CREME	4.00	4.50	5.00
HOT MOCHA	3.50	4.00	4.50
CAFE AU LAIT	2.75	3.25	3.75
HOT COFFEE	2.25	2.50	2.75
POUR OVER COFFEE	3.50	4.00	4.50

CLASSICS

	SMALL	MED	LARGE
VELVET CREAM	4.00	4.50	5.00
SMOOTHIES	4.25	4.75	5.25
FROZEN HOT CHOCOLATE	4.00	4.50	5.00
HOT CHOCOLATE	3.25	3.75	4.25
FROZEN LEMONADE	3.25	3.75	4.25
LEMONADE	2.00	2.50	3.00

Salted Caramel

smooth as summer

THE ORIGINAL COLD BREW

ICED COFFEE

	SMALL	MED	LARGE
Cold Brew ICED COFFEE	2.25	2.75	3.25
Cold Brew ICED MOCHA	3.00	3.50	4.00
ICED LATTE	3.50	4.00	4.50
NITRO COFFEE	3.75	4.25	4.75

COLD DRIP **BOLD SIP**

TEA

	SMALL	MED	LARGE
ICED TEA	2.00	2.50	3.00
HOT TEA	2.00	2.50	3.00
CHAI TEA LATTE	3.50	4.00	4.50
GREEN TEA LATTE	3.75	4.25	4.75
GREEN TEA VELVET ICE	4.50	5.00	5.50
CHAI VELVET ICE	4.50	5.00	5.50
GREEN TEA MOJITO	2.75	3.25	3.75
PEACH PALMER	2.75	3.25	3.75

FROZEN & BLENDED

	SMALL	MED	LARGE
GRANITA	3.75	4.25	4.75
MOCHA GRANITA	4.25	4.75	5.25
CARAMEL GRANITA	4.25	4.75	5.25
PROTEIN VELVET ICE	5.00	5.50	6.00
MOCHA VELVET ICE	4.50	5.00	5.50
VANILLA VELVET ICE	4.50	5.00	5.50

Attracting new franchisees

ALSO IN THIS ISSUE: THE BENEFITS OF EMERGING MARKETS



Existing Tropical Smoothie Cafe franchisees were behind 70% of new locations last year.

The key to inner growth

What to consider when growing with existing franchisees

Many franchisors prefer to partner with existing franchisees when they are opening new locations.

However, some concepts require multi-unit deals from the start, while others see benefits to letting franchisees open single units, then identifying star candidates who can become successful multi-unit owners.

Atlanta-based Tropical Smoothie Cafe has been leaning into using more of their existing franchisees.

Last year the chain opened 110 locations, and existing franchisees run 70% of those new locations. The previous year, the mix of new and existing franchisees was 50%.

"Our most successful franchisees built their empire one restaurant at a time," Cheryl Fletcher, senior vice president of franchise development, said.

"Doing that takes a strong foundation."

To help foster growth, Tropical Smoothie Cafe has two strategic initiatives. The chain identifies top priority markets where it has the highest opportunity for growth. One of the factors in identifying priority markets is whether existing franchisees are ready to open more locations.

Tropical Smoothie Café keeps an internal scorecard

of franchisee sales, guest satisfaction ratings, profits and loss to indicate whether the franchisee is aligned with the company's brand and marketing initiatives — and is qualified to grow.

The brand does not require multi-unit ownership from the start. "Often we start with somebody who opens one or two," Fletcher said.

"We don't lock people in and tell them you have to do five."

But the company does not want to leave a prime region underdeveloped.

In that case, the Tropical Smoothie Café won't offer the franchisee a territory unless the owner agrees to open, for example, five units within a certain amount of time.

Having a franchisee sign too aggressive a multi-unit agreement is a mistake, said Steve Schulze, CEO of Santa Ana, Calif.-based Nékter Juice Bar. Sometimes a new owner opens a location and then takes a long time to open another, stalling growth in that region.

Still, encouraging current franchisees to open more locations can save time and money, as recruiting and training new franchisees is more expensive. Even better

"Our most successful franchisees built their empire one restaurant at a time. Doing that takes a strong foundation."

Cheryl Fletcher, Tropical Smoothie Cafe senior VP of franchise development

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Grow WITH US



Little Caesars®

TM



Little Caesars is one of the world's most beloved brands. As the largest carryout-only pizza chain in the world, as well as the best value in America, we're also a very good investment.* We know how to build a brand and turn it into a very successful program for our franchisees.

We deliver price leadership, delicious taste and cutting-edge convenience to our customers. It's the perfect formula for success.

THE LITTLE CAESARS BRAND:

- Our pizza is consistently recognized among value leaders as a standout in the food service industry
- A winning package, including quality products that uniquely meet the needs of pizza lovers
- Cutting-edge technology like digital ordering and Pizza Portal® pickup, the QSR industry's first heated self-service mobile order pickup station
- The Little Caesars character evokes thoughts of family fun and good times with friends

Our franchisees often comment on how they've enjoyed life experiences they never dreamed of, thanks to their growth as a Little Caesars business owner. With our franchisee-focused support services, franchisees are excited about the benefits

of being in business for themselves, but not by themselves. That's because we provide a very comprehensive training program, plus operations assistance, learning opportunities and an aggressive national and local advertising and marketing program. Yes, we will be there every step of the way as you establish and grow your business.

New market expansion and continued development within existing markets will continue to be drivers of our development strategy. Many of our current franchisees have grown from being a one-store operator to a multi-unit operator. And we will help you every step of the way; from selecting a site all the way to your grand opening.

LITTLE CAESARS FRANCHISE OPERATIONS

With our HOT-N-READY® pizza concept and Reserve-N-Ready™ service, Little Caesars is becoming even more competitively appealing in the franchise QSR marketplace. Contact us today to learn more about our exciting franchise opportunities.

Please contact USDevelopment@LCEcorp.com or call (800) 553-5776

*Based on number of stores in 2017. "Highest Rated Chain - Value for the Money" based on a nationwide survey of national quick-service restaurant customers conducted by Sandelman & Associates, 2007-2017.
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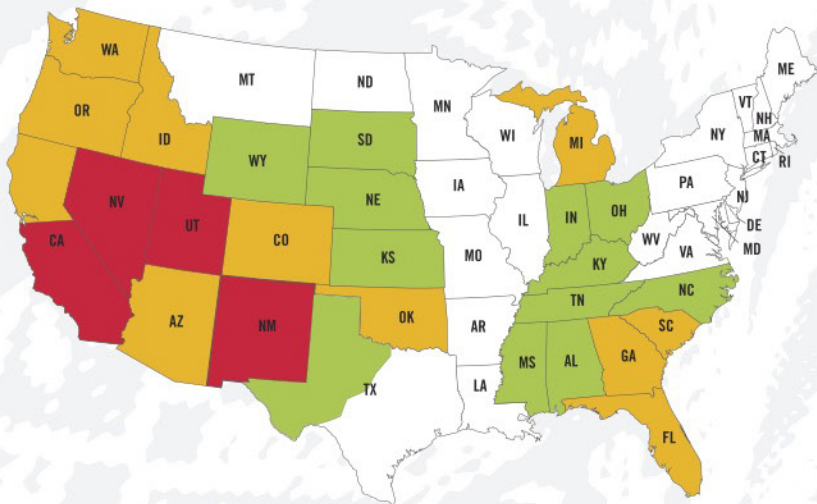


**5 STRAIGHT
YEARS**
OF SALES GROWTH**

OVER 580
RESTAURANTS IN 14 STATES

\$1,497,155
AVERAGE UNIT SALES**

AVAILABLE TERRITORIES



- Markets immediately available for development
- Del Taco currently operates in these states and is seeking additional growth
- Currently not available for development
- Sold out



FRESHEN UP YOUR FRANCHISE PORTFOLIO

A LEADER IN THE GROWING MEXICAN QSR+ SEGMENT

For over 50 years, Del Taco has served freshly prepared, high-quality food at an unbeatable value. This rare combination is one of the many reasons why Del Taco is the second leading brand in the fast-growing Mexican quick-service restaurant (QSR+) category*. With more than 580 locations in 14 states, Del Taco has a strong presence across the western United States, with plenty of room for franchisees to grow in both existing and untapped markets.

KEY REASONS TO INVEST

- Positioned for growth with a compelling QSR+ proposition
- Broad customer base appeal with innovative, fresh menu offerings
- Proven sustainability in new markets
- Average unit volume of \$1,497,155**
- 24% AUV growth since 2013***
- Exclusive development territories available across the country****
- Support of an experienced leadership team and strong company financials
- Development incentives available offering reduced fees

IDEAL FRANCHISE CANDIDATE CHARACTERISTICS

- Multi-unit restaurant operations experience
- Be well capitalized
- Have a passion for and commitment to exceptional customer service
- Will follow our proven operating system
- Knowledge of local real estate market

REQUIREMENTS

- Minimum liquid capital of \$500,000
- Minimum net worth of over \$1 million
- Multi-store development

FRANCHISE FACTS

- Estimated Total Initial Investment:
\$859,700 – \$2,116,500
- Franchise Fee: \$35,000
- Royalty Fee: 5% of net sales
- Advertising Fee: 4% of net sales

LAURA TANAKA

DIRECTOR OF FRANCHISE DEVELOPMENT

949-462-7379

ltanaka@deltaco.com

TO LEARN MORE VISIT

DELTACOFRANCHISE.COM

* In regards to unit count.

** See Item 19 of the 2018 FDD for details. Figures reflect average sales and certain other operating figures for the freestanding company-owned restaurants as of the end of the 2017 fiscal year.

*** Figures are for freestanding franchisor-owned restaurants. In FY 2013, 147 or 51% had average sales \geq \$1,207,784; in FY 2014, 144 or 51% had average sales \geq \$1,278,853; in FY 2015, 143 or 51% had average sales \geq \$1,376,622; in FY 2016, 137 or 48% had average sales \geq \$1,459,541; and in FY 2017, 139 or 48% had average sales \geq \$1,497,155. See Item 19 of our May 2018 Franchise Disclosure Document for more information. There is no assurance that you will do as well, a new franchisee's results may differ from the represented results.

**** See FDD for details

This information is not intended as an offer to sell a franchise. We will not offer you a franchise until we have complied with disclosure and registration in your jurisdiction. Contact Del Taco LLC, 25521 Commercentre Drive, Lake Forest, CA 92630 to request a copy of our FDD. RESIDENTS OF NEW YORK: This advertisement is not an offering. An offering can only be made by a prospectus filed first with the Department of Law of the State of New York. Such filing does not constitute approval by the New York Department of Law. RESIDENTS OF MINNESOTA: MN Franchise Registration Number: F - 5365



Existing franchisees open the majority of new Checkers & Rally's units. Franchisees Ramsey and Minnie Ali, above, are opening a third unit in 2019.

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is when the franchisee wants to open additional locations.

"90% of the time they approach us," Schulze said. "The only time we really approach them is in the instance that somebody might have opened three locations and somebody else is interested in a location that is somewhat close to where they are. We give them first right of refusal."

At Tampa, Fla.-based Checkers & Rally's Restaurants, 189 new restaurants opened over the last five years, and existing franchisees opened 126 of these, or 67%.

"We don't require multiple units at the onset," Jennifer Durham, senior vice president and chief development officer, said. "You can own one and grow your way."

The most successful franchisees in the Checkers & Rally's system have been owners of other noncompeting food brands. Also, the franchisee has to meet certain financial requirements such as credit scores, liquidity and net worth.

When a franchisee opens a location, there is a six-month holding period before they can proceed with their next unit, giving them time to prepare their team.

The company understands that franchisees have a variety of risk tolerance levels. "We have enthusiastic franchisees that have large appetites, and cautious franchisees that want to be careful," Durham said.

Others want franchisees to sign on for a multi-unit ownership. "We like to see someone commit to a mini-

mum of three builds," said Sam Rothschild, chief operating officer of Fayetteville, Ark.-based Slim Chickens.

"That builds a nice little synergy in the market, and brand awareness and makes them have a little bit of a presence." He adds that the majority of franchisees have a defined territory they can develop.

Slim Chickens is attracting operators who have been successful in restaurant franchising and who want to add better chicken to their portfolio, or who are decreasing their presence in casual dining or burger segments.

There are exceptions though, as the chain has also had success with a franchisee who had no restaurant experience and recently opened a fourth location.

"That is a testament to his passion and his stick-to-itiveness," Rothschild said. "Everyone's situation is different and as a franchisor you have to be keenly aware of the franchisee's personal and professional objectives."

However, not every franchisee should open more units. "On the franchisee side everybody has growth objectives, and there is a risk in pushing them too quickly," says Philip Schram, chief development officer for Cincinnati-based Buffalo Wings & Rings. "Then you have a crumbling foundation."

Franchisees like having one or two stores because they can oversee the daily operations. That role changes after opening a few more locations. The franchisee has to



Staci Force, above, has worked for Checkers & Rally's for 15 years and recently partnered with her father Bruce Keehn to acquire their seven restaurants.



Checkers has opened 189 new restaurants in five years, with existing franchisees opening 126 of those.

hire general managers and others, and the role becomes less hands-on and more leadership and motivating.

"Basically with three locations you can still visit each location every day," Schram says. "At four locations you absolutely need to delegate. Trust is a big issue."

It took Buffalo Wings & Rings franchisee Al Hauck eight years to open a second store, in Bismarck, N.D., after opening one in Minot, N.D.

The third store, set to open this spring in West Fargo, should be easier. "It only took us two years to open the third location," he said.

"Once we ironed out new store opening details with the second location, we were able to make better decisions."

The third location will be better prepared for volume of people coming to the grand opening. "Now with two stores, I have more people I can pull from the current locations," Hauck says. "I can't be everywhere all the time so we have a director of operations and we hired a director of training."

Sometimes growing from within includes having a shift manager or assistant manager take over a restaurant when that owner wants to retire.

"We found that to be very successful," says Patrick Sugrue, president and CEO of Conshohocken, Pa.-based Saladworks. "We're seeing double digit sales increases."

Sugrue added that when these new owners put up "Under New Management" signage and post messaging around a remodel, that helps generate excitement around the grand re-openings.

Of the 17 new stores Saladworks will open this year, five will be from existing franchisees. Whether it's a new franchisee or one looking to open another location, certain traits hint at success.

"There's intellectual curiosity, and they are engaged in the community," Sugrue says. "They represent the brand in the community. People see them out at a baseball game and say, Oh you're Mister Saladworks."

Others maintain that there is really no magic to telling whether new franchisees will eventually have the skills and enthusiasm to become multi-unit owners.

"The truth is, there is no silver bullet, and there is no personality test," said Robert Maynard, CEO and founder of Davidson, N.C.-based Famous Toastery.

"I'd rather have a great one-store franchisee than someone with three stores just doing okay."

The key is to be on the lookout for people who want to open more stores, and to check in with them when opportunities arise.

"We are not only helping our business grow, but helping the franchisee's business grow," Maynard says. "They are building a little empire that they worked hard for." ■



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Philip Schram, chief development officer for Buffalo Wings & Rings