

# Q&A

**PLUS:**  
**NRA SHOW**  
**PREVIEW**  
Your can't-miss list  
for Chicago  
P.91

**Plus**

**Is Fast Casual  
Too Saturated?**

P. 72

**The Immeasurable  
Value of Immigrants**

P. 129

**Designing Your  
Kitchen for  
Off-Premises**

P. 137

**Why Flower Child  
is One to Watch**

P. 39

How new CEO  
Brian Niccol brought  
the brand back from  
the brink—and is  
preparing it for bigger  
things to come

# CHIPOTLE GETS ITS GROOVE BACK

/ P.48





# Playing the Field

For some restaurants, experienced, multi-concept operators are most desirable, but others seek exclusive relationships.

BY JESSIE SZALAY

**T**ampa, Florida-based Checkers/Rally's is known for its accessible and flexible franchise opportunities. Among them is the ability for franchisees to own and operate other restaurant brands should they so desire.

For senior vice president and chief development officer Jennifer Durham, this flexible approach comes down to a desire to get the right people, even if that means sharing them with other, noncompeting brands. "We're all looking for the best franchisees that run the best restaurant operations. So if you can't beat them, join them, is my thinking, because there aren't that many people who can do it really well," she says.

Durham sees advantages to bringing multi-concept franchisees into the system. It helps operators in small markets that can't support another Checkers/Rally's without risking cannibalization. It promotes open communication and trust because Checkers/Rally's franchisees are free to discuss signing onto other brands with corporate, which will in turn offer advice. It keeps the industry honest and focused on good relationships.

"Competing as brands for that really great operational talent as franchisees makes us all better," Durham says. "It causes us all to up our game to make sure we're offering the right programs and support to make our franchisees successful."

Patrick Sugrue, CEO of Saladworks, also sees upsides to working with both single- and multi-concept franchisees. Because they are more likely to focus on a specific geographic area, multi-concept owners understand the area's real estate and know the optimal sites. They have community connections in legal, accounting, banking, and other industries. They also bring a fresh perspective.

"They'll have things they do really well and share them with us. We get good ideas through cross-pollinating with other concepts," he says.

For Potbelly vice president of franchise development Peter Ortiz, working with multiunit franchisees is an important part of risk reduction and successful growth. Since Ortiz joined the Chicago-based sandwich concept last year, it has begun working with only groups that own multiple franchises in one or more segments.

"The goal with franchisees is to reduce their risk as much as pos-



For Checkers/Rally's, multi-concept operators have proven valuable partners.

sible. When you bring a multiunit, multi-segment group in, they're diversified, they're knowledgeable, they have the infrastructure, and they understand the real estate and construction side, which reduces the cost of opening so the return on investment is much faster," Ortiz says.

Working with franchisees that only operate one brand has advantages as well, Durham says. Because there are no split interests or goals, it can be easier for franchisees to manage their time and activities. If the market allows, they can saturate a particular geographic region with one brand. "Organizing and focusing your intentions allows you to deeper penetrate a particular brand and get fully vested in it," she says.

Saladworks looks for a mix of multi- and single-concept franchisees who are active in their communities, have connections to the chamber of commerce, and are proud to become known as "Mr. or Mrs. Saladworks," Sugrue says. "The determining factor for us is the idea of hustle. This is not a throw-some-money-at-it kind of business. This is an active owner-operator business that really works and nurtures the market, the people, and the brand in that city." For Saladworks, those factors are more important **[CONTINUED ON PAGE 140]**

than how many concepts someone owns.

Kona Ice also prizes the active, passionate, teachable owner-operator above all else. But founder and CEO Tony Lamb generally wants those people to only own Kona Ice mobile units.

He worries that multi-concept operators will be too distant to give customers the proper attention they deserve. “We had some experiences with multi-[concept] franchisees early on, and they were divided with their time and energy, and it didn’t feel like they ever really married Kona. Our owners are in their businesses every single day, giving it 100 percent,” Lamb says.

Though return on investment is high due to a successful growth model and a \$100,000 buy-in, Lamb doesn’t want franchisees who are obsessed with financials.

He acknowledges that Kona Ice’s comparatively simple business model, which doesn’t require brick-and-mortar investments, helps him maintain his philosophy. It also helps him take on franchisees without restaurant experience, which other concepts might consider a risky move. People without a foodservice background can learn the Kona Ice business more easily than a brick-and-mortar one.

“It’s a difficult business to train in. [People with restaurant experience] understand labor costs, food costs. Things like that take many years to learn,” Potbelly’s Ortiz says. “I’ll look for groups who have this experience and are looking to round out their portfolio with a sandwich concept.”

If an interested party came from another industry, Ortiz would allow them to present an application so long as they would agree to hire a company-approved operating partner to guarantee full investment.

Sometimes compromise and flexibility are necessary to finding the perfect fit. “We really want a love of healthy food, an experience in restaurants, and a deep experience managing people and customers,” Sugrue says. “If you’ve got two out of three of those, you’re going to do well.”

When a brand has determined what it wants, what it can compromise on, and what won’t work, finding the right franchisee becomes substantially easier. “Differences can be subtle, but they’re important,” Durham says. “When there is a good fit, a really good match, brands explode—in a good way.”

ously a lot more conscious of the things they are eating,” Fox says. To that end, the concept offers elevated proteins and a plant-forward, chef-constructed menu in a space that feels more like casual dining than fast casual. Flower Child’s open kitchen drives this home, as guests watch their dishes throughout the prep process.

Locations are all about 3,500 square feet and modeled after an East Coast potting shed, Fox says. There are lots of floral touches. The large, open dining room allows for great energy, and there is a separate take-out area in each store to allow for ease of third-party delivery and take-out business. Plus, locations in warmer regions like the West Coast and South have expansive patios.

The first Flower Child came to life in Phoenix in 2014, with a second following in Scottsdale, Arizona, and the first out-of-state location in Santa Monica, California—both in 2015. The brand now has several units in California, plus stores in Texas, Georgia, Colorado, and the D.C. area. Plans are underway to plant flags in North Carolina and Tennessee.

Two years ago, The Cheesecake Factory pitched in an equity investment to help Flower Child grow. As of press time, 15 leases have been signed across the country. “Our goal is to open somewhere between six and eight units a year,” Fox says.

The guest profile for Flower Child is, in general, health conscious, affluent, and educated, Fox notes. The brand seeks locations with great parking and potential for strong business at lunch and dinner, seven days a week. Additionally, the team likes to be near outdoor activities, gyms, and lifestyle stores like Lululemon that match Flower Child’s philosophy.

Geography, however, continues to be the brand’s—and the restaurant group’s—biggest challenge, Fox says. As a West Coast operation growing eastward, identifying the unique trends in each individual market can prove tricky. To overcome this hurdle, Flower Child has set up an ambassador team that builds a local presence in target areas, participating in job fairs to get the word out and then training people back in Arizona, where it all started.

“We’re investing in people so they understand the culture and the vibe of what we’re trying to accomplish,” Fox says.

franchised locations.

The strategy thus far has been to cluster restaurants, boosting brand recognition and awareness for already-existing stores. The team began by adding locations along the I-35 corridor that goes from Wichita, Kansas, to Houston. Now Hurts has locations in cities like Des Moines, Iowa; Tempe, Arizona; and Middleton, Wisconsin. “The real challenge is, Where can you put these and be the most successful?” Clegg says. “Because we know we could be successful anywhere. Where can we maximize our chances for success?” The target areas for Hurts are close to family destinations like malls, science centers, and parks. Following that guide, the company hopes to open 12 new stores in 2019.

As opposed to other larger-than-life doughnut chains, Hurts has something for every price range, Clegg says. “We have products that are low-priced, just over a dollar. There’s something for all demographics, all income levels,” he says.

As the brand grows, Hurts wants each shop to maintain that local, accessible feel. “We don’t want to feel like a big corporate chain, so we make sure that whenever we select franchisees, they are owner-operators, present in the store, and well-known as the local owners,” Clegg says. The brand’s social strategy follows this local impulse, too, with each individual location boasting its own Facebook handle.

But the most impactful initiative adding to the local feel is Hurts’ commitment to give back to its communities. “We have a very charitable business model where we’ve donated hundreds of thousands of dollars over the past five years to charities such as the National Multiple Sclerosis (MS) Society,” he says. The MS Society is an especially meaningful cause for Clegg, who has MS. “It’s been really exciting to watch all our other owners jump on board and be as supportive as our corporate stores supporting that charity and other charities that are near and dear to them,” he says.

Being open and available to the communities Hurts serves is important to the Cleggs. “Whenever there’s any sort of tragedy that might take place in someone’s community, we try to be the first to step up and offer a doughnut shop of healing, so to speak,” Clegg says. “You have a place to come together as community.”