

Fast-food chain reopening shuttered Phoenix stores, looks to expand

Drive-thru chain brought top franchisee from California to get marketing going



By [Brandon Brown](#) – Reporter, Phoenix Business Journal

Oct 31, 2019, 4:34pm EDT

This summer, all three Valley locations of hamburger drive-thru chain Rally's abruptly closed. But now those stores are opening up under new management, and the brand is looking to expand to as many as 40 restaurants around the Phoenix area.

The three Rally's restaurants in Phoenix, Tempe and Mesa closed after the relationship soured between Tampa, Florida-based [Checkers & Rally's Restaurants](#) Inc. and the former Rally's franchisee in Phoenix. The deal was terminated earlier this year, [Robert Bhagwandat](#), Rally's director of franchise development, told the Business Journal.

Rally's corporate office still thought Phoenix was a good market for the brand to grow in, so they reached out to [Bruce Ong](#), who Bhagwadat described as "one of the best franchisees" in the Rally's system.

Ong has been working with Rally's since 1990, starting off as an employee. He rose through the company's ranks and eventually purchased a number of Rally's units in San Diego. Ong jumped at the chance to take over the Phoenix-area stores because it has gotten too expensive to expand around San Diego, he said.

Ong re-opened the Rally's at 1345 W. Camelback Road in Phoenix on Oct. 29. He reached out to former employees and hired some new ones, making that store's total employee count to 35.

Ong now is working to get the Tempe location open next and then the one in Mesa. He said both will open during the next three months, and Rally's will hire around 35 employees at both locations.

Besides the three stores Ong is re-opening, he also committed to opening three more around the Valley during the next three years.

"We are going to grow this market," Ong said.

Rally's also has another franchisee in the market who is looking to open two more locations, so in the next three years there could be up to six new Rally's around the Valley.

And Rally's thinks there is room for more. The company is looking for other franchisees to open Rally's locations around Phoenix. According to Bhagwandat, there is room for 40 Rally's locations around the Valley.

For people considering opening a quick-serve franchise restaurant, Bhagwandat said Rally's has a few good selling points. First, Rally's locations are a smaller than competing burger chains, so the real estate needed is less than half an acre. It also only costs about \$800,000 to build out a Rally's location, while other fast food concepts cost at least \$1.5 million.

The construction time to open a Rally's is shorter too. All Rally's stores are prefabricated off site and are delivered in four pieces on four trucks before being assembled on site in a move Bhagwandat described as a "large Lego set."

Rally's requires new franchisees to have a minimum net worth of \$750,000 and a liquidity of \$250,000 per location. Rally's charges a \$30,000 franchise fee per location, and the franchise agreement is for 20 years.