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startups
SUMMER 2022

Want to Own a Restaurant?

FOOD FRANCHISING IS BOOMING. HERE'S HOW TO GET IN. P.7

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Tropical Smoothie Cafe's Toya Evans (*center*) with her daughters Chanel Grant (*left*) and Lauren Williamson.
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PHOTOGRAPH COURTESY OF TROPICAL SMOOTHIE CAFE


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STARTERS

FOOD 101

So You Want to Buy a Restaurant...

Do you have what it takes to be a successful restaurateur?
Our franchise expert offers some words of wisdom. **by JEFF ELGIN**

When most people think of a franchise business, they first think of burgers. Or pizza. Or coffee (and donuts). Or tacos. There are, of course, many different markets in which franchises thrive, but the success and growth of numerous fast-food behemoths have made it so that, if you were to play a game of word association and offered up "franchise," most people would probably instantly respond: "McDonald's."

But your first thought shouldn't be your last one. When deciding whether to purchase a restaurant franchise, you must focus on the characteristics of the business from a *franchisee's* perspective. Only that can determine whether this industry is the right one for you.

Popularity is one of the wonderful advantages of having a food business, but there are also some challenges you need to be aware of before entering this industry. Here's a breakdown of what you'll need to keep in mind. ▶

Illustration MAX-O-MATIC

> **"The food business can be very rewarding to a person who has a special blend of skills and aptitude."**

The Advantages

Built-in demand. Consumers want consistency in their food, so they have been trained to look for franchises. This can be a big advantage for a startup–but make sure that the food a franchise sells has staying power. Fringe products can be precarious, and fads fade.

Familiar financing. Traditional lending sources are well-schooled in the real estate and equipment needs of a fast-food operation, which may ease the challenge of getting the funding you'll need. Better still, lenders like the often-high revenue that a typical food franchise offers.

Clear track records. Many food franchises have multiple units and have been operating for a while, which means you can have a clear sense of what is and isn't working before you decide whether to get involved.

Prestige. Many people think owning a food franchise is glamorous. This may be an added bonus for a prospective franchisee.

The Challenges

High initial investment. Most food franchises require significant funding to start. Prep stations, sinks, stoves, ovens, grease disposal systems, venting requirements, customer seating, and bathroom areas are just the start.

Endless compliance. The government goes to great lengths to ensure that food is safe to eat. Complying with its regulations, both initially and continuously, is time-consuming and costly. Franchisors should help a new franchisee deal with zoning, permits, and all other site-related issues. Ask existing franchisees about this support–and if the franchisor doesn't offer it, look elsewhere.

Labor challenges. Most food businesses rely on a significant number of low-paid employees. As a result, turnover can be very high. In fact, recruiting and retaining is typically a food franchisee's top challenge.

Relatively low margins. The food franchisee must overcome the cost of labor and goods in an environment that, especially for fast-food outlets, is very price-sensitive. The net margins of most food businesses are not nearly as high as other franchises (particularly service-related ones)–and that's before you deal with spoilage, theft, and other issues uncommon to other businesses.

Quality of life. You're often the first to arrive and the last to go home. The employee challenges can be so frustrating that they are the main reason owners cite for wanting to leave the industry. Then there's the issue of what a person smells like after spending long hours each day in a food franchise. It's not exactly a classy perfume.

NOW THAT YOU have a realistic sense of what this business is like, let's talk about whether you're a fit for it.

The food business can be very rewarding to a person who has a special blend of skills and aptitude, and these operators are among the most respected in all of franchising because of their success. But it is essential to make sure you know what those skills are–and that you have them.

How can you know? Go to an existing unit and shadow the present owner until you've gained enough experience to have a clear sense of what it takes. (Some of the most successful food franchises require you to do so.) This tour won't be quick. It'll likely take at least a few weeks to know for sure–a significant time commitment. But it is infinitely better for you to find out early (and before you risk your life savings) if this business is not for you.

One more consideration: Some food franchises use a simplified business model that avoids several of the disadvantages listed above. For example, they may not require your franchise outlet to cook, instead using a commissary system that sends food that is either ready-to-serve or just needs some basic assembly. These businesses can avoid many of the food industry's trickiest issues–but it won't solve those labor challenges.

Carefully think through what is required of a food franchisee: the investment, the daily and weekly tasks, the hours. Do you have the skills required to succeed? Will that work be worth the returns you can reasonably expect, based on your research? Only by making these many considerations can you know whether becoming a restaurateur is right for you.

Jeff Elgin is the CEO of FranChoice, which provides free consulting to consumers looking for a franchise.

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SECOND ACTS

Why Retire, When You Can Franchise?

Instead of leaving the workforce, baby boomers are increasingly opening new kitchens. Here's why. **by CHLOE ARROJADO**

R*etirement*. The word means different things to different people. For some, it's an idyllic lifestyle at the end of a long career. But for others, it's increasingly becoming a chance to hit refresh and try something new—without necessarily leaving the working world.

That second group is showing up in a big way. The U.S. Government's 2020-2021 Report on the Economic Well-Being of U.S. Households found that 45% of people retired because they reached normal retirement age, and an even larger percentage—48%—retired because they wanted to do other things.

Where are many of them going? "We are seeing an increasing number of baby boomers looking strongly at food franchises," says Robin Gagnon, cofounder of We Sell Restaurants, a brokerage that specializes in food brands.

Gagnon says there are many reasons that food franchises appeal to an aging population.

"They are comfortable with the concepts and have spent decades as customers of franchise brands," she says. "Many have fond memories of a college job at a food franchise location. Most importantly, they see earnings on the books and a provable model as highly important when investing so close to actual retirement."

Roger Mellen adds another reason to that list: When a retiree's savings aren't enough to sustain their lifestyle, they want a reliable income-generator—which means they don't want the risk of launching a startup.

"Everybody said, 'Hey, save up a million dollars,'—which my wife and I did—'and you can retire,'" says Mellen, who is 60. "It took our whole lives to save up that money. And then we said, 'Well, this ain't enough to retire.'"

When his wife Julia lost her job due to COVID, they decided to invest their money into a Marco's Pizza franchise. Both had some prior experience to lean on, as Roger was an executive chef on the Norwegian cruise line and his wife was the food and beverage director. Roger had even owned a restaurant during his first marriage. But since becoming a franchisee two and a half years ago, he's found that marketing a brand name is much easier with a franchise. "I love that your product's being advertised all across the country, on TV—people know the product," he says.

Now, Mellen runs five franchises throughout Florida with a business partner. He's noticed a difference in his business mentality as a 60-year-old versus running his own restaurant in his 30s.

"The difference is, when you're 35 you have children. So many expenses. I don't have children, now that they're grown up. I have grandkids," he says. "I can concentrate on my business. I don't have anything to hold me back."

And now that Mellen is in the franchise business, he's noticed something interesting: His franchise is inspiring other people his age to pursue their own franchise dreams.

"You wouldn't believe how many older people I have working for me who ask, 'Hey, how much does it cost to get one?'" he says. "They see the success, they see the great product, they see the wonderful customers. It's a great business to invest in. They see it themselves."

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*Assuming 10 individual franchise agreements and AUV average from top 50% of $917,160 from Item 19 in 2022 FDD.

Royalty sharing provided in exchange for helping develop the area and maintaining brand standards.

Entrepreneur FRANCHISE 500 TOP FOOD FRANCHISE 2022 VERIFIED

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ALL THE RAGE

Why Chicken Is Booming

Entrepreneur's Franchise 500 ranking tracks the hottest food categories, and we've seen chicken surging for years. Here's why.

by KIM KAVIN

If you look at how burger franchises developed, there were two big waves. First was the McDonald's and Burger King wave, with a business model that helped parents get burgers with their kids at an affordable price. Then came the gourmet burger wave, with brands such as Five Guys and Burger 21 adding toppings like garlic aioli and cilantro cream.

Experts say that same business pattern is now repeating with chicken. Whereas brands such as KFC, Popeyes, and Church's Chicken are long-established and beloved, a new wave of franchises like Pollo Campero, El Pollo Loco, and the Shaquille O'Neal–backed Big Chicken are offering sandwiches with smashed avocado and low-calorie, fire-grilled chicken breast dinners.

"We call it the better chicken category," says Sam Rothschild, chief operating officer at Slim Chickens, a 19-year-old company that has 165-plus locations in the U.S. and the U.K., with more than 800 restaurants under signed commitments. "We offer a different lineup of products that are of better quality than those of the people who have been around a long time."

Christina Coy, vice president of marketing at the Korean fried-chicken franchise Bonchon, says consumers' evolving paletttes are also driving growth. "People's taste buds are changing," she says. "They're more willing to try new flavors. That's why more consumers are getting excited about fried chicken. It's Korean fried chicken or Nashville hot fried chicken. There's just so many different ways now to have fried chicken."

Bonchon has been in the U.S. since 2006. It now has more than 380 locations worldwide, with 115 in America. Same-store sales were up 17.5% in 2021 versus 2019. That kind of success is luring even more competitors, Coy says. "We're definitely starting to see more companies, and especially ones coming over from Korea and other Asian companies that do fried chicken," she says. "They're mainly hitting the East and West coasts."

Those new franchises are going to keep coming, according to Mark Siebert, CEO of iFranchise Group, a franchise development and consulting firm. There's widespread consumer demand for the product right now, along with advantages in leasing space.

"When you have a restaurant in a prime location that did not survive COVID, suddenly the landlords have to make good deals for restaurateurs in prime locations," he says. "Not only are franchisees looking at these, but the multifranchise operators are jumping on them."

Henry Lee is one such franchisee who spotted opportunity. After working for Microsoft and PricewaterhouseCoopers, he opened his first Bonchon in 2018 in Denver. His second opened in Aurora in 2020, and he is now opening two more in Colorado, with one of them slated to open in late May.

"There's American fried chicken, and then there's Korean fried chicken. There's a huge distinction," he says. "In my opinion, Korean fried chicken is going to take over the scene. The texture is a light kind of crispy, and the flavors are very unique."

Lee says he loves the interactions he has with customers, especially when they try Korean fried chicken for the first time. "They usually come back the next week. Sometimes it's the next day," he says. "It's an extremely addictive product. And I know the feeling. I have a few wings with the soy-garlic sauce to get my fix on."

PHOTOGRAPH BY SHUTTERSTOCK/DRONG

FEATURED FRANCHISE BRANDS

Strategies For Single & Multi-Unit Development

When considering a single or ***multi-unit*** brand development, you are also choosing who you want to compete against in any given market. What makes you special? United Franchise Group has 35 years of proven experience in what works and carefully selected food brands that are ***strategically developed*** with differentiators from the competition. Wise choices ***stand out***, add value to communities, and have a proven success record.

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CUSTOMER CONNECTION

How to Make Your Loyalty Program Succeed

Every brand, no matter the size, can use these programs to foster community and grow sales. Here's how. by **ABHIK CHOUDHURY**

McDonald's, Taco Bell, and other major food brands have been investing heavily in their loyalty programs, and with good reason: Every profitable venture is built on the love of its loyal customers, and these kinds of programs make loyalty a priority. After all, it's much easier to serve an existing customer than it is to find a new one.

Think of a loyalty program this way: It's a wholesome club that feels exclusive enough to make membership desirable, while also collective enough to make everyone feel like they're part of something bigger. In a loyalty program, your brand is the host of the party–and its biggest star. Your customers are there because, so long as you treat them right, they have every intention of coming back. The longer a loyalty program's life cycle, the bigger the spend and better the profit.

So how can you maximize this relationship? Here are three ways.

Offer value that can be earned, not bought.
If your loyalty program gives members what nonmembers can easily buy, then it's not a particularly strategic program. All you're doing is making people work to get something that's only slightly better than the status quo. Rewards should be the baseline of your plan, while special privileges make up a bigger chunk.

Consider what the Austin-based chain Torchy's Tacos does. Its loyalty program is called Taco Junkies Rewards Club, and when members made a purchase in January, they could enter to win one of multiple prizes–including free queso for life. That's what success looks like: When you make something that your customers will brag about–that, at heart, they're going to be proud to take part in–customers become your ambassadors. That's free PR! And their joy will make others want to join, too.

Connect sincerely in niche ways.
Loyalty program data can help you earn more revenue, but it also gives you something arguably even more important: An understanding of what genuinely delights your customers.

The North Face does this very well. In addition to selling shoes and jackets, the brand curates adventure experiences, like mountain treks in Nepal, for its loyalty program members. That way, the members can place these trips on their wish lists–and, in preparation for them, might just spend even more on North Face gear. In this way, the program's emotional perks are far more effective than offering basic financial perks.

Personalization can be especially useful for smaller franchises that run on neighborhood regulars. With a little investment in AI technology, these brands can make each regular's experience unique. For example, an intelligently designed loyalty program could help brands curate new products that are in demand locally, better market the old ones, cross-sell strategically, retain long-time shoppers, and solve operational issues that they may not otherwise have known existed.

Commit to a long relationship.
Some brands treat loyalty programs as a numbers game. They'll offer a big instant goodie for new members, see a spike in sign-ups, and congratulate themselves on a job well done. That's a mistake. Loyalty programs should bring value over a long period of time–but that only happens if you're willing to treat customers as a long-term investment.

Companies with strong loyalty marketing programs "grow revenues roughly 2.5 times as fast as their industry peers and deliver two to five times the shareholder returns over the next 10 years," reports *Harvard Business Review*. Amazon is perhaps the most powerful example of that: Amazon Prime had 200 million paid subscribers as of 2021, and the average member reportedly spends $800 more than nonmembers per year. That's $160 billion a year!

How do you activate that growth? Actively engage your members in novel experiences. The more you do, the more they'll expect of you–and in return, the more you can expect of them. Create mutual value. Learn from them. Grow together. That's what loyalty looks like.

Abhik Choudhury is the chief strategist and founder of Salt and Paper Consulting.

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LASTING TRENDS

The Rise of Plant-Based Fast Foods

Quick-service restaurants are diving headfirst into this growing food space.

by BRIAN KATEMAN

Last summer, while Subway was taking heat for the allegedly mysterious contents of its tuna sandwiches, Long John Silver's used the moment to soft-launch its new, intentionally fish-free items. The fast-food seafood chain partnered with Good Catch, a plant-based fish alternative brand, to sell fish-free filets and crab-free cakes at select locations.

Good Catch's marketing was aggressive. Last July, it parked vans and trucks in front of Subway locations in the U.S. and U.K. and offered free fishless sandwiches. They were made with Good Catch's flaky but fishless tuna, created from a blend of legumes. The clear message was: *Here's food you can trust.*

But this was much more than just a fish fight. It was a very public example of a shift that's taking place in the way people eat—and therefore, the food that restaurants serve. Plant-based foods are on the rise, and they may prompt a larger shift in the food industry.

Long John Silver's is hardly the first quick-service restaurant to experiment with plant-based alternatives, often by partnering with the brands that are already on grocery store shelves. Burger King started selling the Impossible Whopper, its classic burger made with a meatless patty by food-tech star Impossible Foods. White Castle started selling Impossible Sliders about a year earlier to rave reviews, and it continues to do so. Starbucks sells a sausage-style breakfast sandwich made with Impossible Foods patties. Del Taco sells Beyond Tacos made with Beyond Meat. And there are many more.

Skeptics may have dismissed this trend a few years ago, but the shift clearly has staying power. The meatless alternatives serve vegetarians who want a quick, filling meal as well as omnivores who are making decisions based on health or environmental concerns. It really is remarkable: Not too long ago, it was nearly impossible to find tasty and filling vegetarian food on the road or in small towns. Now, it's a given.

Perhaps we shouldn't be surprised. For decades, we've been told ad nauseam about the health risks and potential dangers of fast food. But despite our culture's growing anxieties about healthy and environmentally friendly eating, we're not abandoning fast food. Not by a long shot.

Instead, we're watching the industry change with the culture. Last summer alone, national chain Little Caesars teamed up with Field Roast to offer the brand's plant-based pepperoni as a pizza topping, and Panda Express debuted orange chicken from Beyond Meat. Throughout the food industry, leaders continue to test out new products and ideas that bridge the gap between our favorite comfort foods and our more modern concerns.

These companies are wise to do so. Roughly 4% of Americans self-identify as vegans, which is a substantial leap up from 0.4% in 2017, and the market for plant-based food is even larger because of the number of Americans increasingly interested in eating this food. Sales of plant-based foods are now \$7 billion annually, and are growing at a rate more than twice that of total food sales. Whether fast-food chains are driving the growth of plant-based food brands or simply capitalizing on a trend that's already in motion, it's hard to say. But this much seems clear: The growing interest in meat-free foods presents an opportunity for larger brands to expand their menus, as well as for smaller brands to lean more heavily into an underserved market.

Brian Kateman is cofounder and president of the Reducetarian Foundation.

PHOTOGRAPH BY SHUTTERSTOCK/OATAWA

EXPANSION

Why Restaurant Franchises Love Multi-Unit Franchisors

When you want someone for a big job, turn to those with big experience.

by STEPHANIE SCHOMER

Some franchisees own only one location. Some own a handful. Others own dozens, maybe even hundreds or thousands—and those owners can be especially popular with food brands.

To be clear, food brands aren't the *only* kind of franchisors who love multi-unit franchisees. But these companies—and particularly the ones with retail locations and full kitchens—have some unique reasons why. Restaurants are expensive to build and complicated to run. There are countless moving pieces, including staff, food, and often a lot of menu items that must be recreated to perfection each time. If someone owns dozens or hundreds of restaurants already, it's likely because they've already figured out how to maximize these systems—and they have the financing available to build out multiple new units at once.

But there are other reasons, too. Here, we offer two case studies: Pollo Campero and Dunkin' explain why multi-unit owners fit neatly into their broader strategies, and we hear from two multi-unit owners about why they love being a part of these brands. ▶

POLLO CAMPERO Plays Offense in the Chicken Wars

QUICK-SERVICE chicken restaurants have become a booming, hyper-competitive space in recent years. Although Sam Wong spent 10 years of his career at Popeyes Louisiana Kitchen, he was happy to put all his eggs in the Pollo Campero basket.

From 2020 to October 2021, Wong was the director of franchising at Pollo Campero, which has grown to more than 350 locations around the world since it started as a family-owned restaurant in Guatemala in 1971. Now, the brand's beloved traditional recipes create such excitement that new locations in the U.S. often draw five-hour lines upon opening.

Wong thinks he can spot a brand that's ready to pop, and it's why he flew to Pollo Campero. "In 2002 at Popeyes, we were considered a third-tier brand, and I couldn't get landlords to take our phone calls," he says. "Now, of course, every landlord wants Popeyes. And Pollo Campero is next—they're preparing for that now."

That preparation relies heavily on developing multi-unit franchisees who can sign on for a minimum three-store agreement. Wong says the brand's ideal franchisee profile is based on four buckets: financial capability, operational experience, development knowledge, and culture fit. "That overlaps with the attributes of some of the best multi-unit operators in the country," Wong says. "But I don't mean institutional franchisees who own 200, 300, or 400 locations—that doesn't fit Pollo Campero's growth profile. They're looking for the middle trend, guys who own 10, 15, or 20 stores and can be present."

The growth plan also involves capitalizing on the realities and impacts of the pandemic: Small-business closures across the country created a surplus of retail storefronts and spaces, and Wong sees an opportunity to lay the foundation for big growth.

"It's a small bit of good news for the brand as it comes out of the pandemic," he says. "For brands like Starbucks and McDonald's, it can feel like a game of Monopoly: I already put a burger concept here, so no other burger concepts can exist now. It's Pollo Campero's turn. They're going to put Pollo Campero here and own it. I feel good about their potential."

From a Multi-Unit Franchisee's Perspective

ANDY CABRAL operated multiple Dunkin' locations on the East Coast with his mom and brother. In 2011, they opened their first Pollo Campero—after signing a multi-unit agreement—and had to adapt to a very different strategy. Now he's working to care for (and grow) both sides of the operation.

How is the Pollo Campero growth strategy different from Dunkin'?
You can put a Dunkin' on every corner, but with Campero we're looking for Central American customers who are familiar with our recipes. We're in the D.C. area, where there are a lot of Central Americans. The first week we opened in 2011, we served 20,000 people—75% above our projection.

What's it like owning units across multiple brands?
The culture of Dunkin'—get customers in and out fast—doesn't translate to Campero, where people sit and linger and talk. So operationally, they don't cross each other. But it has created synergies for office services, like payroll and HR.

What's your goal with Pollo Campero?
It's less about store count and more about sales volume. The brand has been really helpful about suggesting locations that make sense. We're about to sign an agreement that will expand our reach to Virginia.

PHOTOGRAPHS COURTESY OF POLLO CAMPERO

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For DUNKIN', Big Franchise Networks Help Make Big Moves

AMERICA RUNS on Dunkin', as the slogan goes—and Dunkin' runs on multi-unit franchisees. In 2021, the company had around 2,300 franchisees within its system, and an estimated 85% were multi-unit operators. A handful even qualify as "mega" franchisees, with more than 200 stores within their networks.

"There are many pros to working with multi-unit operators," says Grant Benson, senior vice president of franchise development at Inspire Brands, the parent company of Dunkin'. "One is that as you bring forward business opportunities to franchise networks, you really only need to gain endorsement from that operator to make a big impact."

Benson points to new marketing initiatives or operations-based programs and changes, which the company invests in and vets before asking individual franchisees to implement. Getting buy-in from an operator with 50 locations makes an impact instantly. "Multi-unit operators can create big wins," Benson says. "Those conversations are important when we're working with owners with just a couple of units, but then we're impacting just a couple of stores."

But, Benson says, the responsibility is ultimately on him and his team to create the kind of growth opportunities that franchisees—regardless of store count—will want to take advantage of.

"Our franchisees are very smart and very entrepreneurial," he says. "If we're asking them to pursue an opportunity that may require reinvestment, we'd better be sure there will be a solid return for them. And especially with multi-unit owners, we're here to provide stability and support as they scale. If we do that, we can build a solid, trusting relationship."

From a Multi-Unit Franchisee's Perspective

TARU PATEL has been part of the Dunkin' family for 28 years, and she currently owns 21 stores across Indiana and one in Illinois. What's the key to her success and continued growth? Faith in her franchisor, and faith in her team.

You started with two locations and now have 22, with four more in the works. What has that growth been like?
There are so many tools available to you as you grow, especially to help you train your crew. We're hands-on about follow-up—we don't sit in an office as owners. So we're out seeing and recognizing the dedication of our managers and leaders. And we empower them, because if those leaders and managers are happy, your whole team will be happy.

What kind of support do you get from the franchisor?
Over the past 15 years, that relationship has really shifted, and we feel like a team. I can pick up the phone and get my director or VP at any time. That's a big thing for our business.

Is there a number of stores you'd like to reach?
There's no limit! But I want to make sure we grow intentionally. Accuracy and cleanliness and standards and systems are important. But with the help of your managers and corporate leadership, you can succeed, 100%.

PHOTOGRAPHS COURTESY OF DUNKIN'

Franchise CONVERSATIONS

Restaurant Rescue?

Jon Taffer, host of the hit TV show *Bar Rescue*, has set out to solve the problems of food-service franchising. His solution is called Taffer's Tavern. **by JASON FEIFER**

As host of the television show *Bar Rescue*, Jon Taffer fixes other people's restaurants. But when he looked at the casual-dining sector more broadly, he saw signs of trouble: "They're dinosaurs," he says of many brands that have been around for decades, "and I think they're facing extinction. All the Uber Eats in the world can't bail them out."

It's why he created a franchise concept called Taffer's Tavern, which is designed for durability. The pandemic was, of course, a massive disruption for the restaurant industry, but Taffer says the problems go far beyond that. Labor has always been expensive and difficult. ▶

Photographs DAVID YELLEN

Consumers want lower-cost meals, even as supply costs are uncontrollable. Taffer's Tavern addresses them all with minimally staffed, robotic kitchens cooking vacuum-sealed food, and data-driven decisions everywhere.

The first unit opened outside Atlanta in 2020, and they currently have multi-unit franchise deals secured in Georgia, Northern and Central Florida, Washington, D.C., Boston, and Las Vegas. "This is my baby," he says. "Not only can I build immense value with this, but it could be a heck of a business model." Recently, Taffer spoke to *Entrepreneur* about the franchise industry, how he developed his concept, and why he believes all restaurateurs need to become more efficient.

You're experienced in the hospitality space, but this is your first step into franchising. Why do it?

I found the casual-dining sector to be incredibly frustrating. I look at these companies doing all-you-can-eat appetizers, two-for-one entrées, $10 all-you-can-eat meals. They're fighting for customers while, at the same time, labor pools are shrinking. We're approaching $15 minimum wages—so labor costs are through the roof, and we're discounting food. The numbers don't work. It's going to implode. I said to myself, "Somebody's got to create a franchise model that works. How do I solve that with robotic cooking, and what kind of approach to cuisine production can I take that assures quality and consistency, and attacks the labor issue?" So I've been utilizing sous vide cooking in my kitchen.

Sous vide—that's vacuum-sealing food in a bag and cooking it in water, right?
I can take a beautiful steak, or any protein. I can season it. I can wrap it in a sealed, airtight, sous vide plastic package. I then ship it. It's still fresh, with unbelievable quality and consistency. The seasoning is done by me, not the franchisee. Now that package of steak lasts three times longer on the shelf. There's no exposed protein. There's no blood dripping anywhere. There's none of the cleaning or sanitation risks associated with protein. And then the food is prepared in water ovens. It can't be overcooked. It's simply put on a grill to sear when it's done. We've taken back-of-house labor costs down almost 60%. Our kitchen will never run with more than two people, three people.

But now aren't you running lots of off-site locations to prep the food, which you'll have to staff?
There are three massive sous vide companies in the country. So we spec the product, we spec the seasoning, and they produce the product and then handle the supply-side logistics for us. Think about this: Food lasts three times longer. No open proteins. Rather than weeks of training in the kitchen, I have hours. I don't have the prep. I don't have the cleanup. Don't have the grease. I realized, *Wow, I found an incredible franchise model*.

As experienced franchise operators looked at your concept, what questions did they have that surprised you?
The premise of robotic cooking—of sous vide—raised their eyebrows. They needed to understand that the quality is better with sous vide than not. Because if I send you a frozen hamburger, or a hamburger that's fresh, some kid who's 18 or 20 years old is going to season that thing on the line. You get too much salt, not enough salt. There is a certain inconsistency that happens when things are done at the unit level. But we preseason it when we package for sous vide, so we have more control over products, consistency, and quality than anybody else does. Once they understood the science of sous vide and where we're going, that's when everybody lined up to come on board.

Your message seems to go against a lot of conventional wisdom. I mean, food brands are always big winners in our "Franchise 500" list. But here you're saying: This industry is facing trouble, so let's rethink it. Do you get pushback on that?
The answer is, I'm shocked. Because we've heard from mostly multi-unit franchisees. Every one of them has some tired buildings, some tired concepts. What we're finding is two things: People are interested in building new Taffer's Taverns, but existing franchisees are really interested in converting underperforming units. That's exciting, because these are people who know the business.

Have you found efficiencies beyond the food?
Yes. For example, we're using a smart POS [point-of-sale] program we put together with Shift4, which does all sorts of market analysis. So I know when tickets come in, I know when tickets go out, I know how long it took to produce, and I know how it was produced. Then, we have infused all the to-go platforms into the POS system. If you go into a restaurant today, there's a tablet for Uber Eats. There's a tablet for DoorDash. There's a tablet for every one of those. We put it all into our POS system. So when you're ringing it in, you just hit Uber. I'll know when the Uber order came in, I'll know when it went into the POS system, I'll know when it came out of the POS system, and I'll know when it gets into the Uber car.

> **"To create great performance in people, it all comes back to their self-worth and the gratification they get from achieving key objectives."**

What about at the tables themselves?
The servers have full-service tablets they're using at the table. But unlike restaurant chains where you sit down at the table and order on a tablet, we're not going there. You're still going to have a human being come up to you and tell you what ingredients are in the food. We're just putting a lot of technology around that human.

You developed this concept before the pandemic, when the restaurant industry was facing a different set of challenges. How has it held up against today's new problems?
Those principles held out, and our numbers held out. We're running some of the lowest costs in the restaurant industry because of the labor savings that we have. It's interesting—most restaurants spend 4% to 6% of their revenue on marketing. Because it's brand Taffer, we don't spend any money on marketing. The restaurants have images and posters up 60 days before they open, creating a buzz in the market. A countdown is on all the windows—10 days, nine days, eight days. There's no soft opening; we wish that there was, but we're packed on day one.

So we eliminate the need for that marketing expense, which picks up much of the increases in food costs and labor and other issues. We didn't see the pandemic coming back then, but it seems everything we did played to this. So now we not only are running great numbers, but we think we have the safest kitchen in America. It's contactless in the way our food is prepared, so it's just worked out wonderfully for us.

You can keep marketing costs low because you have such a large profile, but what's your advice for other brands that are trying to lower those costs?
When I ran the neighborhood marketing institute, I would tell every restaurant and bar that the future of their businesses is within 10 blocks of their front door. Not in their city, not 30 blocks away, not on the other side of town. If my restaurant

is in, say, Denver, then the city of Denver is not my market. Ten blocks around my restaurant is my market. You can be a big deal in 10 blocks. It's hard to be a big deal in the whole city of Denver.

Understand the difference between market area and trade area. Focus on your trade area, which is typically your backyard.

As you've been growing Taffer's Tavern, what have you learned about maintaining consistency and quality among multiple franchisees?
We're a little blessed. Our food is prepared sous vide, which inherently creates consistency. I can train you in about two hours to do it. So we don't have the consistency issues that other restaurants have. But we still have to have it plated properly, the restaurant needs to be clean, and surface sequencing needs to be right, so human factors still exist.

The answer is engaged management. Years ago, when I used to work with Ritz-Carlton, everybody lines up every morning at a Ritz-Carlton hotel and they read corporate values as a team. The company uses phrases like "ladies and gentlemen." That defines who and what they are.

To create great performance in people, it all comes back to their self-worth and the gratification they get from achieving key objectives. We want them to feel gratified and accomplish something that's important. And there's no greater gratification than a guest smiling at you when you do well.

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Cousins Jim Tselikis (*left*) and Sabin Lomac above. Lobsters below.

Treating Business Like Family

Cousins Maine Lobster began with two actual cousins. Now, they grow by finding people who feel like home.

by **MADELINE GARFINKLE**

Family comes first at Cousins Maine Lobster—where the team actually *is* family, or just wants everyone to feel like family.

The brand began a decade ago, when Jim Tselikis, who was living in Boston, went to visit his cousin Sabin Lomac in Los Angeles to catch up. "When we were reminiscing," Tselikis says, "we realized that every time we were with our family, we would have lobster—live lobster, lobster rolls, lobster mac and cheese." Tselikis was in sales and had no prior food or restaurant experience. Lomac had worked in more than 20 restaurants but was in real estate at the time. Nevertheless, they started to imagine a business in which they'd bring their cherished experience to people across the nation.

Out of that, Cousins Maine Lobster was born. The brand was founded in 2012, landed on *Shark Tank* (where they scored a deal with Barbara Corcoran), and now serves seafood out of more than 30 trucks and nearly 10 restaurants across 18 states. But as Tselikis says, family still drives this brand.

You guys had never run your own business. How did you start?

It was about getting one food truck off the ground. A major thing was managing money, figuring out what to put into the business to give it a real chance to succeed. It's also how much you're going to work for it. Instead of going out on a Friday night to drink beers, it's dedicating that time to make sure that every piece of your business is fine-tuned, buttoned up, and protected.

As we started franchising, we did everything we could to understand how to succeed here. We were learning an entire new business on top of our food truck business, and that doesn't happen overnight. You're not an expert in year one, but you learn so much over time. That's the biggest piece in all of this. You need to use learning experiences and turn them into potential for the future. That way, when the next round comes, you say, "What did I learn? How am I adjusting?" It's continuous.

How has being family-focused impacted the business?

We didn't go to business school. We just wanted to create a business that would be fun and meaningful. Our theory is, "If we grow with people that we trust that are blood, or as close to blood as possible, they won't let us down and we won't let them down, because we're all in on this mission together."

When it comes to franchising specifically, we had 2,000 requests after *Shark Tank*, but we only awarded 10. We wanted to make sure we chose the right people, and we really do call them family members. We chose people that we knew would run a great business, but also people whose lives we would want to learn about. Our relationship with the franchisees is like, "Your son just graduated from high school? Your daughter just got married? Let's grab a drink and talk about it." To me, that's how you build a really strong foundation—when everyone is just invested in each other.

Having now worked with so many franchisees, what advice do you have for others who are thinking about buying a franchise?

To be a franchisee of a brand, you need to buy in—not just literally with your dollars, but also into the fact that this franchisor has done this. They have this model and toolbox and the support to make you successful, and it's buying into that route versus doing it on your own.

It's also about having an open mind. We listen to our franchisees. It's not us versus them. It's very harmonious. We know we're not perfect, so if they have an idea, or if they see something out in the field and want to bring it to us, we're all ears, because we know we can always improve. So if a franchisee comes in and says they don't know everything, but they're willing to learn and we can train them, they'll be successful.

PHOTOGRAPH COURTESY OF COUSINS MAINE LOBSTER

One Restaurant, Eight Brands

To boost sales during the pandemic, the founders of **Dog Haus** flooded delivery apps with virtual restaurants that operate out of existing franchise kitchens. They've been so valuable that they're now here to stay—and are coming soon to a grocery store near you.

by CLINT CARTER

When Dog Haus launched in 2010, its concept made a lot of sense...for the year 2010. Its mission was to elevate stadium food into culinary masterwork, and it did so by selling hot dogs and sausages decorated with ingredients such as bacon, pastrami, caramelized onions, and arugula. The three founders, Hagop Giragossian, Quasim Riaz, and André Vener, dubbed their concept "craft casual," and they built fun, large, airy venues to serve customers. It has grown to 50-plus locations since franchising.

But in the decade since, much has changed about how Americans eat. People increasingly order food through Grubhub or Uber Eats. Dog Haus responded by expanding its reach through ghost kitchens—delivery-only facilities with no seating, parking, or signs. Then, when the pandemic hit, foot traffic dropped even

Illustration Davide Bonazzi


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Dog Haus founders Giragossian, Vener, and Riaz at HQ in 2019.

PHOTOGRAPH COURTESY OF DOG HAUS

more—and the ghost kitchens presented an intriguing opportunity. If Dog Haus could sell food without a dine-in location, why did its founders have to stick to just selling Dog Haus-branded food? Couldn't they sell, well, *anything*?

In March 2020, the three Dog Haus founders put that question to the test by announcing an ambitious roster of brands: The Absolute Brands, consisting of seven new quick-service restaurant concepts that had no physical stores and operated out of existing Dog Haus locations. (After all, Dog Haus kitchens suddenly had excess capacity.) Today, six brands are still standing—Plant B, The Impossible Shop, Big Belly Burger, Bad Mutha Clucka, Bad-Ass Breakfast Burritos and Jailbird—and more than 20% of the company's sales are coming from The Absolute Brands. Same-store sales are up 34% compared to pre-pandemic 2019.

The three founders sat down with *Entrepreneur* to explain how The Absolute Brands work, and why the future is looking a lot more flexible.

It sounds exhausting to launch multiple restaurants during a pandemic. How were you able to do it so quickly?

GIRAGOSSIAN: We began testing The Absolute Brands back in January, before COVID. At first, we thought we'd just run them from the ghost kitchens, but when the pandemic happened, we thought they could be a lifeline for franchisees. The brands weren't fully ready to launch at the time, but we thought that if the franchisees were down, we could figure it out as we go. And they jumped at the opportunity.

> **"When the pandemic happened, we thought these concepts could be a lifeline for franchisees...They require no vendors, no new kitchen equipment, and zero captial expenditure from franchisees."**

But *how*? Is it really that easy to run eight restaurants from one kitchen?

GIRAGOSSIAN: It's been fairly seamless, actually. We started with just three concepts, and we've been rolling out the others since. These concepts require no vendors, no new kitchen equipment, and zero capital expenditure from franchisees. As far as products go, we only added two or three things—like a tortilla, for example, to wrap the burritos. We changed some of the packaging so that we're not sending out everything with Dog Haus branding, but aside from that, everything is consistent with what franchisees were already doing.

Instead of launching new restaurants, why not just add more items to your existing Dog Haus menu? Wouldn't that be easier?

RIAZ: People aren't necessarily searching by brand on the delivery service providers [DSPs]. They're searching what they want to eat.

VENER: For example, if you walk into a Dog Haus, you'll see on the menu board that in addition to dogs and sausages, we have burgers, a chicken sandwich, and plant-based products. But if you're craving a chicken sandwich and you go to a DSP, you might scroll over Dog Haus. You might type in "chicken sandwich," and we won't show up high on the queue. So we pulled out our chicken sandwich, Bad Mutha Clucka, and added some of the LTOs we've created—like chicken wings for March Madness and the Super Bowl. Now we have a brand called Bad Mutha Clucka, and when people search for "chicken," it pops up first.

GIRAGOSSIAN: Plus, multiple brands allow our franchisees to be flexible. They can turn these virtual concepts on and off as needed to fill out day parts.

Wait—you can just *turn a restaurant off*?

RIAZ: That's the beauty of this. If somebody wants to turn off Bad-Ass Breakfast Burritos during a high-volume time of the day when they need more grill space for burgers, they can do that.

VENER: And when a brand is turned off, it's gone from the DSP platform. It doesn't say "closed." It just doesn't show up in the search.

It's notable that some of The Absolute Brands are in direct competition with each other. At first, you had Bad-Ass Breakfast Burritos and Huevos Dias, which are both breakfast concepts. Today, you have Plant B and The Impossible Shop, which are both plant-based concepts. How concerned are you with the success of any of these brands on an individual level?

RIAZ: I'd rather have us compete with *us* than compete with somebody else. Effectively what we've done is allow our operators to run all these different restaurants within the same four walls. So they've got a leg up on the competition.

VENER: As long as we're collecting dollars to fill up the total sales for the day, we don't care if one brand is 25% and another is 10%. If there comes a point down the line where brands just aren't working for some reason, we could either fold some of the items from one into another or cancel it and create an entirely new brand. We could close something overnight and launch something new the next day.

> **"As long as we're collecting dollars to fill up the total sales for the day, we don't care if one brand is 25% and another is 10%...We could either fold items from one into the other or create an entirely new brand."**

Is there potential for confusion with multiple brands operating under one roof? Someone could order from Plant B, and when they type in the address, their GPS takes them to Dog Haus.

VENER: That changed completely with the pandemic. All drivers know that these virtual brands are everywhere, and we changed our branding to say that orders are "powered by Dog Haus." So your order would say "Impossible Shop powered by Dog Haus."

What can you say about The Absolute Brands' success now that people are doing in-person dining again?

VENER: The Absolute Brands right now make up just north of 20% of our sales. Obviously, everything has opened back up again. It's doing great. Our same-store sales in the past two years are up 34%.

GIRAGOSSIAN: I don't think we're embarrassed to say this, but one of our restaurants has been struggling since it opened four years ago. We didn't know why. It has a great operator and a great location, in Chicago's Lincoln Park. But at the end of 2019, the franchisee was like, "I don't think I'm going to make it." Then the pandemic hit, and he started serving The Absolute Brands. Since then, he has more than *tripled* his sales. So maybe Dog Haus wasn't going to survive in Lincoln Park, but Bad Mutha Clucka and Bad-Ass Breakfast Burritos do really well.

VENER: He's still in our top three stores, and he opened two more locations in Chicago. He's now opening a fourth one, in Peoria, Illinois. He's in construction for that, and he just bought some more territory in Florida.

Have you discussed what will happen if one of these brands turns out to be a huge hit? Would you turn it into its own franchise?

VENER: We're not planning on making any of these into its own model in the next year. We want to wait, with the pandemic, to make sure everything is good. But it's not off the table. And Dog Haus is now in 20-plus venues with Live Nation, so we're excited to see how that goes. And the ghost concept Kitchen United, which we've partnered with for a long time, has a new partnership with Kroger. The Absolute Brands being in some supermarkets is among the first things they're trying. We're already in two locations—Westwood, California, and Houston, Texas—and we're about to open a third in Dallas. You can walk up to it and order, or you can order for delivery, so it's like a normal ghost kitchen. There are 2 million people in those stores a year. That's eyes on our logos.

Creating Success Through Community

Toya Evans isn't just running a franchise business. She's strengthening her family, her community, and the fortunes of future franchisees. **by STEPHANIE SCHOMER**

After a successful corporate career, Toya Evans wanted to take control of her professional life. So in 2016, along with her two daughters, Lauren Williamson and Chanel Grant, Evans opened up a Tropical Smoothie Cafe in Prince George's County, Maryland. Since then, the trio has expanded their portfolio to include three additional Tropical Smoothie locations (with one more in development) and two Hand & Stone Massage and Facial Spas. As they work together to build on their success, they're also focused on spreading the wealth—lifting up their own community as well as would-be franchisees across the country.

Why did you decide to go into business with your daughters?
I had been running a race pretty hard in the corporate world. Responsibility always seemed to be increasing, but it was more of a "hurry up and wait" story when it came to promotion opportunities. One day my daughter said to me, "We can barely get hold of you—we call and you hit the auto-decline button." So we decided to build something together instead.

How did you land on Tropical Smoothie Cafe and Hand & Stone as brands to invest in?
I did some research on growth markets. We considered senior care, drug-testing franchises, really the gamut. We ultimately settled on the health and wellness space—my daughter Chanel was originally going to study naturopathic medicine, so it felt like a fit and an area where we could grow.

You've been very specific about where you open these businesses. Why?
We wanted to be in an underserved area. Prince George's County is predominantly African American, and what I saw growing up here—and even now, as an adult—is that we took our money outside the county when looking for goods and services because they weren't present here. We want to change that narrative.

Has your expansion strategy changed since you began?
We opened four new branches during COVID—two new Tropical Smoothies and two Hand & Stone locations. We have expanded to traditional and nontraditional locations in the Washington, D.C., market. Traditional means they're accessible to anybody; nontraditional means you can't get to our locations unless you're given access. Our next two locations will be at Walter Reed hospital and the Pentagon.

The Washington area was basically sold out for street-side locations. So, our expansion strategy has been to go nontraditional. Walking through the Pentagon—it's a mini city. They only get 30 minutes for lunch, and getting out of the building is really difficult. So, they have a lot of food brands there.

Early in the pandemic, when business was especially slow, you and your daughters created an online course to help others become franchisees. How is that going?
It's called "So You Want to Buy a Franchise," and people from all over the country have purchased the coursework. We're asked the same questions over and over again, so we put all that in modules for them to go back and look at anytime. And we have an online chat feature. In March, we did a live master class, and people in various stages of buying a franchise had access to ask us questions.

You went into franchising to build something together with your family. What has surprised you in that respect?
The other day, we were doing an article for a magazine, and my kids were listening to the interview on speaker. My grandson is nine, and my daughter texted me in the middle of it to say he was about to cry. He heard me talk about having something for my grandchildren. Now he sits up in bed learning about franchises. We told him to come back to us with his recommendations about what brands we should add to the portfolio. The fact that he's nine and he's interested, that's wonderful.

PHOTOGRAPH COURTESY OF TROPICAL SMOOTHIE CAFE

Airbnb and Match.com... for Restaurants?

To help save the food industry, **Aziz Hashim** has a plan: Think differently about who uses the kitchen. **by JASON FEIFER**

Let's say you go onto Grubhub, see that there's a new franchise in town called The Captain's Boil, and order a shrimp basket for delivery. Score! But here's what you don't see: Your lunch was actually made inside a Nathan's Famous.

This is the magic of Franklin Junction, which bills itself as a mixture of Airbnb and Match.com—but for restaurants. The platform finds kitchens with extra capacity and matches them with brands that want to expand into new locations. It was conceived by Aziz Hashim, founder and managing partner of NRD Capital, which owns several restaurant brands including The Captain's Boil and Fuzzy's Taco Shop. Hashim originally intended Franklin Junction for his own stores—but once COVID hit, he opened it up to any brand.

Today, CEO Rishi Nigam says, the concept has broadened even further. "We have expanded beyond restaurants to include grocery partners and hotels," Nigam says. "We have proved the concept that any qualified operator with a licensed kitchen can be on our platform. Hotels had a hard time with COVID. Grocery stores did well, but ended up with extra kitchen capacity because people were cooking at home. If there are no hot bar customers, what do you do with that kitchen space?"

Here, Hashim and Nigam discuss the project and what's changed since 2020.

Why did you create Franklin Junction?

HASHIM: The world has too many restaurants and not enough people. We've seen the rise of delivery and other forms of food service, like food courts in Whole Foods, and more and more restaurants. Yet the demand for restaurants stays constant, or even goes down. If you look at net sales over the past few years, you don't see a lot of growth.

How is Franklin Junction a solution?

HASHIM: Restaurants are very expensive to build. There's a natural tendency to ask, "How can I raise sales?" One way is through discounting, but this is ridiculous, because all your expenses have gone up—labor, insurance, rent. Then there's product innovation. Can you come up with new products people want to buy? These strategies have been tried and tried, and they're difficult.

I've got restaurants that were operating at 80% or 85% capacity [before COVID-19]. In the retail business, it's all at the margins. If you fill up that last 15% or 20%, you make a lot of money. All your fixed costs are covered already. So, can I sell food for other people, too?

That makes sense, but it's a big change from how restaurants operate. Do you think COVID made restaurateurs more open to this change?

HASHIM: Significantly. During the heaviest time, with dine-in basically closed, a lot of restaurants were down 50%, 60%, or 70%. The need for sales was tremendous. People needed revenue, and they needed it *today*.

NIGAM: I think what's been interesting is that delivery—if you live in New York, San Francisco, Chicago—you could get anything you wanted delivered. Now, the rest of America is seeing that. People who live 30 miles away from a city can get anything they want, whether it's groceries or something else.

You're talking about a host kitchen concept, which is different from a ghost kitchen that involves building a new brick-and-mortar space.

NIGAM: We own that term now: Any existing restaurant can host another concept. We have another trademarked term, cloud concepts, which means you're not building brick-and-mortar. We're putting you in the cloud, to be fulfilled by one of our host kitchens.

So now, a physical restaurant can get a larger share of demand—because it's offering more options?

HASHIM: Exactly. We like to try new stuff, but in the past, for you and me to try new stuff, some poor entrepreneur had to spend $2 million to build a restaurant. Then, if you and I decide we don't like that food, that guy is out of business and he's lost his life savings.

The first thing people tell you is the old adage "You've got to spend money to make money." We're going to spend no money, and we're going to make money. We've got extra kitchen capacity. Let's go sell some other people's stuff, you know?

PHOTOGRAPH COURTESY OF NRD CAPITAL


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Matt Khouri lays out a seafood boil with a bride in Duck, North Carolina.

Made for Times Both Good and Bad

After inaugurating its franchise program in a challenging year, **Outer Banks Boil Company** is eyeing future success. **by CHLOE ARROJADO**

Outer Banks Boil Company has been serving seafood boils for a decade, but its original purpose wasn't to feed anyone. It was just to get Matt Khouri a good grade in college. The concept began as a senior project, which Khouri didn't think would work in the real world–but it had more potential than he imagined. Since opening its first brick-and-mortar in 2016, the company has grown to four corporate locations with a fifth one on the way, and in 2020 the seafood catering-and-takeout business started pursuing franchise-driven growth. The concept turned out to be perfectly suited for the pandemic, thanks to its small real estate footprint and carryout and catering-only options. That helped stores continue operating on a 30% profit margin. Now that the company has sold seven franchise locations, Khouri reflects upon the hectic year, and what's in store for the future.

Your company came from a senior project. That's not something many people can say.

It's funny; I didn't actually ever think [the business] was going to work. It was a flawed project. But I turned it in when I was at school, got a passing grade, and decided to start it right out of college. I moved to the Outer Banks in 2012 after graduating and started Outer Banks Boil Company out of my apartment. At first, I had two full-time jobs, and I was doing the boils on the side. That first year I maybe did 10 caterings. The next year was about 30 caterings. The year after that, it was about 60. And then in 2015, we did about 250 caterings. In 2016, I decided to actually make it a career and opened my first location.

How did you know when to start franchising?

Early on, I did corporate locations with college buddies and friends I had known through working together. To be honest with you, I ran out of homies who I wanted to do business with. Right around that 2019 mark is when we started to explore franchising, and we learned as much as we could. Then 2020 is when we started our sales push. The first two franchise stores we sold were Charlottesville and Virginia Beach, which happened at the end of February. Then literally two weeks later, the lockdown started.

What was the process of starting and adjusting the franchise program during the pandemic?

Trying to adjust in 2020, getting into the franchise space and closing our first deal with those guys—we were kind of learning on the fly. As soon as the initial lockdown let up, we were able to get our franchisees down here to the Outer Banks for their initial training. Luckily, our first franchisees were very familiar with our business, so they had the context prior to the pandemic. Once things opened back up, we were able to get them going.

How has this experience with your franchisees impacted you?

The pandemic opened my eyes to the necessity of being able to communicate, and not necessarily doing it in person. We've shifted to biweekly calls with all our franchisees. We call that our "boil banter." By being able to use different platforms and those different channels, everyone kind of got better at it.

As the business grows, how are you figuring out whom to franchise with?

I think the biggest thing in corporate or franchise expansion is finding the right people to be those ambassadors for the Outer Banks Boil Company brand. We often jokingly say, "Can you have a beer with anyone?" There's much more to the job than just cooking the food. It's connecting with people and making them want to come back.

PHOTOGRAPH COURTESY OF OUTER BANKS BOIL COMPANY

BREAKING A FEW EGGS

Founders can give their companies a lot of charm and personality—but is that always a good thing? It's the question facing **Eggs Up Grill**, a quirky breakfast spot that now has private equity owners, a CEO from TGI Fridays, a mandate to grow, and a delicate balance to strike. **by CLINT CARTER**

Illustration ALVARO DOMINGUEZ

After the papers had been signed and the hands shaken, Skip Corn turned to his partner, Chris Skodras. "I don't want to go cry in front of my wife," Corn said in his distinct Southern drawl. "But I can cry in front of you."

And he did. So did Skodras. "We cried every day for six months," says Corn, 70. "To hand your baby off to somebody—it's a traumatic experience."

Over more than a decade, these two friends had built a 24-unit franchise diner called Eggs Up Grill. They wanted their restaurants to have small-town charm, so they ran the company with a small-town ethos. Everything was done with love and gut instinct. *They* answered the phones; *they* solved franchisees' problems. They insisted that every franchisee also work in their restaurant so customers could come and shake the owner's hand. And now Skodras and Corn had gone and sold the majority of their company to a private equity group, the kind of buyer that's often demonized for slash-and-burn, profit-at-all-costs tactics.

Tears were understandable.

But so far, at least, Eggs Up is not looking like a private equity horror story. Instead, it's looking like something far less dramatic, but a lot more common and instructive. It's a tale of what happens when a company becomes too big for its founders and more experienced operators come in to wrestle with its full potential. The private equity group that bought Eggs Up Grill is called WJ Partners, and it has some experience in this game. It acquired Pure Barre in 2012 and eventually sold the fitness studio to bigger investors; by the time WJ fully exited in 2018, Pure Barre had exploded from 96 to more than 500 locations.

So if you live in the Southeast but hadn't heard of Eggs Up Grill—well, you may have by now. Shortly after the acquisition in 2018, the new owners installed a team of franchise veterans led by CEO Ricky Richardson, the former president of TGI Fridays. Pre-pandemic, Richardson had aggressive plans to reach 100 locations by 2022. That projection has been adjusted to about 70 locations by the end of 2022, with 100 open by the end of 2023—with an increased amount of business at those locations coming from takeout and delivery. "It's now 20% of our business, whereas it was about 5% of our business pre-pandemic," Richardson says.

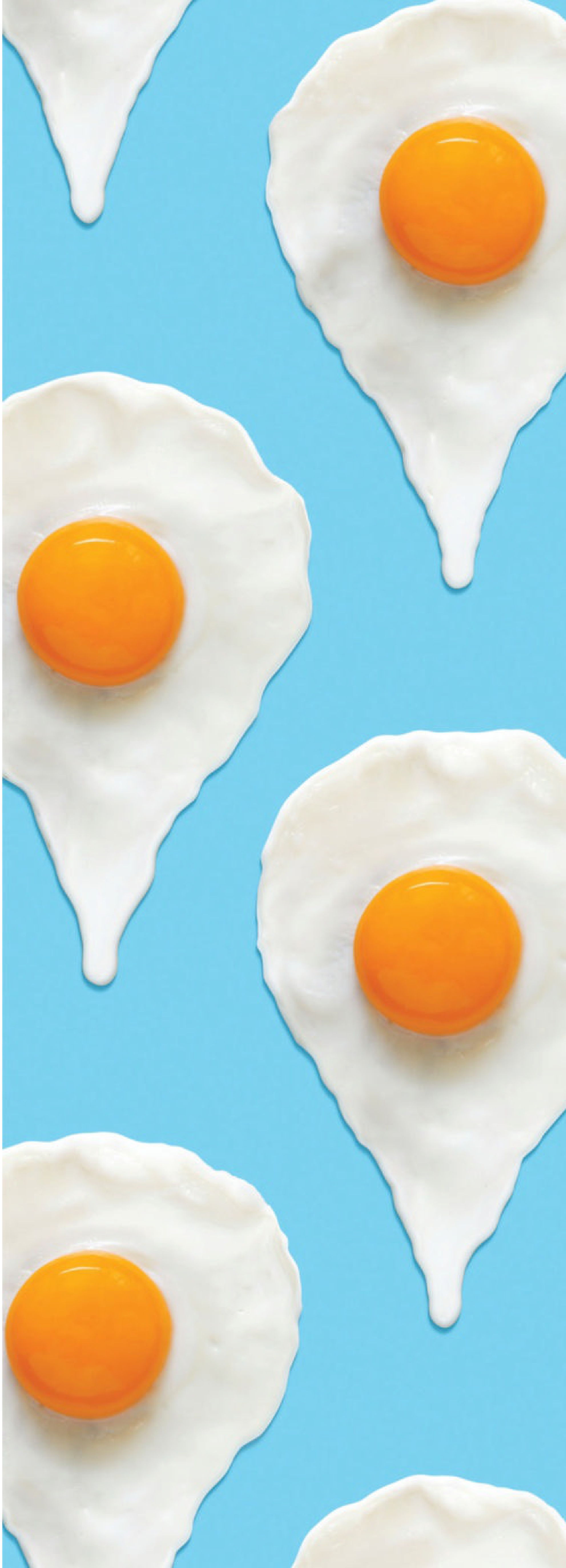
As it grows, Eggs Up will face a predictable question: How much can this growing company retain its authenticity? But that may not be the right way to look at it. Here's another question that, in the end, might really be more important: How much of that authenticity was holding the company back?

Because the thing is, sometimes charm is just bad for business.

REWIND A FEW decades, and Eggs Up never looked like the kind of company on a path to private equity. Chris Skodras opened the first one himself in 1986, in Rhode Island. More than a decade later, he moved to South Carolina and brought his diner with him—reopening Eggs Up in Pawleys Island, just south of Myrtle Beach. It built a loyal following of families and beachgoers, and in 2005, Skodras decided to give franchising a shot.

That's how he got talking to Skip Corn. The two men attended the same Friday morning Bible-study group, and Corn brought his kids and grandkids to Eggs Up every Sunday after church. Corn had just spent a career in management for the PGA Tour and was reinventing himself as a business consultant. In 2005, he signed a one-year contract with Eggs Up.

The duo became fast pals, and business thrived. "It was



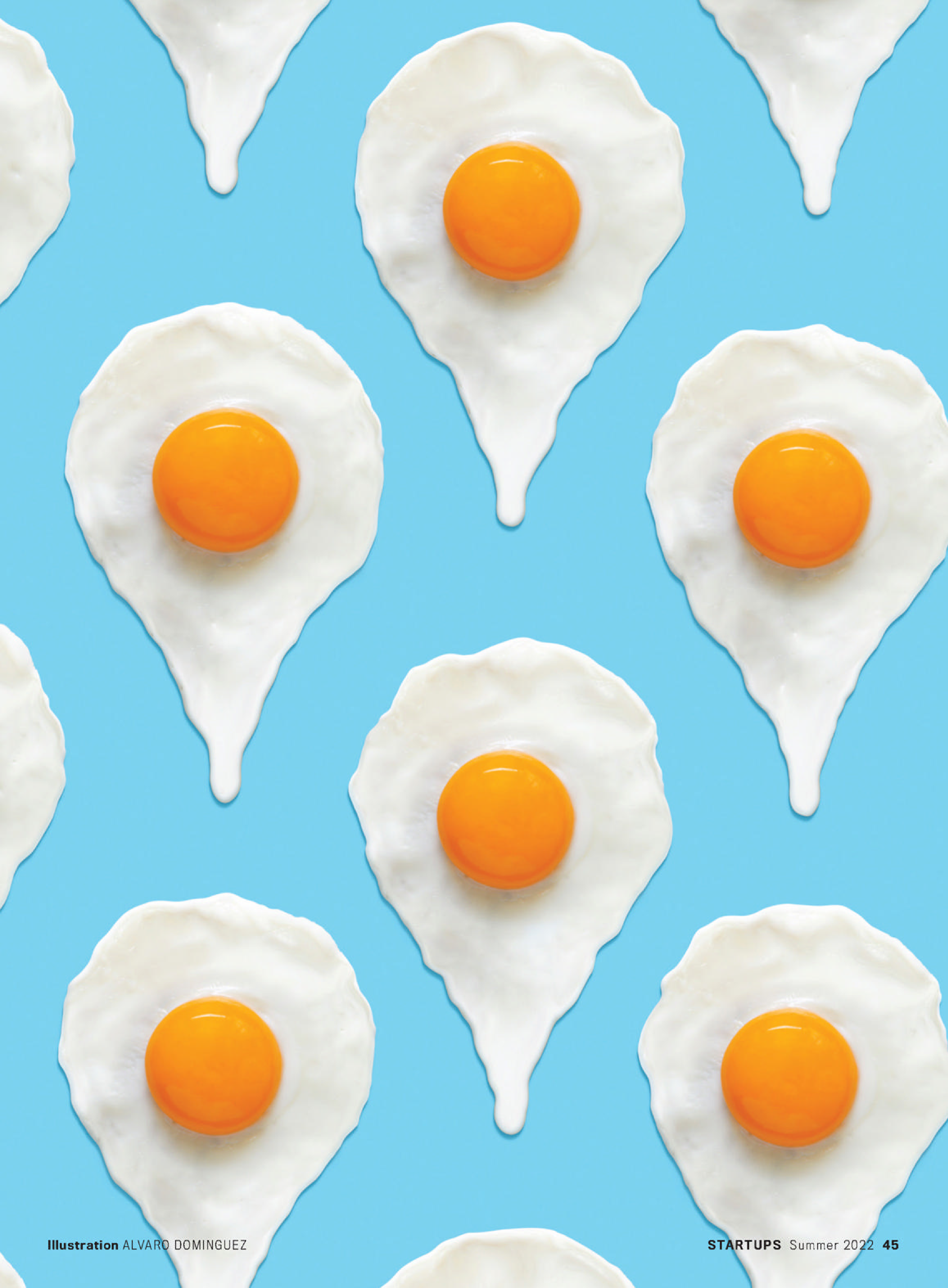


Illustration ALVARO DOMINGUEZ

a friendship made in heaven, quite frankly," says Corn. "He knew I was gonna do my job, and I knew he was gonna do his." In time, Corn's yearlong contract evolved into a 50-50 partnership. Skodras handled day-to-day operations; Corn took on accounting, marketing, compliance, and franchise sales.

There's a story Corn likes to tell to illustrate Eggs Up's franchisee-acquisition process—and, for that matter, the business's entire ethos. One day, a guy named Michael McNeal calls up. He's a UPS driver looking to start his own business. He already has approval for an SBA loan, so Corn drives seven and a half hours to meet McNeal near his home in Albany, Georgia.

"I said, 'Michael, what do you want to accomplish?'" Corn recalls. Before he could answer, the prospective franchisee's wife cut in: 'We want Michael to coach [his son's] baseball team.'"

Corn's eyes lit up. Eggs Up Grill wasn't looking for franchisees with restaurateur ambitions. It wanted regular folks like McNeal, who wanted to spend time with their kids. "What we focused on was character, morals, and ethics," says Corn. "And we really felt like the Lord was bringing us good people."

Eggs Up grew slowly and steadily like this, signing new franchisees whose hearts passed the purity test. Many franchisees were drawn in by the brand's guidelines: The restaurant would never be open past lunch—its hours were 6 a.m. to 2 p.m. And franchisees needed to work in their store, meeting customers face-to-face. "Chris and I both knew we were never going to be gigantic doing it that way," says Corn. "But we sure found incredible people."

Still, the strategy also risked alienating incredible people.

One of them was Drew Hampton, a local who already owned five units of a franchise deli called Groucho's. He was a happy Eggs Up customer. The staff was unusually friendly; even the bussers were chatty. "They paid attention to the customer, and people are drawn to that," he says. So he called Eggs Up and asked to become a franchisee, and in 2014, he opened the brand's 11th store.

The place was an instant hit, with 600 to 700 customers visiting every Saturday and Sunday. To Hampton, the next move seemed obvious: He'd open more stores. But Skodras and Corn weren't interested. "If you want to open a second or third store, they're not going to be successful," he recalls them saying, "because you're not going to be there."

"I don't want to own just one restaurant!" Hampton replied. "I want to own *several* and be able to scale something."

At the time, Eggs Up had a rule. The on-site manager (who was usually the franchisee) had to own at least 10% of the franchise. If Hampton wanted, he could open up a second location, but someone else would have to own that 10%. Hampton didn't want that.

This kind of friction isn't uncommon in founder-run franchise systems, says Benjamin Lawrence, Ph.D., a professor of franchise entrepreneurship at Georgia State University. "The thing about founders is that they have a very different model," he says. "They're fundamentally interested in the brand as a reflection of their self-identity."

It was true: Corn and Skodras valued personal relationships more than growth. Over the years, Corn was contacted by several multi-unit operators looking to buy in, but he turned them down. "They don't really know us, and we don't really know them,'" he reasoned.

In the end, Hampton relented. He found a partner he could trust and opened his second Eggs Up Grill as a part owner. On opening day, he says, nobody from the corporate office showed up to help. That was it for Hampton. He saw a problem. "They created a great brand," he says. "But when they got to, like, their 20th store, they just lost control. They got to a point that to take it to the next level, they needed help."

> **"They created a great brand, but when they got to, like, their 20th store, they just lost control. They got to a point that to take it to the next level, they needed help."**

Eventually, Skodras and Corn would agree—which is how they got to private equity.

OVER THE YEARS, private equity has taken a serious interest in franchising. Investment groups have acquired Buffalo Wild Wings, Ruby Tuesday, and the Texas burger chain Whataburger.

"Private equity likes franchising because they don't actually have to invest their own capital," says Lawrence, the Georgia State professor. Franchisees, of course, are the ones funding their locations, as well as managing employees.

For investors looking to scale fast, a company like Eggs Up Grill makes a decent proposition. It's more nimble than breakfast titans like IHOP and Denny's, and its restaurants require only about half the square footage of either's more traditional, sit-down locations. And because Eggs Up Grill offers limited hours of operation—it closes at 2 p.m.—food and labor costs are lower.

But success is never guaranteed. Following a bad private equity deal in 2006, Quizno's lost 90% of its stores. And in 2010, private equity tried to scale Washington state's Papa Murphy's too fast. The plan backfired, and stores shut down.

"I'm not saying private equity is bad," says Lawrence. "It can improve the system or get rid of low performers. But it does change the nature of the relationship." When the strategy becomes hyperfocused on growth, decisions can become aggressive or risky.

But risk is relative. It's a question of what you're comparing it against. And in the case of Eggs Up, *non*aggression was starting to look risky, too.

Skodras and Corn wanted to keep their organization lean and personal. For years, it was just the two of them, and even when they started growing, the corporate team never had more than five people, which meant nobody had secretaries. They didn't even have voicemail systems. "We answered the phone ourselves," Corn says. But as they reached 20-plus locations, that tiny corporate team was stretched thin—and franchisees noticed. Sure, they could reach Skodras or Corn directly, but it could take days to actually get their attention.

"They just didn't have the infrastructure to be able to grow the brand like it was capable of," says franchisee Scott Johnson. "They were more interested in quality than quantity."

Around 2015, private equity firms started reaching out to Eggs Up. Generally, Skodras and Corn declined the meetings. They knew they were stretched thin but just didn't trust these firms to treat Eggs Up right.

Then the firm WJ Partners

came along. It's also based in South Carolina and had the personal connection Eggs Up valued.

"I was talking to people I trusted and felt comfortable with," he says. Corn was also comforted by the fact that WJ Partners uses its own money; it doesn't work with outside investors who might pressure it to break promises.

The Eggs Up deal took nine months to negotiate. Corn sat down with everybody at WJ Partners, "even people who weren't going to be involved," and pressed upon them the values of the company. He felt heard. And eventually, Skodras and Corn were ready to sign—and cry. Their baby was now officially someone else's (though they retained a vested interest in the company, with no official roles).

The news came as a shock to many. "When I found out an equity group was buying [Eggs Up Grill], I was like, *Holy shit,*" says Hampton, the franchisee who had to give up equity in his second location.

But the truth, he says, is that Eggs Up is easier to operate with private equity at the helm. In part, that's because the new owners saw the chain very differently than the old owners. This wasn't just a place driven by love and gut instinct anymore. Now it was a business ready to scale.

AFTER THE SALE, WJ looked for a new leader to grow the company. They found that in Ricky Richardson, who had just spent seven years at TGI Fridays—including three as president. He learned a lot there but also saw what can happen when a brand loses clarity in its vision. It's a problem for many legacy concepts and resulted in TGI Fridays losing 45 stores between 2014 and 2016.

"It's hard to be all things to all people," says Richardson. "The risk there is you end up diluting what you really stand for." And a diluted brand is easy to attack. "What historically may have been indirect competitors end up being direct competitors," he says. "You're not as focused as you were in the past, so people can carve off little pieces of you."

This is why he saw so much potential in a little diner brand. "What's so appealing about Eggs Up Grill is the level of authenticity that comes with it," Richardson says. He talks a lot about *authenticity.* It's a little ironic, given the transformation he's tasked with leading, but it's clearly germane to Eggs Up Grill's messaging: *We may be scaling,* it seems to say, *but we're still the local guys.*

"That connection is really differentiating and compelling for a guest," Richardson says.

There's also a difference between authenticity and, well, inefficiencies created by authentic founders. Since joining the company in July 2018, Richardson has made fast work of plugging those holes.

For example, the once-tiny corporate team is now a lot bigger. In the past, franchisees might have waited two days to hear back from someone. "Now, if I call, somebody will answer in 30 seconds," franchisee Hampton says. "They support you for marketing, P&L, cost of goods. Anything you want to bounce off them, they're there to help." Plus, he says, there's no emotion involved. "It's just business," he says.

Richardson also tightened up costs. Eggs Up used to have 72 menu items; now, it has 55. He eliminated poorly performing menu items like tuna and egg salad and negotiated better deals with vendors. That "discipline around menu size," as he calls it, has helped substantially with the pandemic's supply-chain problems, he says. Instead of having to source new ingredients when things are in short supply, Eggs Up "worked on the quality of ingredients and how we put them together."

In 2019, Richardson also opened a training and testing facility in Spartanburg, South Carolina. The store demonstrates a "refreshed diner" look, featuring Instagrammable items: a shrimp and grits omelet, and baked peaches and cream pancakes. "By the end of this year, the same design and style will be in about 40% of the restaurants—the same décor package and furniture package," he says. "In December, our first franchise partner did the first revise of an existing franchise to this design. It's lighter, brighter, fresher. The visuals communicate a bit more energy. Our guests, when they experience the new design, say it feels fresher, cleaner, and happier. It's still relaxed and casual, but more contemporary."

To make sure everyone is moving in lockstep, Richardson created a team of regional field agents, who visit each store monthly to check food quality and count how many times servers, managers, and bussers interact with guests. That team is about to expand, Richardson said, and helped to ensure that all franchises stayed open throughout the pandemic.

"It's nice when they stop by," says franchisee Rob Johnson. "It doesn't feel like an inspection or anything hostile."

But there's no doubt about the purpose of the visits. The corporate office wants to ramp up profits and sell more stores. Pre-pandemic, Todd Owen, the company's then-VP of franchise development, was projecting plus or minus 18 restaurants opening in 2020. That number ended up being nine, with another eight locations opening in 2021 and about 20 on tap for 2022.

Owen, who had previously helped Qdoba Mexican Grill expand from 60 to 600 locations, said he was lured in by Eggs Up's strong market position under WJ Partners. It's well-funded, franchisees are stoked about the brand, and Richardson has stacked the new executive team with industry veterans.

Results have been visible. Last year, Eggs Up signed a five-store multi-unit deal with a Major Wendy's franchisee. "We want to be one of the big dogs," said Owen. "But we're not just wishing; we're getting there."

FOR NOW, Eggs Up will limit its growth to the Southeast. "I look at it like we can't afford to make one mistake," said Owen. "So we're not going to put someone out on a franchise island." Because if Eggs Up Grill becomes just another anonymous place to buy bacon and pancakes, what does it really have to offer?

The new challenge, then, is to figure out which parts of the old regime can help this new regime grow.

Corn has no regrets about selling. He likes the changes and understands the value of having a big corporate office to handle the day-to-day operations. "Now instead of calling Skip for 50% of the answers and Chris for 50% of the answers, you can call one of 14 people and get somebody who's an expert in that field," he says. In a way, that's what the two partners always wanted: better support for franchisees.

And unlike the old owners, these new owners are very supportive of multi-unit ownership. That's been great news to some of Eggs Up's most ambitious franchisees. Scott Johnson and his brother, after experiencing pandemic-related delays, are opening a third Eggs Up in July 2022. Hampton already did so—and he may keep going, after remodeling his original restaurant and seeing the results. "I was probably not going to do any more stores," he says. "But then the new group came in. Now we're just getting ready to take off. We're ready to watch this concept grow."

Clint Carter is a regular contributor to Entrepreneur.

THE TACOS A

Taco Bell has been #1 on *Entrepreneur*'s Franchise 500 list for two years in a row. What is the brand's secret hot sauce? Everything starts with letting the franchisees push innovation.

by MAGGIE GINSBERG

ARE ON TOP!

If you want to glimpse Taco Bell's vision of tomorrow, head to the frozen tundra of Brooklyn Park, Minnesota. There, just after the snow melts this spring, a sleek new building called Defy is expected to open—but consumers won't be coming in. The place features no dining room; instead, it will hover over four drive-thru lanes like a spacecraft. Up inside, team servers will cook up tasty Gorditas, Chalupas, and Burrito Supremes and send them down to customers through an innovative food lift system, Jetsons-style.

"The Defy building will be the first one in the U.S. where you actually see the future of what the category will probably look like," says Mike Grams, Taco Bell's president and global COO. "And it was not a corporate idea. It came from one of our franchisees."

That's typical for Taco Bell, which has a long history of listening to its franchisees—a group that now owns more than 90% of the brand's 7,000-plus locations worldwide. Even though the franchising industry at large often favors uniformity, Taco Bell has a somewhat different philosophy: So long as the food and service are brand-consistent, any idea is at least entertained, Grams says. Franchisees are closer to their customers than a corporate headquarters could ever be, the thinking goes, which means they see problems first and can develop game-changing solutions, plus capitalize on whatever makes each local market unique. "There are some guardrails, but they don't come across as handcuffs," Grams says. And since the pandemic, Taco Bell has learned that it can move on new ideas more quickly than ever. "If you're a brand that's looking to go back to normal, you're going to be behind," he explains. "It's going to be constant iteration and change moving forward."

This is, for example, what drove the creation of Taco Bell's Cantina—the brand's urban, alcohol-serving model that is now in 19 designated market areas and 28 cities across the U.S. The brand also credits franchisees with massive and consistent growth: Taco Bell U.S. has been on a 14-year run of positive net new units. And through September, Taco Bell Division's same-store sales were up 12% for 2021. That's helped drive it to the top of the Franchise 500 list—landing at No. 1 last year, and now holding that spot for the second year in a row.

This same spirit of franchisee collaboration is now shaping Taco Bell's future, including the development of Defy.

Brothers Jeff and Lee Engler, of Border Foods in Minnesota, helped create the idea for Defy, but it really started with a problem. The brothers have more than 200 restaurants across Taco Bell's parent company, Yum! Brands, whose portfolio also includes Pizza Hut, KFC, and The Habit Burger Grill, and they were closely watching what they call "the turn-away factor."

"Customers see a long line of cars at a drive-thru and leave," says Lee Engler. The Englers also realized that people now want a more contact-free, digital age experience. Taco Bell had already been exploring ways to improve the drive-thru experience, but the Englers wanted to reinvent it entirely.

They took the idea to Grams, who was intrigued. Grams started at Taco Bell as an assistant manager in 1991, back when the brand was part of Pepsi and 60% of stores were company-owned. Shortly after, the brand flipped its business model to favor ownership by franchisees, many of whom were now able to grow rapidly, so he's witnessed the power of listening to franchisees. He met the Engler brothers in Michigan, reviewed a sketch

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they'd made of Defy, and talked about the plan to design and build it. Grams was jazzed. So was Taco Bell CEO Mark King. "It was hard to figure out who was going to pay for what, and it ended up being a very expensive project, but never did we hesitate," says King. "Because if this works, it opens up a lot more opportunities for consumers to come through during busy hours, and they love the experience and the food coming down. It's cool."

Throughout the course of the pandemic, Taco Bell has learned an important lesson: Innovation cannot stop, and disruption can be a perfect time to get ahead. The futuristic Defy store is just one example of what the brand and its franchisees had been developing in 2021, and what they all plan to capitalize on this year and beyond. From innovating a customer loyalty program to major menu breakthroughs, Taco Bell has been on a streak that's as hot as its sauce packets.

Here's what else is cooking.

Going 360 Digital

"If you go back to when COVID hit, it didn't exactly play to the strengths of Taco Bell," says King. "We had a significant dine-in restaurant; we had a traditional drive-thru. We were not in the delivery business. We didn't have a loyalty program." So after stabilizing the business and taking care of its people, Taco Bell did what it has always done best: It listened to its cultlike fan base. Customers said they wanted the brand to be more digital, more mobile. They wanted more access, as well as true rewards for being so loyal.

Taco Bell responded quickly. It pushed forward on its Go Mobile concept, an idea it had been developing before the pandemic but actually began to prioritize. There are 50 Go Mobile stores that have dual drive-thru lanes. In both their dual and single-lane drive-thru restaurants, Taco Bell is implementing Go Mobile elements including smart kitchen technology, bellhops, mobile pickup shelving, and kiosk-only ordering to make restaurants more digital-forward.

Taco Bell has also ramped up its delivery options, with 6,837 stores offering the service through Grubhub, DoorDash, Uber Eats, and Postmates. And for users of its app, it added customized menu options like the custom My Cravings Box, where a specialty item, classic item, side, and drink can all be combined for $5. "It gives our fans the flexibility to eat the way that they want to, not the way that the brand is telling them that they have to eat," said Zipporah Allen, who was the company's Chief Digital Officer at the time of reporting, but is no longer with the company.

Taco Bell has tried other incentives to get users onto its app. Earlier this year, for a limited time, the brand offered a membership-style service

PHOTOGRAPHS COURTESY OF TACO BELL

called “Taco Lover’s Pass.” For $10 (depending on the location), the service gave app users a “free” taco every day for 30 days, and allowed them to unlock secret menu items.

All these efforts are paying off. Global digital sales surpassed $1 billion in 2020 and now account for 17.2% of total system sales. “That’s really a credit to the strong partnership that we have with our franchisees,” Allen says.

Going To the Fans

Arguably more than with any other quick-service restaurant (QSR) brand, Taco Bell fans feel a sense of ownership over the menu. That’s why in July 2020, the company honored that passion with a new Taco Bell Rewards loyalty program for app users.

Part of this was logistics: At that time, the app helped customers to get in and out of stores contact-free. Then in 2021, as many returned to dine-in, the program was expanded to award points for purchases made at the drive-thru or inside. Users can now scan receipts later from home and still snag those points. But at the heart of the loyalty program is an understanding of modern fandom and a longing for community. It not only offers rewards for free food, but makes customers feel like VIPs with exclusive access to extra deals and first crack at special menu items. “They just want access to the brand,” says Allen.

This sense of ownership can cut both ways, though: When customers are disappointed, they feel like the company owes them a response. In 2020, when Taco Bell’s finances were rocked by the pandemic, it pulled potatoes to help stabilize the business—and “we definitely heard loud and clear that [customers] were not happy,” says Elizabeth Matthews, the company’s global chief food innovation officer. There was an

> **"Franchisees are closer to their customers than a corporate headquarters ever could be, the thinking goes, which means they see problems first and can develop game-changing solutions.**

uproar on social media, and even a panicky all-caps "SAVE TACO BELL POTATOES" petition on Change.org that got 22,589 signatures. So Taco Bell didn't just bring potatoes back; the brand used its loyalty program to give members first access. It did the same with the Quesalupa. When that fan favorite menu item returned, app users got it first.

By the end of July 2021, Yum! Brands CEO David Gibbs announced that Taco Bell was seeing an overall increase of 35% in active customers in the Taco Bell Rewards Program compared with its pre-loyalty program behavior.

Playing to All Diets

Consumers are increasingly interested in plant-based foods, and Taco Bell is meeting that demand in inventive ways.

Then again, Taco Bell has been a welcome spot for vegetarians since the 1960s, when people were able to get meat-free pinto beans, cheesy burritos, and potatoes. In October 2015, Taco Bell even became the first QSR brand to score American Vegetarian Association-certified menu items.

Now it's stepping up those efforts even further. It has more than 30 AVA-certified vegetarian or vegan ingredients, and developed a Veggie Cravings menu for online ordering. Vegetarian items now account for 14% of the brand's sales mix, up from 6% in 2015. The brand also made it easier to swap veggies for meat at the counter, the kiosk, or on the mobile app.

If you lived near Taco Bell's California test market in spring 2021 or any of its 95 Detroit-area test locations in October, you might have already tried the brand's next big idea: It's a new "Cravetarian" Taco, featuring a plant-based protein made from chickpeas. Likely in more markets soon, the idea is to make it easy for customers to swap the "boldly seasoned" beef substitute into any of the main menu items—and that's just the beginning, Matthews says.

"We're [also] working on a new [meat-free] protein with Beyond Meat that's never been seen, not out there. I'm going to keep it a little bit under wraps, but we're really excited to test that," she says.

Ultimately, all of this is about choice, right on down to the way fans use those sauce packets—whether they prefer one packet per taco, or one squeeze per bite. Of course, all that choice can come at a price, and what happens to that packet once you're done with it—well, that's the next big question.

Rethinking Those Sauce Packets

Taco Bell knows that a growing part of its consumer base is worried about the environment, which is in part why it announced a goal to make all of its consumer-facing packaging recyclable, compostable, or reusable by 2025. But here's the hardest part of reaching that goal: sauce packets.

The company's Fire Sauce and Hot Sauce packets are so iconic that you can buy pool floatie replicas of them. But so far, the brand cannot figure out a way to manufacture them out of eco-friendly materials. That's a problem, because there are also more sauce packets produced industrywide each year than there are humans on the planet—8.2 billion annually for Taco Bell alone—and, used or not, they're all destined for the landfill.

In April 2021, Taco Bell took a step toward solving that problem. It became the first QSR brand to partner with TerraCycle, a company that, among other things, turns nonrecyclable post consumer waste into raw materials. Taco Bell consumers can now create an account on Taco Bell's website or app, get a box to store their old packets, and mail it to TerraCycle.

"We're really trying to make sure that we don't have any consumers that are missing out on Taco Bell because they don't feel good about what we're doing for the planet," says Matthews. She shied away from giving details but said the brand is engaging suppliers and even competitors who use condiment packets to try to work toward an industry-wide solution. The brand is also removing toxic chemicals like PFAS—found in everything from nonstick cookware to waterproof jackets—which the company has already achieved with paper bags and cups. It's now testing a sustainable packaging suite in San Francisco.

"I want to get there before 2025," Matthews says."Innovation is about connecting dots to make these big ideas, but we start with listening and we start with watching. And right now, the consumer is pretty clear," Matthews says. "They want to have choice. They want to have value. They want to have convenience. They want to have sustainability. They don't want to feel bad about brands that they're buying products from."

Partnering for the Future

What lies ahead for Taco Bell and the QSR world? No one knows for sure, of course, but Grams hopes the past two years have made a statement to Taco Bell's franchisees: "We don't just do things because we can. It's an understanding and a partnership that we've got to do it together," he says. "If you know anything about our history, we've had some ups and downs. Many of our franchisees have been through those peaks and valleys. They have it in their DNA. The freak-out factor is lower."

And that, in a way, is a kind of liberty: It means Taco Bell can move quickly, have fun, and know that its franchisees and fans are in for the ride.

For example, when its fans were outraged over the 2020 Taco Bell potato famine, the brand didn't issue your standard mea culpa. Instead, its marketing team called CEO King to, as they said, "run something by him."

"I was in Scottsdale with my wife, and I get this call," King says. It was a Saturday afternoon; they were visiting friends. His team pitched an idea: They wanted to superimpose his face on an animated spud, so he could announce that potatoes would be back by March. He'd also hint at the partnership with Beyond Meat with a wink-wink line about going "above and beyond" for vegetarians in the future.

King said yes. Customers were thrilled, though all of King's golfing buddies now call him Mr. Potato Head. But maybe that's just the price of success. "I think," King muses, "what allows [us] to be consistently better than average is that people have a license to say to the CEO, 'Hey, do you want to be Mr. Potato Head?' That's what drives a lot of what happens here at Taco Bell."

Maggie Ginsberg is a regular Entrepreneur *contributor.*

IF YOU CAN M

The French fast-food sensation **O'Tacos** is rapidly expanding across Europe, but it failed to find its footing with its first outpost in the U.S. What should its fellow foreign companies know about coming to the U.S.? And how can American partners profit from their unique ideas?

by MAGGIE GINSBERG

Illustration MAX-O-MATIC

AKE IT THERE

What American fast-food connoisseur wouldn't love a massive tortilla pouch packed with meat, oozy cheese, and fistfuls of fries? Overseas, "French tacos" are all the rage. The category is now one of the fastest-growing across all delivery platforms in France, where Paris-based O'Tacos is gobbling up more than its share of the quick-service restaurant market. Introduced in 2011 by two brothers in Bordeaux who were soon joined by a drywaller from Grenoble, O'Tacos has grown to 307 units across France, Belgium, the Netherlands, Luxembourg, Spain, Italy, and Germany, with annual revenue surpassing $263 million. O'Tacos grand openings—often celebratory events featuring French rap stars and Instagram influencers—are reportedly occurring in France at a faster rate than McDonald's. Fans line up for hours to get their hands on the beefed-up poutine in a wrap.

"In the beginning, it was a product that was very popular in the suburbs," says Patrick Pelonero, the drywaller-turned-cofounder—though he means "suburbs" in the French sense, a more urban, working-class setting than the American definition. (We spoke through a translator.) "Now, everybody knows it and everybody eats it."

In 2017, O'Tacos opened 72 new locations in France. That March, it also decided to come to America. To do so, it set its sights where countless entrepreneurial dreamers had before: New York, that glittering melting pot of big ideas, fusion foods, outsized portions, and quick, tasty, eat-it-with-your-hands grub. O'Tacos seemed perfect for the market. But just 14 months later, as O'Tacos' success continued to skyrocket overseas, its only U.S. location closed.

That failed experiment could serve as a stark lesson—for O'Tacos and for any other aspiring franchises—about just how complicated international expansion is...and how much work must be done to find success.

THE APPEAL OF entering the American franchise market is obvious. The U.S. is, for instance, about 18 times bigger than France, which is about equal in size to Texas. And so, according to research from the advisory firm FranData, each year, roughly 30 brands from outside the country try to stake a claim stateside.

"It's not a simple path, but it's a clearly defined path," says Darrell Johnson, franchise economist and CEO of FranData. Because modern franchising began in America nearly 100 years ago, Johnson explains, information and expertise are more readily available here, and the legal regulatory structure is solidly in place. There are at least 3,500 franchise brands operating in the U.S. today, more than any other country by a long shot. (Australia, the next closest, has 1,100-plus.)

"There's plenty of opportunity," Johnson says, pointing to success stories like Pollo Campero out of Guatemala, Bonchon out of South Korea, and Tim Hortons out of Canada. "I think the daunting part of it for most franchise brands internationally looking at the U.S. market is, 'How do I get started with this?'"

There are clear best practices, says Ray Hays, managing partner of FranLaunch USA, which focuses on bringing franchise concepts to America. "It's not as much a matter of getting it the way you think is right," Hays says. "It's about avoiding doing things the wrong way when you enter the U.S. market."

Hays says that when brands stumble in the U.S., it's typically because they struggled with one of four key principles: demonstrating proof of concept, creating a realistic financial plan, enlisting boots on the ground, or seeking legal guidance early on for both federal regulations and the abundance of state-specific laws.

> **"They say, 'This may sound really stupid, but I didn't realize how big the United States was... how diverse it was.' Miami is a completely different market than Boston or New York or Chicago. Instead of entering one country, it can feel like entering 10."**

"Finding U.S. partners and franchise experts on the ground in the U.S., I can't stress that enough," Hays says. "It's absolutely critical, even for a very seasoned and established franchise that's gone into 10 countries across Europe."

No matter what, companies will also need to contend with the sheer scale of the United States—which can seem like a blessing from afar but a curse up close. For a 2018 article in *Global Franchise* magazine, Hays polled a handful of franchise CEOs from the United Kingdom—which is arguably closest to America's franchise market in terms of culture and language—about what they didn't realize before entering the U.S. "They say, 'This may sound really stupid, but I didn't realize how big the United States was. I didn't realize how diverse it was,'" Hays says. "Miami is a completely different market from Boston or New York or Chicago." Instead of entering one country, it can feel like entering 10.

"The harsh reality is that very few Latin American and even European brands are actually ready or prepared to get into the U.S.," says Fernando Lopez de Castilla, founder of Peru-based GNF Worldwide, which has guided more than 2,900 franchises into more than 40 countries over the past decade.

De Castilla says it's about discipline: Stick to an expansion-and-development plan, hire a good franchise lawyer, enlist consultants, and above all, resist shortcuts.

"What happens in many cases, even for the big brands, is they receive an attractive lead from an exotic place, or maybe a great place like New York or L.A., and it's amazing how easily they disregard their previous homework and their plan and just want to have, let's say, an overnight success. Just hitting the jackpot in that fabled place," he says. "I don't think life is like that, and franchising is definitely not like that."

OPENING A restaurant in one of the most dynamic cities in the United States was the furthest thing from Patrick Pelonero's mind in 2007. He was just looking to make money when summer drywalling jobs dried up in the winter off-season in Grenoble, in the French Alps region that is credited with creating French tacos.

Pelonero began experimenting with his version of the recipe with a shop he called Tacos des Allies. Meanwhile, two brothers—Silman and Samba Traore—were essentially doing the same thing. The brothers opened the first O'Tacos location in Bordeaux, in 2011, before combining forces with Pelonero for O'Tacos in 2013.

PHOTOGRAPHS COURTESY OF O'TACOS


Otacos

They weren't the only ones developing the market. Le Tacos de Lyon's website says it created French tacos in Lyon in 1999 and now has five locations, with two more opening soon. Tacos Avenue is also eyeing international expansion, and there are other competitors, too. But the O'Tacos trio swiftly built a loyal following of young, working-class locals, who appreciated hearty food that didn't eat up their paychecks. (Today the starting "medium" size goes for around €5, or roughly $6, and typically includes a choice of six to eight meats, 10 to 15 sauces, french fries, and a dozen or so add-ons.) Early fans also liked that the meat was (and still is) certified halal, appealing to suburban Muslim youth.

Perhaps most influential of all, Pelonero had also opened a marketing agency in 2010. O'Tacos became known for viral stunts like the five-pound, meat-laden "Gigataco" (free, if eaten by the two-hour deadline—a feat rarely accomplished) and emphasized the "experience" of the brand, not unlike America's own Taco Bell. Rap music became embedded in the brand's culture, in part because of Pelonero's personal connections in the music industry. Today, the O'Tacos France home page features an interactive keyboard highlighting 42 available ingredients, each miked with sound. Users can choose a backdrop beat and record a 15-second rap.

In 2013, O'Tacos decided to franchise and opened a tiny location in Paris. That's when all the ingredients really came together.

"It had people queuing up for hours, for more than 100 meters, to try the product. As of that moment, the whole brand was off for exponential growth," Pelonero says. O'Tacos' social media accounts gained 30,000 fans in six months, and as the brand grew, it deliberately focused on its roots. "It's important, that connection, that link with urban youth, with the suburbs, that's real," says Pelonero. "Especially in this type of environment, people see whether it's real or fake, and the moment you are not real, you lose a lot of credibility. So that's a big part of the brand."

In 2015, franchising began in earnest with 21 openings. By 2017 to 2018, O'Tacos had 220 locations. Yet on the development side, it was still just Pelonero and two interns. "It was a very lean structure, very entrepreneurial," he says. "It's the beginning of a startup that I think nowadays you mostly see within the tech industry, where things go very quickly, exponential, very small teams, and a dedicated founder."

It was around that time that a message from America arrived. A French native who'd been living in Brooklyn for 11

"It's not as much a matter of getting it the way you think is right," says Ray Hays, managing partner of FranLaunch USA. "It's about avoiding doing things the wrong way when you enter the U.S. market."

years wrote to the O'Tacos team, certain the brand would find a similar fan base there: urban, young, and driven; ethnically and culturally diverse. Pelonero flew to New York, and the two hit it off. "It was not something that had been planned very much in advance or a deliberate choice," Pelonero says. "It was a nice opportunity. There was a good feeling between [me] and the partner from New York." The Brooklyn location opened in the Crown Heights neighborhood in March 2017. Its storefront was slate-black with a clean O'Tacos logo—more spare French café than neon American chain store. The welcome was warm enough; the press, positive.

Pelonero returned to France, where O'Tacos was becoming more mainstream. The urban youth base was still strong, and the popularity had spread to city central office workers and families with kids. In 2018, Kharis Capital, a master franchisee for Burger King, staked majority ownership in the company, expanding to Belgium and the Netherlands. O'Tacos moved its headquarters to Paris. It has also added the dessert subsidiary brand O'Sucre, which includes O'Taglace and O'Shakes.

Meanwhile, back in Brooklyn, people seemed to like the product. Sales were moderately steady, at $1,000 to $1,500 per day. But Pelonero says there were constant operational issues. The manager struggled to manage the lunch rush, and the brand couldn't do much to help a single location in a foreign country thousands of miles from headquarters. "It's like raising a child on the other side of the Atlantic," Pelonero says. "If none of the parents are there, it's a bit more challenging."

By May 2018, just over a year after opening, O'Tacos closed its only U.S. location. It decided to focus entirely on growing the business closer to home.

OF THOSE 30 or so foreign brands that enter the U.S. market each year, FranData doesn't track how many "succeed." The factors are too nuanced and complex. "'One and done' is not a good way of assessing the market," Johnson says. A single location isn't a case study, nor is New York representative of the U.S. market. But if you can make it there, "it's really a huge validation of your brand in just about any market," Johnson says.

Hays, too, believes that international franchises can do more than *make it* in the U.S. market—they can dominate. He offers an example from outside the QSR realm: the 30-year-old Australian pool-cleaning concept, Poolwerx. Founder and CEO John O'Brien studied the U.S. market for nearly two decades before entering in March 2015. He selected key markets and expanded regionally by acquiring small, independent competitors to test the model. Only then did Poolwerx start franchising, adding dozens of U.S. locations and becoming, per the company, the only global franchisor in the pool-and-spa aftermarket sector, with hundreds of retail and mobile units in Australia, New Zealand, and the U.S. The catch is that it required deep pockets, which is one reason global brands may benefit from a U.S. partner; Poolwerx chairman of the Australian and U.S. boards Troy Hazard, himself an Australian-born serial entrepreneur, connected with the company in 2012 and became a U.S. citizen in 2020.

"They made mistakes, and it took longer than they expected and cost them more money, but fundamentally they did the right thing," Hays says. "In the end, I do believe we're going to see more and more foreign concepts in the U.S."

This creates huge opportunity not just for global brands, says de Castilla, but for potential U.S. partners.

"There are amazing brands out there, amazing concepts and value propositions that experienced franchisors in the U.S. or experienced franchisees, especially multi-unit franchisees, could help develop and enter the States," says de Castilla. Whether seeking U.S. partners or simply customers, he says, international brands would be wise to play up those cultural differences to stand out—a concept he refers to as a "country brand franchise" in his 2019 book *La Biblia de las Franquicias* (*The Franchise Bible*). That's what Juan Valdez did in bringing its 400-unit, cooperative-owned Colombian coffee into almost 20 units across Florida, New York, and Washington, D.C., as it attempts its U.S. expansion.

"The brand's pitch is that when you enter the Juan Valdez coffee shop, you aren't just buying a coffee, you are buying a little taste of Colombia," says de Castilla. Expertise is essential, but so is a specific, new vision. "That magic, or uniqueness, there are tons of brands that could actually bring that and make the melting pot richer and more tasty."

Though de Castilla, like Johnson and Hays, was unfamiliar with O'Tacos before we spoke, it seems that the company's urban, blue-collar identity could be a great asset, should it give America another go. "I think that [O'Tacos'] concept is so good—actually, I got very hungry looking at the Instagram pictures," says de Castilla. "But at the end of the day, you can have the best product in the world, but if you don't do your homework, there is no luck in this industry."

IF HE HAD IT to do all over again, Pelonero says he'd get right back on that airplane to New York. But next time, he would do a few things differently. "We need the right partner to make it happen, and for real this time," he says.

Pelonero also has four more years of international expansion under his belt since the Brooklyn location closed, and he's confident in the product and how to market it. "The way of doing business is universal," he says. With more than 2,500 employees serving nearly 100,000 customers per day across seven countries, he believes that successful reentry into the U.S. would require a strong local team that treats the business as if it were their own, better awareness of the market, and a "significant" number of locations. From there, the French tacos will take care of the rest.

"We're actually more convinced than ever that it would be a great fit and a huge opportunity to go back to the U.S.," Pelonero says. "So that's definitely the plan, and one of the American dreams to still be realized."

Maggie Ginsberg is an associate editor at Madison *magazine and a regular contributor to* Entrepreneur.

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LISTINGS

Top Food Franchises of 2022

In the industry's most prominent, crowded, category, these brands are a cut above the competition.

by TRACY STAPP HEROLD

As much as the franchise industry has evolved, food franchises still reign supreme in most people's minds—with good reason. Food is often the most visible category in the industry, with a mix of legacy brands and innovative upstarts. In fact, more than a quarter of all brands that applied for the 2022 edition of *Entrepreneur*'s annual Franchise 500 ranking were food-related franchises.

From that group of applicants, we've gathered the top 200 restaurants and retail food franchises here, ranked within their respective categories, from acai bowls and Asian food to sports bars and tea shops. They are ranked based on the scores they received in the 2022 Franchise 500 evaluation process, which examines each brand based on 150-plus data points in the areas of costs and fees, size and growth, franchisee support, brand strength, and financial strength and stability.

Keep in mind as you look over these rankings that they're not intended as a recommendation of any particular franchise opportunity. It's vital that you do your own research by consulting with experts and talking to franchisees before investing in any brand, because while the objective measures of franchise success that we evaluate are important to consider, other more subjective factors might matter just as much to you personally. For instance, you might want to look into what brands are doing to make a difference in their communities and the world at large; you'll find just a few examples on the following pages. Figure out what you care about, and you're likely to find a franchise brand that cares about it too.

Illustration MAX-O-MATIC

LISTINGS

ACAI BOWLS

1
Acai Express Superfood Bowls
Acai bowls, smoothies, juices
STARTUP COST
$133.5K-$364K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
28/7

2
SoBol
Acai bowls and smoothies
STARTUP COST
$240.8K-$450.6K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
47/3

3
Rush Bowls
Blended fruit bowls and smoothies
STARTUP COST
$194K-$556.5K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
32/2

4
Vitality Bowls
Acai bowls, smoothies, juices, panini, salads
STARTUP COST
$198.3K-$554.6K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
68/5

5
Grain & Berry
Acai, pitaya, spirulina, and kale bowls, smoothies, juices, yogurt, avocado toast
STARTUP COST
$170K-$410.5K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
10/2

ASIAN FOOD

1
L&L Hawaiian Barbecue
Asian-American/Hawaiian food
STARTUP COST
$133.7K-$535K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
208/0

2
Teriyaki Madness
Asian food
STARTUP COST
$346.4K-$768.8K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
110/1

3
Jinya Ramen Bar
Ramen
STARTUP COST
$1.4M-$3M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
42/1

4
Pho Hoa
Vietnamese food
STARTUP COST
$272.6K-$553.4K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
53/10

5
WaBa Grill
Asian-inspired rice bowls
STARTUP COST
$336K-$572K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
182/5

6
Go Go Curry
Japanese curry and rice
STARTUP COST
$291.5K-$822.8K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
2/9

BAKED GOODS: BAKERY CAFES

1
Paris Baguette
Bakery cafes
STARTUP COST
$378.3K-$1.6M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
3,698/27

2
Great Harvest
Bakery cafes
STARTUP COST
$141.9K-$919.2K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
183/1

BAKED GOODS: CINNAMON ROLLS

1
Cinnabon
Cinnamon rolls, baked goods, coffee
STARTUP COST
$112K-$475.7K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
1,731/25

2
Cinnaholic
Cinnamon rolls, brownies, cookies, coffee, catering
STARTUP COST
$187K-$368.5K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
56/0

BAKED GOODS: DOUGHNUTS

1
Shipley Do-Nuts
Doughnuts, kolaches, pastries, coffee
STARTUP COST
$455K-$811.5K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
332/0

2
Hurts Donut Company
Doughnuts and coffee
STARTUP COST
$502K-$974K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
21/2

3
Randy's Donuts
Doughnuts, breakfast items, coffee
STARTUP COST
$455.3K-$1.1M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
7/6

4
Duck Donuts
Doughnuts and coffee
STARTUP COST
$378.6K-$557.5K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
104/1

5
Peace, Love and Little Donuts
Doughnuts and coffee
STARTUP COST
$121.2K-$235.1K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
27/3

6
DonutNV
Mini doughnuts, juices, coffee drinks
STARTUP COST
$174.6K-$243K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
10/1

BAKED GOODS: PRETZELS

1
Auntie Anne's
Soft pretzels

STARTUP COST
$100.6K-$503.5K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
1,874/12

2
Wetzel's Pretzels
Soft pretzels, lemonade, hot dogs

STARTUP COST
$153.1K-$523.9K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
309/32

BAKED GOODS: MISC.

1
Kolache Factory
Kolaches, pastries, coffee

STARTUP COST
$431.9K-$709.4K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
28/29

2
Breadsmith
European-style breads

STARTUP COST
$382.3K-$456K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
28/4

BREAKFAST/ BRUNCH RESTAURANTS

1
Eggs Up Grill
Breakfast, brunch, and lunch restaurants

STARTUP COST
$412.9K-$764.6K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
56/1

2
Another Broken Egg Cafe
Breakfast, brunch, and lunch cafes

STARTUP COST
$811.8K-$1.2M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
43/32

3
The Flying Biscuit Cafe
Southern food and breakfast restaurants

STARTUP COST
$442.5K-$737K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
18/4

4
Scramblers
Breakfast and lunch restaurants

STARTUP COST
$540K-$834K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
14/12

CANDY

1
Kilwins
Chocolates, fudge, ice cream

STARTUP COST
$177.5K-$870.98K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
147/3

2
Peterbrooke Chocolatier
Specialty chocolates, gelato, gifts

STARTUP COST
$212.8K-$333.5K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
20/5

CHICKEN

1
Popeyes Louisiana Kitchen
Fried chicken, seafood, biscuits

STARTUP COST
$383.5K-$3.5M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
3,534/41

2
Wingstop
Chicken wings

STARTUP COST
$347.6K-$759.1K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
1,590/34

3
KFC
Chicken

STARTUP COST
$1.4M-$2.8M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
25,390/290

4
Bojangles
Chicken and biscuits

STARTUP COST
$590.1K-$2.8M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
498/277

5
Chester's
Chicken

STARTUP COST
$12.4K-$278.5K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
1,272/0

PHOTOGRAPH COURTESY OF KFC

KFC (No. 3 in Chicken)

EARIER THIS YEAR, KFC teamed up with TikTok creator Isaiah Garza to launch the #KentuckyFriedGivingChallenge grant program to benefit nonprofits fighting hunger in the U.S. Eligible nonprofits submitted TikTok videos showing how their organizations help their local communities, and 11 finalist organizations were selected to receive $40,000 each from KFC. Fans then got to vote on which organization should receive an additional $60,000.

LISTINGS

6
Golden Chick
Chicken
STARTUP COST
$915.4K-$1.4M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
199/6

7
Zaxby's
Chicken fingers, Buffalo wings, sandwiches, salads
STARTUP COST
$351K-$718.5K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
762/146

8
Slim Chickens
Chicken tenders, chicken wings, salads, sandwiches, wraps
STARTUP COST
$1.1M-$3.4M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
124/10

9
Epic Wings
Chicken wings and tenders, fries, breadsticks, sauces
STARTUP COST
$454.2K-$1.3M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
29/0

10
Bonchon Korean Fried Chicken
Korean fried chicken
STARTUP COST
$516.99K-$1.1M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
377/4

11
Chicken Salad Chick
Chicken salads, soups, sides
STARTUP COST
$572K-$759K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
140/56

12
El Pollo Loco
Fire-grilled chicken
STARTUP COST
$781.5K-$2.1M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
293/190

13
Pollo Campero
Chicken
STARTUP COST
$887.3K-$2.1M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
78/267

14
Dave's Hot Chicken
Nashville hot chicken, sides, beverages
STARTUP COST
$585.8K-$996.5K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
12/6

15
Wing Zone
Wings
STARTUP COST
$342.8K-$561K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
61/1

COFFEE

1
Dunkin'
Coffee, doughnuts, baked goods
STARTUP COST
$437.5K-$1.8M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
12,800/0

2
Scooter's Coffee
Coffee, espresso, smoothies, pastries, breakfast items
STARTUP COST
$512.4K-$860.6K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
321/20

3
The Human Bean
Specialty coffee
STARTUP COST
$380K-$905.2K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
108/13

4
Biggby Coffee
Specialty coffee, tea, smoothies, baked goods
STARTUP COST
$202.5K-$418.7K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
262/0

5
PJ's Coffee of New Orleans
Coffee, tea, pastries, sandwiches, salads
STARTUP COST
$206.9K-$1M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
140/0

6
Ziggi's Coffee
Coffee, specialty drinks, breakfast and lunch items
STARTUP COST
$386K-$1.2M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
48/7

7
Ellianos Coffee
Specialty coffee and smoothies
STARTUP COST
$397.5K-$690K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
22/0

PHOTOGRAPH COURTESY OF THE HUMAN BEAN

The Human Bean (No. 3 in Coffee)

THE HUMAN BEAN locations hold quarterly one-day give-back events. The largest event is Coffee for a Cure in October, when 100% of food and beverage sales are donated to local breast cancer nonprofits. Over 16 years, they've raised more than $2.6 million. Other events take place on Earth Day, when they partner with Trees for the Future to plant a tree for every drink sold; in June, when $1 from every mocha sale is donated to organizations supporting men going through cancer treatment; and in August, when a portion of sales goes to local food banks to support meal programs for kids.

8
Aroma Joe's Coffee
Specialty coffee
STARTUP COST
$275.5K-$708K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
75/2

9
Just Love Coffee Cafe
Coffee and food
STARTUP COST
$333.5K-$565K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
25/0

FROZEN DESSERTS: CUSTARD

1
Culver's
Frozen custard, specialty burgers
STARTUP COST
$2.3M-$5.8M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
857/0

2
Freddy's Frozen Custard & Steakburgers
Frozen custard, steakburgers, hot dogs
STARTUP COST
$760.8K-$2.1M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
372/34

FROZEN DESSERTS: ICE CREAM

1
Baskin-Robbins
Ice cream, frozen yogurt, frozen beverages
STARTUP COST
$90.99K-$625.2K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
7,752/0

2
Dairy Queen
Ice cream, burgers, chicken
STARTUP COST
$1.2M-$1.9M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
7,186/2

3
Ben & Jerry's
Ice cream, frozen yogurt, sorbet, smoothies
STARTUP COST
$152.2K-$546.8K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
556/17

4
Carvel
Ice cream, ice cream cakes
STARTUP COST
$308.6K-$499.9K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
358/1

5
Dippin' Dots
Specialty ice cream, frozen yogurt, ices, sorbet
STARTUP COST
$112.2K-$366.95K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
226/0

6
Bruster's Real Ice Cream
Ice cream, frozen yogurt, ices, sherbets
STARTUP COST
$264.5K-$1.6M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
189/1

7
Buzzed Bull Creamery
Alcohol-infused ice cream
STARTUP COST
$180.96K-$526.3K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
8/2

FROZEN DESSERTS: MISC.

1
Kona Ice
Shaved-ice trucks
STARTUP COST
$150.4K-$174.2K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
1,369/26

2
Jeremiah's Italian Ice
Italian ice, gelato, ice cream
STARTUP COST
$254.8K-$549.8K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
50/22

3
Pelican's SnoBalls
Shaved ice
STARTUP COST
$61.2K-$195.3K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
188/0

4
Bahama Buck's
Shaved ice, fruit smoothies
STARTUP COST
$308.7K-$966.3K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
101/3

5
Rita's Italian Ice
Italian ice and frozen custard
STARTUP COST
$194.9K-$528.1K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
543/0

6
Frios Gourmet Pops
Popsicles
STARTUP COST
$84.9K-$172.9K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
49/1

7
Paciugo Gelato Caffe
Gelato, pastries, beverages
STARTUP COST
$232.7K-$522.3K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
26/0

Frios Gourmet Pops
(No. 6 in Frozen Desserts—Misc.)

THE TEAM AT the Frios Gourmet Pops corporate office spreads smiles around their hometown in Mobile, Alabama, by donating around 8,000 frozen pops every year to the local Boys and Girls Club, Dumas Wesley Community Center, and Penelope House shelter for victims of domestic violence. They also keep two double glass-top freezers stocked with more than 2,400 pops at the University of South Alabama Women's and Children's Hospital.

PHOTOGRAPH COURTESY OF FRIOS GOURMET POPS

LISTINGS

TOP 200 FOOD FRANCHISES

GHOST KITCHENS

1
Combo Kitchen
Ghost kitchens/food halls
STARTUP COST
$72K-$297.5K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
150/1

2
The Local Culinary
Ghost kitchens
STARTUP COST
$90.8K-$215.7K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
43/1

HAMBURGERS

1
McDonald's
Burgers, chicken, salads, beverages
STARTUP COST
$1.3M-$2.3M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
36,717/2,679

2
Sonic Drive-In
Burgers, hot dogs, chicken sandwiches, breakfast, ice cream, beverages
STARTUP COST
$1.2M-$3.5M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
3,223/311

3
Carl's Jr.
Burgers
STARTUP COST
$1.6M-$2.2M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
1,603/56

4
Hardee's
Burgers
STARTUP COST
$1.5M-$2.1M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
1,978/206

5
Farmer Boys
Burgers, breakfast, sandwiches, salads
STARTUP COST
$1.1M-$2.5M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
67/32

6
The Habit Burger Grill
Burgers, sandwiches, salads
STARTUP COST
$1.4M-$1.8M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
46/286

7
Checkers and Rally's
Burgers, fries
STARTUP COST
$724.5K-$2M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
576/264

8
Jack in the Box
Burgers, sandwiches, tacos, salads, bowls
STARTUP COST
$1.7M-$2.6M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
2,056/165

9
A&W Restaurants
Root beer, burgers, hot dogs, chicken, sides, ice cream
STARTUP COST
$276K-$1.5M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
917/3

10
Fatburger
Burgers, wings, fries
STARTUP COST
$459.2K-$1.1M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
183/0

11
Mooyah Burgers, Fries, & Shakes
Burgers, fries, shakes
STARTUP COST
$551.9K-$715.2K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
88/1

12
BurgerFi
Burgers, hot dogs, chicken tenders and sandwiches, sides, frozen custard, craft beer, wine
STARTUP COST
$629.9K-$1M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
104/21

13
Krystal
Burgers, hot dogs, chicken sandwiches, breakfast, ice cream
STARTUP COST
$1.4M-$1.7M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
105/181

HOT DOGS

1
Wienerschnitzel
Hot dogs, ice cream
STARTUP COST
$303.6K-$1.4M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
330/0

2
Dog Haus
Hot dogs, sausages, burgers, sides
STARTUP COST
$306.2K-$1.1M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
51/2

3
Crave Hot Dogs and BBQ
Hot dogs, barbecue, self-serve beer
STARTUP COST
$186.3K-$694.5K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
12/0

4
Nathan's Famous
Hot dogs, hamburgers, seafood, chicken, cheesesteaks
STARTUP COST
$326.1K-$1.2M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
190/4

MEDITERRANEAN FOOD

1
Taziki's Mediterranean Cafe
Mediterranean and Greek food
STARTUP COST
$468K-$831K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
74/17

2
The Great Greek Mediterranean Grill
Greek and Mediterranean food
STARTUP COST
$476.1K-$798.3K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
11/7

3
Mezza Lebanese Kitchen
Lebanese and Mediterranean-inspired food
STARTUP COST
$521K-$738.5K
TOTAL UNITS (FRANCHISED / CO.-OWNED)
6/8

MEXICAN FOOD

1
Taco Bell
Mexican-inspired food
STARTUP COST
$575.6K-$3.4M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
7,090/477

2
Taco John's
Mexican food
STARTUP COST
$1.1M-$1.7M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
374/6

3
Qdoba Mexican Eats
Mexican food
STARTUP COST
$475.5K-$1.1M
TOTAL UNITS (FRANCHISED / CO.-OWNED)
401/333


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LISTINGS

TOP 200 FOOD FRANCHISES

4
Del Taco
Mexican/American food
STARTUP COST
$862.7K-$2.1M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
306/294

5
Moe's Southwest Grill
Mexican food
STARTUP COST
$474.9K-$1.1M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
654/1

6
Bubbakoo's Burritos
Mexican food
STARTUP COST
$188K-$492K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
42/11

7
Fuzzy's Taco Shop
Baja-style Mexican food
STARTUP COST
$360.5K-$1.2M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
134/4

8
Pancheros
Mexican food
STARTUP COST
$430.8K-$986K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
44/26

9
Chronic Tacos
Mexican food
STARTUP COST
$290K-$578.5K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
46/3

10
Quesada Burritos & Tacos
Mexican food
STARTUP COST
$243.5K-$415.5K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
151/2

11
Rusty Taco
Tacos
STARTUP COST
$531.9K-$897.5K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
31/4

PIZZA

1
Pizza Hut
Pizza, pasta, wings
STARTUP COST
$367K-$2.1M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
16,535/53

2
Marco's Pizza
Pizza, pizza bowls, subs, wings, salads, cheese bread
STARTUP COST
$183.4K-$552.7K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
1,014/45

3
Papa Johns
Pizza
STARTUP COST
$198.1K-$743.9K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
5,050/600

4
Mountain Mike's Pizza
Pizza, wings, salad bar, appetizers
STARTUP COST
$336.3K-$611.6K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
250/0

5
Rosati's Pizza
Pizza, Italian food
STARTUP COST
$136.2K-$1.2M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
127/3

6
Donatos
Pizza, subs, salads
STARTUP COST
$386.5K-$698.9K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
114/54

7
Hungry Howie's Pizza & Subs
Pizza, subs, bread, wings, salads, desserts
STARTUP COST
$313.1K-$495.2K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
501/33

8
Blaze Pizza
Build-your-own pizza
STARTUP COST
$565.4K-$1.1M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
327/13

9
LaRosa's Pizzeria
Pizza, Italian food
STARTUP COST
$725.5K-$1.9M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
57/9

10
Straw Hat Pizza
Pizza
STARTUP COST
$145K-$1.1M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
28/0

11
Ledo Pizza
Pizza, subs, pasta
STARTUP COST
$126.3K-$442K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
106/0

12
Pizza Factory
Pizza, pasta, wings
STARTUP COST
$281K-$552K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
100/1

13
Pizzeria Uno
Pizza, wings, salads, beverages
STARTUP COST
$546.5K-$2.4M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
51/33

14
Papa Murphy's Take 'N' Bake Pizza
Take-and-bake pizza
STARTUP COST
$296.1K-$534.7K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
1,228/59

15
Romeo's Pizza
Pizza, subs, wings, salads, appetizers
STARTUP COST
$190.8K-$640.5K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
56/8

16
Westside Pizza
Pizza
STARTUP COST
$141.7K-$397.8K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
30/2

17
Fox's Pizza Den
Pizza, sandwiches, wings, salads, appetizers
STARTUP COST
$101.8K-$236.3K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
202/0

18
Figaro's Pizza
Pizza, take-and-bake pizza
STARTUP COST
$86.5K-$549K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
29/0

19
Sarpino's Pizzeria
Pizzas, calzones, wings, appetizers, salads
STARTUP COST
$306K-$499K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
44/0


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LISTINGS

TOP 200 FOOD FRANCHISES

POKE

1
Pokeworks
Poke, sushi bowls

STARTUP COST
$259K-$658.5K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
50/9

2
Poke Mahi
Poke

STARTUP COST
$142.8K-$295K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
9/0

3
Island Fin Poke Company
Poke bowls

STARTUP COST
$205K-$390K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
22/1

SALADS

1
Chop Stop
Chopped salads, rice and bean bowls, wraps

STARTUP COST
$327K-$698.5K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
19/5

2
Saladworks
Salads, sandwiches, wraps, soups

STARTUP COST
$199.7K-$549.3K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
89/17

SANDWICHES: PHILLY CHEESESTEAK

1
Charleys Philly Steaks
Philly cheesesteaks, fries, wings, lemonade

STARTUP COST
$258.5K-$739.2K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
588/55

2
Penn Station East Coast Subs
Grilled subs

STARTUP COST
$389.7K-$607K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
312/1

SANDWICHES: SUBMARINE

1
Jersey Mike's Subs
Subs and Philly cheesesteaks

STARTUP COST
$144.7K-$786.2K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
1,942/31

2
Firehouse Subs
Subs

STARTUP COST
$189.6K-$1.1M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
1,182/39

3
Port Of Subs
Subs, wraps, salads, catering

STARTUP COST
$220.6K-$407.6K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
113/16

4
Cheba Hut Toasted Subs
Toasted sandwiches, salads, sides

STARTUP COST
$585K-$950K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
45/1

5
Capriotti's Sandwich Shop
Sandwiches

STARTUP COST
$105K-$653K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
84/13

6
Tubby's Sub Shop
Subs

STARTUP COST
$137.5K-$313K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
56/0

7
Cousins Subs
Hot/cold subs, salads, soups, desserts

STARTUP COST
$292.2K-$797.5K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
51/42

Saladworks (No. 2 in Salads)

LATE LAST YEAR, Saladworks' parent company Woworks became one of the first franchise companies to partner with the Multicultural Foodservice and Hospitality Association (MFHA) on its Pathways to Black Ownership program, which has a goal of seeing 100 new Black-owned franchise restaurants opened by 2023 and 1,000 by 2025. MFHA candidates who apply for a Saladworks or other Woworks franchise, like Frutta Bowls or Garbanzo Mediterranean Fresh, can receive a significant discount on their franchise fee, along with professional development and business training.

PHOTOGRAPH COURTESY OF SALADWORKS (WOWORKS)

LISTINGS

TOP 200 FOOD FRANCHISES

8
Goodcents
Subs, pastas, meals-to-go
STARTUP COST
$324.6K-$499.1K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
63/0

9
PrimoHoagies
Subs
STARTUP COST
$215.5K-$554.5K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
88/1

10
Lennys Grill & Subs
Subs, Philly cheesesteaks, salads
STARTUP COST
$332K-$455.6K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
67/2

11
Groucho's Deli
Sandwiches, salads, sauces
STARTUP COST
$103.7K-$594.9K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
30/1

12
Erbert & Gerbert's Sandwich Shop
Sandwiches, soups, salads, catering
STARTUP COST
$193.8K-$395.3K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
72/3

Jersey Mike's Subs

(No. 1 in Sandwiches: Submarine)

FOR ITS 12th ANNUAL Month of Giving event, Jersey Mike's raised money in March for the 2022 Special Olympics USA Games and Special Olympics State Programs. Stores accepted donations throughout the month, culminating in the Day of Giving on March 30, when more than 2,150 restaurants donated 100% of their sales to the cause. This resulted in the company's biggest sales day ever, and a record-breaking $20 million raised to help local athletes attend the Games in June.

SANDWICHES: MISC.

1
Arby's
Sandwiches, fries, shakes
STARTUP COST
$628.95K-$2.3M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
2,343/1,197

2
Jimmy John's Gourmet Sandwiches
Sandwiches
STARTUP COST
$316.1K-$558.6K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
2,714/41

3
McAlister's Deli
Sandwiches, salads, baked potatoes
STARTUP COST
$875.9K-$2.1M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
480/34

4
Schlotzsky's
Sandwiches, pizza, soups, salads
STARTUP COST
$720.2K-$1.1M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
299/24

SEAFOOD

1
Captain D's
Seafood
STARTUP COST
$709.3K-$1.2M
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
246/287

2
Cousins Maine Lobster
Lobster food trucks and restaurants
STARTUP COST
$190.8K-$863.8K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
33/4

SMOOTHIES/ JUICES

1
Tropical Smoothie Cafe
Smoothies, salads, wraps, sandwiches, flatbreads
STARTUP COST
$277K-$584K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
1,086/1

2
Smoothie King
Smoothies, healthful snacks, health products
STARTUP COST
$268.9K-$858.9K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
1,289/60

3
Nekter Juice Bar
Juices, smoothies, acai bowls, non-dairy ice cream
STARTUP COST
$214K-$620.1K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
131/33

4
Jamba
Smoothies, juices, and bowls
STARTUP COST
$290.1K-$741.5K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
818/3

5
Clean Juice
Organic juices, smoothies, acai bowls, wraps
STARTUP COST
$279.5K-$523K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
97/13

6
Robeks Fresh Juices & Smoothies
Juices, smoothies, bowls
STARTUP COST
$286.7K-$395.1K
TOTAL UNITS
(FRANCHISED / CO.-OWNED)
88/1

PHOTOGRAPH COURTESY OF JERSEY MIKE'S SUBS

LISTINGS

7
Juice It Up!
Smoothies, raw juices, acai bowls

STARTUP COST
$223.4K-$423K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
80/1

8
Beyond Juicery + Eatery
Smoothies, juices, wraps, salads, soups

STARTUP COST
$371.7K-$617.4K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
34/3

9
Main Squeeze Juice Co.
Smoothies, cold-pressed juices, acai bowls, coffee drinks

STARTUP COST
$292.7K-$674.5K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
19/3

SPORTS BARS/ PUBS

1
Walk-On's Sports Bistreaux
Louisiana-themed sports grills

STARTUP COST
$1.2M-$4.4M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
59/3

2
Boston's Restaurant & Sports Bar
Restaurants and sports bars

STARTUP COST
$987.5K-$2.6M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
421/2

3
Buffalo Wild Wings
Wings, bar food, alcohol

STARTUP COST
$2.5M-$4.6M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
589/697

4
Glory Days Grill
Sports-themed restaurants

STARTUP COST
$1.7M-$2.5M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
18/21

5
Ford's Garage
Burgers and craft beer

STARTUP COST
$1.5M-$6.4M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
16/0

6
Wings Etc.
Restaurants and pubs

STARTUP COST
$319.7K-$2M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
57/20

7
Twin Peaks Restaurant
Restaurants and bars

STARTUP COST
$1.5M-$5.1M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
61/28

8
Old Chicago Pizza & Taproom
Pizza, pasta, burgers, salads, craft beer

STARTUP COST
$1.4M-$2.1M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
34/48

TEAS

1
Gong Cha
Bubble tea

STARTUP COST
$162.4K-$314.2K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
1081/445

2
HTeaO
Iced tea

STARTUP COST
$244.2K-$1.4M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
31/4

MISC. FULL-SERVICE RESTAURANTS

1
Denny's
Family restaurants

STARTUP COST
$1.4M-$2.3M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
1,562/65

2
Gyu-Kaku Japanese BBQ Restaurant
Japanese barbecue restaurants

STARTUP COST
$1.2M-$2.6M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
789/31

3
la Madeleine
French bakeries and cafes

STARTUP COST
$390.98K-$2.9M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
59/30

4
Black Bear Diner
Family restaurants

STARTUP COST
$1.1M-$2.1M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
84/59

5
Golden Corral
Family steakhouses, buffets, and bakeries

STARTUP COST
$2.7M-$7M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
357/4

6
Huddle House
Family restaurants

STARTUP COST
$560.4K-$1.4M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
256/51

7
Russo's New York Pizzeria
Pizza, pasta, soups, salads, sandwiches, desserts

STARTUP COST
$439.4K-$1.5M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
37/8

8
Boomarang Diner
'50s-and-'60s-themed restaurants

STARTUP COST
$191.3K-$1.1M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
27/26

9
East Coast Wings + Grill
Wings, burgers, craft beer

STARTUP COST
$434.3K-$982.3K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
32/2

10
Shuckin' Shack Oyster Bar
Oyster bar/seafood restaurants

STARTUP COST
$352.7K-$1.1M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
14/2

11
Perkins Restaurant & Bakery
Family-style restaurants

STARTUP COST
$1.5M-$2.5M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
203/85

12
Johnny Rockets
Burgers, shakes, fries

STARTUP COST
$597.1K-$1.2M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
295/8

MISC. QUICK-SERVICE RESTAURANTS

1
Orion Food Systems
Fast-food systems for nontraditional markets

STARTUP COST
$59.5K-$140K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
979/0

2
Bar-B-Cutie SmokeHouse
Barbecue

STARTUP COST
$663.6K-$2.1M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
10/2

3
Sweet Paris Creperie & Cafe
Crepes, waffles, salads, panini, milkshakes, coffee, alcohol

STARTUP COST
$753.6K-$990.6K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
7/4

4
Clean Eatz
Healthy food

STARTUP COST
$116K-$585K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
58/2

5
Gold Star
Chili, burgers, sandwiches, salads, fries, shakes

STARTUP COST
$498.5K-$1M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
60/10

6
Zoup! Eatery
Soups, salads, sandwiches, grain bowls, macaroni and cheese

STARTUP COST
$357.9K-$675.5K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
66/4

7
D.P. Dough
Calzones, wings, sides, salads, desserts

STARTUP COST
$128.9K-$430.6K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
35/8

8
Fresh Healthy Cafe
Smoothies, juices, wraps, sandwiches, salads

STARTUP COST
$202.5K-$409K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
21/0

9
Fazoli's
Italian food

STARTUP COST
$440K-$1.9M

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
156/56

10
Mr. Fries Man
Fries, toppings

STARTUP COST
$132.1K-$302.5K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
8/1

11
I Heart Mac & Cheese
Macaroni and cheese, grilled cheese sandwiches, tomato soup

STARTUP COST
$273.2K-$536K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
14/4

MISC. RETAIL FOOD/ BEVERAGE BUSINESSES

1
Nothing Bundt Cakes
Bundt cakes and gifts

STARTUP COST
$440.8K-$636.5K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
383/16

2
The Honey Baked Ham Co.
Retail specialty foods, catering, cafes

STARTUP COST
$396.1K-$673.2K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
209/200

3
Totally Nutz
Cinnamon-glazed almonds, pecans, and cashews

STARTUP COST
$59.9K-$216K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
53/16

4
The Spice & Tea Exchange
Spices, teas, related products

STARTUP COST
$188.7K-$389.3K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
79/1

5
Farm Stores
Drive-up bakeries/grocery stores/ cafes

STARTUP COST
$103.4K-$600.7K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
41/0

Shuckin' Shack Oyster Bar
(No. 10 in Misc. Full-Service Restaurants)

Shuckin' Shack has made sustainability integral to its brand. Ten of its restaurants are certified Ocean Friendly Establishments, with a goal for all locations to be certified this year. It serves aquaculture oysters, fish from sustainable fisheries, and certified Wild American Shrimp. It also eschews the use of single-use plastics as much as possible, asking guests to "skip the straw" or use biodegradable or reusable straws instead.

PHOTOGRAPH COURTESY OF MATT RAY PHOTOGRAPHY AND BRIAN ROWE

6
Beef Jerky Experience
Jerky, sausages, specialty foods and beverages

STARTUP COST
$194.8K-$401.9K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
89/6

7
Lean Kitchen Company
Healthy prepared meals, beverages, nutritional supplements

STARTUP COST
$102.3K-$272.8K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
23/4

8
The New York Butcher Shoppe
Full-service butcher shops, prepared meals, groceries

STARTUP COST
$385.5K-$500.5K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
8/7

9
Edible
Sculpted fruit bouquets, chocolate covered fruit, smoothies, fruit salads, baked goods

STARTUP COST
$183.6K-$409.7K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
934/10

10
Doc Popcorn
Kettle-cooked popcorn

STARTUP COST
$55.2K-$394.5K

TOTAL UNITS
(FRANCHISED / CO.-OWNED)
93/0

It's Time For Calendar Zero

Protect your time like the precious resource it is. Here's a simple way to start. **by JASON FEIFER**

Remember when "inbox zero" was everyone's goal? The idea was that, someway and somehow, it was possible to clear your thoughts by clearing your inbox.

As I write this, I have 131 unopened emails waiting for me. Inbox zero is a fantasy, and I accept that. I have come to believe that we should not define our success by (or tie our sanity to) things we cannot control ourselves. If anyone can email us—you could email me right now!—then the number of emails in our inbox at any given moment is out of our control.

So instead of shooting for inbox zero, I have shifted my goal to something that is within my grasp. It's called "Calendar Zero."

This is my term for a day without meetings. It is a day to do deep work, to think without interruptions, and then, when the time comes, to take care of your body and mind as well.

Sound impossible? I assure you, Calendar Zero does not come naturally to me either. My instinct is to pack my days with meetings, deadlines, and tasks, with one thing crashing into the next. I'm embarrassed to admit this, but I feel a kind of sick pride when I have a headache at the end of the day—as if I used my brain to its capacity. But a few months ago, a happy accident occurred: I looked at my calendar and, by pure luck, I had absolutely no appointments that day.

I stared at this open calendar with wonder, like a baby seeing the night sky.

Then I realized what it meant: I could do the kind of work that is only possible without interruptions. That big project I'd only glancingly tackled? Today it gets done. That big idea I'd had no time to explore? Now I could think it through. By 2 p.m., I'd accomplished so much that I went for a long bike ride—and felt no guilt or worry! As I was breezing down the road, it occurred to me: *I need to do this more often.*

But I couldn't just wait around for more happy accidents. This would require proactive action. I looked for the next appointment-free day on my calendar. It was weeks away. I blocked it off and wrote "NO MEETINGS DAY." As the day grew nearer, I guarded it fiercely.

Are other people doing this? I wondered. I surveyed my LinkedIn followers and learned that 63% block off a day at least once a month. Some told me they do it weekly. One guy, Third Nature founder Brian Helfman, said he blocks off a *full week* once a quarter. "It's like a staycation, but I'm more productive than any normal week," he wrote. But many others said they *try* to do it and often fail or forget.

That's why I'm telling you about this now.

Even the most hard-charging among us must admit: Greatness does not happen when it's squeezed in between meetings. And the meetings themselves sure don't produce greatness. Here, instead, are the three truths we must remember:

1. We cannot confuse productivity with a packed schedule.

2. There is no award for being the busiest.

3. If we do not claim the time we need, others will claim it from us.

Unlike inbox zero, which requires constant maintenance and oversight, Calendar Zero allows you to start small. You, like me, may not be able to imagine a meeting-free day every week, or even every two weeks. Fine; do what you can and build from there. Prove to yourself how valuable it can be. Weave it into your habits.

Start like this: Pull out your calendar right now and look for the next day that's yet to be booked. Can you block it off? If yes, do it. If not, find the next one. Do not stop until you've written those magic words in your calendar: "NO MEETINGS DAY."

That is your day. You deserve it. You will do great things with it. Don't let anyone take it from you.

PHOTO ILLUSTRATION BY SHUTTERSTOCK/PATHDOC