

Getting Noticed

By Dennis Monroe

Recently, I have been writing about emerging concepts, which seems to be the hot area for restaurant financing and acquisition. The availability of funding, the over pricing of more mature concepts and the opportunity to make significant returns, all contribute to creating a desirable situation for the owners of emerging concepts. That being said, how does an emerging concept get noticed and take advantage of this frothy market?

Below are a few thoughts about getting noticed and creating unique and different matrices that may be more impressive to a potential buyer or investor. The questions in each category point toward potential areas where you might achieve differentiation.

Relative performance

- Are you performing better than other concepts in your sector, or just at average?
- What are sales per seat?
- What are sales per square foot?
- What are unit labor costs on a per-seat, per-square-foot basis?
- How flexible is your labor model?
- How does your concept address rising food costs?
- How quickly can your concept develop new products?

Culture

- How is your culture unique?
- How is that culture able to sustain itself?
- Can you create the hype that a concept like Jimmy John's created early on?
- Can you develop a service culture that resembles those of Chik-fil-A or Hot 'n Now?

Development

- What are some of the ways you can expand your concept and expand your ability to grow?
- Do you have a good outside development team that believes in the concept and is willing to work on reduced fees?

- Have you developed ways to go into non-traditional sites?
- Have you looked at ways to co-brand?
- Do you understand the demographics and the areas of the United States where your concept might work?

Your Customer

- Have you established a social media buzz?
- Is your marketing unique, compelling and attractive to the consumer?
- Do you provide unique promotions?
- Do you factor in civic and social-minded aspects of your business?

International Expansion

- Do you have something unique that may appeal to various countries throughout the world?
- What type of strategy has been developed for international expansion?

Franchising

- What type of strategy has been developed in regards to franchising and making your concept franchisee friendly?
- Can your unit economics work with a royalty and ad fund expense?

Once you have put the story together (not just an economic story but also the story of your special cultural, consumer acceptance, and portability), the key move is to get the word out. You always want to tout that you are the next Chipotle or Starbucks, even though this may be a tall order at the start.

Make sure the hype gets translated to key movers and shakers: investment bankers, people who follow retail and restaurants (thought leaders) and people involved with industry events (e.g., conferences like the Restaurant Finance & Development Conference). Attend private equity conferences. Contact banks and commercial lenders, even though they may not be interested in participating in the early stage of your system. In summary, get influential people to follow your concept.

Some of the other key players are those who specialize in the restaurant industry, such as accountants, lawyers, consultants and real estate people. Real estate people can really pull you forward if they believe in you. For one thing, they can help with finding sites, because many of them have a portfolio of other companies which they will be able to show to landlords. Make yourself look big. Have sophisticated advisors. Have a truly meaningful board of directors or advisory board of five to seven people. Make sure these members are movers and shakers. Sometimes the potential candidates are hard to track down, but when you find them, make sure you get them involved and make it financially worthwhile.

There are a number of great concepts that have done an effective job of getting noticed. One that initially comes to mind is Cooper's Hawk, which is a restaurant winery concept

started in Chicago. Cooper's Hawk has grown significantly and early on attracted private equity. Newk's Eatery, which now has a number of units, attracted Sentinel Capital. Chop't got noticed and invested in early on by Morehead Capital, even though at the time of the investment it had units only in New York and Washington, D.C. I have recently been working with a concept called Tea Bar and Fusion Café in Chico, Calif. They are in a lesser-known area, but have now gotten noticed because of their incredible numbers and matrix. So it is clearly possible to separate yourself from the pack and get noticed.

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