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Innovative chefs
menu like **MacGyver**.

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use **Twitter** as a
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Sales contests drive
staff engagement.

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SPECIAL ISSUE: New Menu Rollouts

Innovation and teamwork drove
the success of Buffalo Wild
Wings' Wild Flatbread debut,
lead by R&D Director Sylvia
Matzke-Hill. PAGE 18



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FOOD TRENDS for Recessionary Times

Consumers are turning to comfort food but lighter beverages.



Chicago-based market research firm Mintel tracks food, flavor and dining trends. In April, it released a list of “recession proof” foods, those that are growing in sales despite—or because of—the economic downturn.

For example, bread. Mintel originally predicted bread items would grow 2.1 percent between 2008 and 2013. But the bread market

actually grew 7 percent in 2008, and Mintel now predicts higher growth for bread through 2013.

The firm also expects popular bread topper peanut butter to grow in sales by 26 percent between 2008 and 2013.

More adults are making their coffee at home. Mintel says the retail coffee market grew 6 percent in 2008, a substantial jump from the company’s original forecast of 2.4 percent.

FRESH FLAVORS AND SCENTS

Mintel identified seven flavors and three scents that will come into the limelight this year; the lists are quite similar.

FLAVOR TRENDS

1. **Persimmon:** Viewed as a unique and exotic fruit, persimmon is poised to make a major splash in food and beverage, blended with more common fruits.
2. **Starfruit:** Another unusually shaped, distinctly flavored fruit, starfruit is catching on around the globe.
3. **Lavender:** Mintel expects lavender to move beyond the home and personal care categories and into food and beverage.
4. **Cactus:** Cactus is already a popular food flavor in Latin America.
5. **Chimichurri:** Another classic from Latin America, chimichurri is a sauce for grilled meats, recognized for its clean, clear flavor.
6. **Peri-Peri:** The African hot sauce is growing in popularity.
7. **Masala:** An extension of the curry trend, the next Indian-inspired flavor will be masala.



SCENT TRENDS

1. **Spicy & Woody:** Echoing current trends in men’s fragrances, Mintel expects spicy and woody scents to grow.
2. **Savory:** Though “meaty” and “salty” aren’t words that spring to mind when thinking of fragrance, they conjure festive meals and salty snacks.
3. **Food Flavors:** Just as pomegranate moved quickly from a food and drink flavor to a fragrance, Mintel expects that tomorrow’s scents will closely follow new flavor trends.

GROWING BEVERAGES

While Mintel sees growth in comfort foods, Americans are switching from classic soft drinks to lighter beverages. The firm estimates that from 2003 to 2008, the regular carbonated soft drink market lost 15.6 million adult drinkers.

Just 68 percent of respondents to a November 2008 survey said they drank regular soda in 2008, down from 76 percent in 2003. At the same time, the number of diet soda drinkers grew: 7.8 million more adults reported drinking diet soda in 2008 than in 2003.

Mintel has also seen rapid growth in the number of people who regularly drink non-soda options like bottled water (24 million more Americans drank bottled water in 2008 than in 2003); energy drinks (to 34.5 million from 17.4 million); and sports drinks (in the past five years, 11 million started drinking them).

Thirty-four percent of respondents said they’re drinking more water and less carbonated beverages to manage weight or other health conditions; 16 percent worry about the health risks of high-fructose corn syrup; and 15 percent say they’re drinking fewer artificially sweetened beverages because of possible risks. ■

ON THE WEB: Find more food and consumer trends from Mintel at www.mintel.com.

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ISSUE THEME

New Menu Rollouts

A new menu item or promotion is a team effort. A successful rollout requires the research and development crew to work with marketing, human resources, operations and even IT. One great example is Sylvia Matzke-Hill, director of R&D at Buffalo Wild Wings, who was pivotal in the chain's Wild Flatbreads launch.



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Seasonably Cool

As seasons change, so do menus. When it comes to beverages, the emphasis this spring and summer is light, fresh and fruity. **By David Farkas**

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Menu Like MacGyver

Call it adaptive use or inventive tinkering, chefs at chains like Cusi, Gordon Biersch and Culver's get creative with what they've got to make new menus.

By Monica Rogers



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Making the Most of What You've Got

Buffalo Wild Wings made use of underused convection ovens and already-stocked chicken and sauces for a wildly successful menu launch.

By Monica Rogers

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Data from distributors helps International Dairy Queen track promotions in real time and keep restaurants amply supplied. Plus: A tiny social-networking site proves a powerful tool. **By Lisa Bertagnoli**

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Captain D's built on the reaction to one ad campaign to create another, all aiming to generate interest in its revamped menu.

By Margaret Littman



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By Margaret Littman

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By David Farkas



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NEW: EMERGING CHAINS

The home for emerging restaurant chains looking for growth strategies and tactics, and for those looking to learn from some innovative up-and-comers.



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Director of R&D and Corporate Chef Scott Kinsey discusses the trendy dishes on a limited-time menu rolled out at Hooters of America restaurants this spring.

BLOG BYTES

- Lane Cardwell's mention of Share Our Strength has started a running list of chains sharing success stories of working with the organization.
- Meanwhile, David Farkas is facilitating a heated discussion on why restaurant chains should or shouldn't significantly reduce their prices.



OPERATOR POLL

Does your company's formal mission statement include diversity and inclusion? Eighty percent of chainleader.com visitors say yes. Next question: What makes a successful menu launch? Answer online.

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Caution: Falling Prices

I'm writing this on tax day, trying to decide which of the many restaurant-chain discounts and deals to take advantage of for dinner. And then dessert. The marketing term of the hour seems to be "tax break," followed closely by "stimulus package."

There's a discussion going on right now on Dave's Dispatch, the blog on chainleader.com by Senior Editor David Farkas, about whether restaurants should give away food for free or at very low prices.

Think about what you might be giving away—brand equity, customer perception, pricing strategy—along with that free food.

On one side are those who think that discounting too much debases the brand, that if a company gives customers its product for little or nothing, pretty soon the customers are going to think that's what the product is worth.

The other side thinks that concern is quaint, that consumers are driving business now and companies that give them things will earn a goodwill halo that will outlast the recession.

VALUE VS. DISCOUNTING

I am squarely on the side of using extreme caution and considering long-term strategy when

discounting. However, I do think there is opportunity for almost any restaurant chain to ensure it's offering value to its customers.

What's the difference? Menu developers and marketers at chains of all stripes have been innovating ways to provide value to customers within their brand's core objectives. There are some brands whose goal is to be the low-price leader. In that case, rock on.

Dairy Queen has attributed its first-quarter 5 percent same-store-sales increase to its Sweet Deals value menu, which lets

customers mix and match nine menu items, choosing two items for \$3, three for \$4 or four for \$5.

Several chains

have driven sales of new menu items by giving the first away free. Consumers get that and appreciate the sneak preview.

FOCUS ON THE BRAND

But if your brand centers on quality or experience, you have to weigh price against those assets. Customers might like a smaller steak for a lower price, but would look askance if your signature \$60 steak is now going for \$35. The Daily Grill offers a three-course or two-course-plus-wine meal that allows guests the same experience and just a little less food.

If you read this column regularly, you know that one of my favorite themes is to do what's right for your brand. Discount meals, give away free food, have servers wear funny hats—but only if it fits within your long-term brand strategy. As we ride out this storm, that brand is your greatest asset. ■

BIG ideas

"All good things are cheap: all bad are very dear."

—Henry David Thoreau

"Where quality is the thing sought after, the thing of supreme quality is cheap, whatever the price one has to pay for it."

—William James

"All things are cheap to the saving, dear to the wasteful."

—Benjamin Franklin

"Price is what you pay. Value is what you get."

—Warren Buffett

"A thing is worth what it can do for you, not what you choose to pay for it."

—John Ruskin

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Forward MARCH

Regional casual-dining chain The Greene Turtle is not letting the recession break its stride.

Each Greene Turtle is decorated with mugs from its Mug Club, which customers can join and receive discounts on beverages served out of their own mug.



What makes The Green Turtle think it's a good time to begin its fairly aggressive plan, aiming to have 150 units open or in the pipeline within five years?

For starters, says President and CEO Michael Sanford, the 22-unit concept lends itself to the times. "We're that comfortable friendly neighborhood place," he says. "That kind of place where if you don't know where to go, you meet there, and then you don't leave."

Evidence: Same-store sales at The Greene Turtle's nine company-owned stores are up 2.5 percent in the first quarter.

But a successful growth chain requires more than a timely concept. Sanford says the company targeted 2009 to ramp up growth and has been working for the last few years to build a brand guide, policies and procedures, and infrastructure.

For example, the concept rolled out a new menu. But first, "we went to our manufacturers and said we needed certain things on consistency and pricing." The Greene Turtle eliminated slow-moving items and those with low margins. The menu is smaller but also holds new dishes, mostly reformulations of previous items with different sides or toppings. "It's a good value to customers, but gives franchisees good margins," Sanford adds. With beverages, the average check is about \$20.

GEARED UP

In July 2007, Columbia, Md.-based private-equity firm JPB Capital Partners acquired 51 percent of the company. Since then, the concept has doubled the number of stores. The Greene Turtle will open six or seven this year, and plans at least one a month starting in 2010. "Our five-year plan has us at 75 to 80 open, and 80 to 100 more under development," Sanford says.

New markets for 2009 and 2010 include northern and central Virginia, and Pennsylvania, and the chain is targeting markets along the East Coast. The Greene Turtle plans to open one company store for every seven to 10 franchised locations. It's looking for franchisees willing to open three to seven stores.

The Greene Turtle does not help franchisees find financing, but it does help with real-estate selection and looks for sites where developers are willing to deal. The concept does not have a prototype footprint, and is flexible about the size and shape of locations. Ideally, it looks for endcaps in strip centers that are 6,000 to 8,000 square feet, and Sanford says those sites are easier to find lately. ■

SNAPSHOT

Concept The Greene Turtle Sports Bar & Grille

Headquarters Edgewater, Md.

Units 22

2008 Systemwide Sales \$45 million*

Average Unit Volume \$2.5 million

Average Check \$20 with drinks

Expansion Plans 6 or 7 in 2009

*Chain Leader estimate

WORKING THE MARGINS

The casual-dining restaurants are part sports bar, with a prominent bar area, televisions on every table and large state-of-the-art screens on the walls. A majority of business is done from happy hour through dinner and into the evening. About 40 percent of sales are alcoholic beverages, which have higher margins than food items.

Sanford says the concept's target customer is between 25 and 40 years old, "the first-time home buyer, people just starting families." He adds that the restaurants cater to families, with small games for the kids, a child-friendly menu and community efforts focusing on schools and kids' organizations.

ON THE WEB: For news and information for growing concepts, visit the Emerging Chains section of www.chainleader.com.

Tipping POINT

Menu rollouts fuel excitement, but they can also disrupt operations unless they address the situation with planning and analysis.

All chains must innovate. But the process is particularly important for small, growing ones because it helps define the concept. Four executives at emerging chains discuss how they successfully launched a new menu item without leaving kitchen efficiency and consistency hanging in the balance.

Ron Lynch, CEO, Tilted Kilt, Tempe, Ariz.

We've expanded our burger section to a whole page on the menu. We also added a 10-ounce burger. We wanted to make the statement: "If you want a great burger, you have to go to the Tilted Kilt."

We went to a fresh burger, increased its quality and gave customers more. But we actually reduced food cost by almost doubling our burger sales.

We did analysis before expanding the menu and determined we had enough staff already at lunch. We found we had labor that could do more prep work. So we could add more items and not have it cost us more in labor.

Lowell Petrie, vice president of marketing, Daphne's Greek Cafe, San Diego

We had a couple of challenges [adding the Pita Burger]. One was ticket time. We like to get food out in 5 minutes. Initially, during our testing process, the burgers were taking 9 minutes to cook. We figured out a few keys things to speed things up. When a burger is ordered, the cashier has to tell the kitchen to drop a burger immediately.

Also, when the burger is ready, the set-up—grilled bun, roasted red peppers, crumbled feta cheese—has to be ready. We have now gotten it down to a 6-minute ticket time.

Cooking hamburgers on the flattop was a new skill set [for cooks]. We had to teach them about timing and when to flip them.

Dan Kim, CEO and founder, Red Mango, Los Angeles

A lot of chains make the mistake of always adding items to the menu. It is not about frequency of new products but quality of innovation. Yet we do have to keep things fresh, and we've done that in innovative ways.

Last November we introduced a new flavor into the mix. We didn't simply do a strawberry or lemon flavor. Instead we teamed up with [a premium brand of pomegranate products]. The CEO and his wife were big fans of Red Mango. When we launched the product, it wasn't a generic pomegranate flavor. It was pomegranate by the market leader in the U.S., and customers knew exactly what to expect.

Bill Fuller, corporate chef, Big Burrito Restaurant Group, Pittsburgh

We got to the point where we have a pretty good-sized menu at Mad Mex. Now it is nearly impossible to find a slot for a new item.

One thing that worked last year was pepitas [or pumpkin seeds] hummus. We make it with toasted pepitas, chickpeas and garlic. Pepitas was the one ingredient we pulled in for the dish. Then we said, "Can we add pepitas to anything else?" We added pepitas to salads and moles. Now pepitas is part of our lexicon. It's a totally cool word, very Mexican and Southwesty. ■

BIG idea CEO Ron Lynch of Tilted Kilt hired three local chefs, showed them his kitchens, and asked them to develop unique menu items. The chain wound up with three new products to consider.



Like many product launches, Daphne's new Pita Burger proved challenging. Kitchens had to figure out how to trim cooking times to 6 minutes to accommodate the chain's average ticket time.

HOW TO
GROW
TO **100**
UNITS

Buying and SELLING

The J.H. Chapman Group, a Rosemont, Ill.-based investment banking firm specializing in mergers and acquisitions in the food and restaurant industries, has released its "2008 Chain Restaurant Merger & Acquisition Census," developed by Chapman principal David L. Epstein.

Epstein notes that 2008 was a tough year to close transactions, but there were 3.6 percent more in the industry than in 2007. The largest of the 116 deals announced in 2008 was Triarc's purchase of Wendy's, worth \$2.34 billion.

Equity funds represented a third of the transactions, up 12 percent from 2007. In 25 transactions, franchisees bought units from their current franchisors, and 15 franchisors acquired their own franchisees. Only two chains announced registration for initial public offerings.

SELL SIDE

The report notes that more troubled chains found buyers than in the prior year. Most sellers said the reason for the sale was that the chain no longer fit their goals or objectives. Three companies announced plans to go private, but none were completed.

REASON FOR SALE	2008	%	2007	%
Divestiture	81	69.8%	72	64.3%
Financial trouble	21	18.1	16	14.3
Expansion of concept	8	6.9	15	13.4
Take private	3	2.6	8	7.1
Debt reduction	3	2.6	1	0.9

BUY SIDE

The number of those acquiring new concepts declined in 2008, but they still comprised a third of the transactions.

REASON FOR PURCHASE	2008	%	2007	%
New concept	38	32.8%	44	39.3%
Investment	32	27.6	34	30.4
Expand franchise area	26	22.4	17	15.2
Franchisor acquiring franchisee	15	12.9	9	8.0
Acquiring shares not owned	3	2.6	6	5.4
Acquiring to convert units	2	1.7	2	1.8

Source: J.H. Chapman Group's "2008 Chain Restaurant Merger & Acquisition Census"

A recent co-brand deal between HoneyBaked Ham and Bruster's Real Ice Cream includes a design scheme that features two separate entrances but one common back of the house.



CO-BRANDING

Seasons Eatings

Most people would call it co-branding. But not Jim Squire.

"We like to couch it as co-development," says HoneyBaked Ham Co. and Café's director of franchise development of the deal that puts the specialty food retailer and Bruster's Real Ice Cream under one roof. "It's two brands operating within the same space."

ONE BUT NOT THE SAME

The recent agreement allows a franchisee to operate both businesses out of one location. The concepts will have separate signage and entrances, though they will share a back-of-the-house area. The first such units are scheduled to open this summer by HoneyBaked Ham franchisees in Shelby, N.C., and Charlottesville, Va.

Today, a HoneyBaked Ham unit averages \$618,000 a year, according to the Atlanta-based company's Franchise Disclosure Document, with most sales rung up between Thanksgiving and Easter. Ice cream stores like Bridgewater, Pa.-based

Bruster's, which operates and franchises 260 units, typically do the bulk of their business between April and September. Bruster's does not disclose annual unit volumes.

"I tell franchisees the worst thing about operating a Bruster's is the boredom from November to May," says Bruster's founder Bruce Reid.

COMBO DEAL

It's one business in theory only. Franchisees will actually be franchising two businesses, paying franchise fees and royalties to both HoneyBaked Ham and Bruster's. Both companies say they are discounting franchise fees, charging \$20,000 apiece for a first unit. Squire adds that investment costs are also lower for the 2,400-square-foot co-branded unit, which will run about \$400,000, exclusive of fees and other soft costs.

That figure compares to a total investment of \$600,000 if the concepts were opened separately, Squire calculates.

—David Farkas

GROWING STRONG

Defying the Odds

Two largely franchised chains, Buffalo Wild Wings and Papa Murphy's, are performing well amid the wreckage of the economy. While expansion at other large chains, particularly in casual dining, is in lock-down, these two very different concepts continue to grow units.

PAPA MURPHY'S

Ann Stone, vice president of marketing for Vancouver, Wash.-based Papa Murphy's Take n' Bake Pizza, says success boils down to differentiation: no delivery person banging on your door and no pizza handed to you upon pick-up.

"We're the only ones who are going to make it in front of you. If you want a little more artichoke on your pizza, we'll do that for you," she claims.

Yet customers still have to bake the pizza themselves, a sticky point that Stone is addressing in a new commercial that shows a customer pulling piping hot pizza out of an oven and walking to the table. "It explains our concept very well," she says. "It's all designed to educate."

BUFFALO WILD WINGS

Buffalo Wild Wings has set some ambitious growth targets this year. Management says it intends to grow units by 15 percent, boost revenues by 25 percent and see a 20 percent rise in net earnings.

To temper fluctuating costs—particularly of chicken wings (20 percent of total sales)—management has been rolling out new menu items.

On the development front, franchisees, who represent about 65 percent of the system, haven't been shy about opening restaurants in new markets. This year, however, Buffalo Wild Wings won't be popping up just anywhere. Instead, management wants all new stores in existing markets. —D.F.



Concept

Papa Murphy's International

Headquarters

Vancouver, Wash.

2008 Systemwide Sales

\$585 million

Units

1,148 (55 company-owned)

Average Unit Volume

\$554,800

Check Average

\$15

Average Cost to Open a Store

\$237,000

Marketing Positioning

Handmade Fresh.

Home Baked Great

Key Competitive Advantages

Convenience: pick up at your leisure, bake at your leisure; value priced; quality ingredients: dough mixed and vegetables sliced on site every morning

Target Customer

Families

Target Occasions

Families hungry for pizza, parties, special occasions

Expansion Plans

102 units in 2009

Concept

Buffalo Wild Wings

Headquarters

Minneapolis

2008 Systemwide Sales

\$422.4 million

Units

570 company and franchised

Average Unit Volume

\$2.2 million

Check Average

\$12 to \$13

Average Cost to Open a Store

\$1.5 million

Marketing Positioning

Fun, upbeat experience targeted towards sports fanatics

Key Competitive Advantages

Great wings and food in a upbeat, dynamic atmosphere fueled by sports action; national presence with a local feel

Target Customer

Sports lovers of all kinds

Target Occasions

Big sports matchups, team gatherings, social outings for family and friends

Expansion Plans

37 units in 2009

POOR GRADES for 'America's Unhealthiest Restaurants'

Eat This, Not That authors David Zincenko and Matt Goulding have released their latest list of America's Unhealthiest Restaurants. "To separate the commendable from the deplorable, we calculated the total number of calories per entree," they write. "This

gave us a snapshot of how each restaurant compared in average serving size—a key



indicator of unhealthy portion distortion. Then we rewarded establishments with fruit and vegetable side-dish choices, as well as offering whole-wheat bread. Finally, we penalized places for excessive amounts of trans fats and menus that tempt you with fat-laden desserts."

D+ Baskin-Robbins

D+ Carl's Jr.

D+ Denny's

D+ Dairy Queen

D+ Ruby Tuesday

D Chili's

D Uno Chicago Grill

D Chevys

D- On the Border

D- Romano's Macaroni Grill

D- Baja Fresh

F Applebee's, IHOP,

Outback, T.G.I. Friday's

(The authors gave these

chains failing grades

because they do not offer nutrition information.)

ON THE MONEY

How Do You Spell **RELIEF?** Quid Pro Quo



In February Granite City Food & Brewery's landlords agreed to trim rent at the chain's 26 locations by a whopping \$4 million over the next two years. As a result, the Minneapolis-based casual-dining company will likely be cash-flow positive for the first time. Founder and CEO Steve Wagenheim explains what he did to reach this crucial milestone.

It seems that everyone is looking to trim rent.

This was truly a different kind of exercise than what most people are going through. The conversations others are having [with landlords] today concern the tough economic times: "My business

is severely down. If you don't help us, we might not be in business."

And you're telling your landlords...

That we can be cash-flow positive in '09. We have taken a lot of reduction out of the financial statement, excess out of G&A, and we're learning to do more with less. We're saying, "Can you help us get to positive cash flow? It would show that at the toughest of times we could hit an important company milestone."

What was your situation?

Ours was more of a balance-sheet problem that

IN THE WORKS: Wagenheim predicts restaurant operators will see "extraordinary deals" made with strong tenant allowances.



Whole muscle, portion cost control.

we just can't fully correct right now because of credit markets. No one is lending. What we decided to do was to internally finance a correction on the balance sheet by going to landlords.

What was the math?

[CFO] Jim Gilbertson and I ran scenarios of different sales levels for 2009. If [sales] are down x-percent, we will need this kind of coverage. We went from \$103 million down to \$90 million, which we felt was our floor. It looked like we would have \$2.5 million in negative cash flow. That turned out to be a 33 percent rent reduction we would ask for this year and 17.5 to 20 percent reduction next year.

For 2009 and 2010 only?

Then we go back to the original [terms]. This isn't deferred rent to be tacked on the back end.

What were you offering in return?

For helping us, we gave warrants. This was more of a partnership, and that's why we got almost 100 percent participation.

Your largest landlord received a warrant to buy a million shares at 27 cents per share. What gave him faith you'd recover?

We have a long-term relationship. He has always believed in management. We are no different than anyone else. Our stock was at \$7.18 months ago. But as you know, restaurants are the first into a recession and the first ones out.

How many landlords were involved?

The situation was made a little easier because one landlord owns a significant number of stores, 15 in all. We were able to create the model for the deal with our largest landlord. Once done, we sat down with [other landlords] and talked about the economy and creating this important milestone.

Did any landlord say, "Steve, it's not all about you?"

Some guys did. But we also said we plan to be around. Banks are not lending, and we have to internally finance. They understood they had to be part of this solution. —D.F.

"I think these conversations with landlords were extraordinary because no one hung up. It's a sign of the times."

—Steve Wagenheim,
CEO, Granite City
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UPFRONT

HUMAN RESOURCES

PAYING LESS to

Slow, flat and even negative company growth means fewer employees on payroll receiving lower pay.

People Report, a Dallas-based human-resources benchmarking firm, surveyed

chain restaurant companies to learn how the downturn is affecting their people practices. Of the 111 respondents, each from a different chain, 88 percent have reduced or expect to reduce their num-



Dressed for Dinner



Contestants in the 2009 Miss USA Pageant made a stop at the Las Vegas Buca di Beppo for a family-style menu of mozzarella caprese salad, apple gorgonzola salad, prosciutto stuffed mushrooms, lemon chicken, salmon with pesto, spaghetti marinara, broccoli with greens beans, tiramisu and gelato cones. Some of the beauty queens, including Miss USA 2008 Crystle Stewart, donned toques and worked in the kitchen with Corporate Chef Michael Miyahara.

ON THE WEB: Research marketing topics at www.chainleader.com.

Fewer Workers

ber of units or new openings, staffing levels, or salary raises and bonuses.

BY THE NUMBERS:

- 41 percent of companies have closed or are planning to close units by the end of the year.
- 77 percent of respondents say they have reduced the number of planned unit openings for 2009.
- Upscale-casual and fine-dining chains are slowing growth the most: 80 percent are closing units, eliminating new unit openings or reducing the number of planned openings.
- The same segment is expecting the greatest reduction in staffing levels: 80 percent are reducing their staffing levels, either by reducing the number of managers or hourly

employees per restaurant or by reducing their number of hours. That figure is 69 percent for all segments.

- 51 percent of respondents say they are reducing or planning to reduce the number of managers per unit, and 34 percent are reducing the number of hourly employees.
- 42 percent have reduced or plan to reduce the hours worked by unit employees.
- 43 percent of chains are freezing unit-level base salaries or eliminating bonus payouts.
- At the same time, 54 percent of respondents are cutting corporate-staffing levels; 46 percent have a hiring freeze for corporate positions; 54 percent have frozen base salaries; and 29 percent eliminated bonuses for corporate employees. —*M.B.C.*

VIDEO

TALKBACK

PODCAST

Going Green: Fast and Easy Steps

Many restaurant chains are hesitant to take steps toward eco-friendly operations. They fear devoting time, money and other resources to something that may or may not help their business. Even if they buy into the need to protect the environment, they may flinch at upfront investments, especially in a down economy.

George McKerrow Jr. has heard it all before. But the president and CEO of Ted's Montana Grill—and an active leader in the green restaurant movement—has the experience to know that some efforts require little investment and others can actually save money. The most important thing, he says, is just getting started. McKerrow quickly and enthusiastically outlines first—and even money-saving—steps toward going green on

www.chainleader.com.

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Seasonably COOL

As the temperature climbs, **BEVERAGES GO LIGHT AND COOL** at restaurant chains of all stripes.



As seasons change, so do menus. When it comes to beverages, the emphasis this spring and summer is light, fresh and fruity. We grilled five restaurant companies about their warm weather offerings.

WATERMELON MARGARITA

Concept: LongHorn Steakhouse

Headquarters: Orlando, Fla.

Units: 320

Ingredients: blue agave tequila, watermelon-flavored vodka, watermelon syrup, sweet-and-sour mix and sugar on the rim

Size: 7 ounces

Price tag: \$7.99

Seasonal rationale:

LongHorn introduced this popular drink, its first flavored margarita, three years ago as a spring-summer promotional beverage, shaken and served tableside. Two years ago it was added to the core beverage menu. Today, it's promoted in spring as a fun, refreshing drink.



HEAVENLY FOAM MINT-STRAWBERRY MARGARITA

Concept: Morton's, The Steakhouse

Headquarters: Chicago

Units: 84

Ingredients: tequila, orange-flavored liqueur, agave nectar, fresh lime juice, mint sprigs and

fresh strawberries with a foam of raspberry puree, egg whites and lemon juice

Size: 14 ounces

Price tag: \$14

Seasonal rationale: Summery drink with fresh fruit



ICEBERG

Concept: Carvel
Headquarters: Atlanta
Units: 2,200
Ingredients: signature vanilla ice cream with orange soda, root beer or cola
Size: 12, 16 or 24 ounces
Price tag: \$2.79, \$4.79, \$5.79

Seasonal rationale: Increased popularity of frozen beverages and growing desire for more portable items rather than ice-cream treats, says Stan Dorsey, vice president of R&D for parent company Focus Brands.



DESSERT CHAMPAGNE COCKTAIL

Concept: Social City Dinner Club
Headquarters: Metairie, La.
Units: 1
Ingredients: champagne, coconut, and peach or raspberry sorbet
Size: 7.5 ounces
Price tag: \$11.99
Seasonal rationale: "It's light, cool and refreshing," says Bob Meyer, lounge division president for parent company Copeland Enterprises.



MUG-A-RITA

Concept: Quaker Steak & Lube
Headquarters: Sharon, Pa.
Units: 31
Ingredients: tequila, salt, lime juice, tequila mix, and black-raspberry- or honeydew-flavored liqueur
Size: 22 ounces
Price tag: \$7.99

Seasonal rationale: "The Mug-a-Rita is part of our summer Chillin' and Grillin' promotion," explains Katy Malaniak, senior director of culinary. "It will be promoted in an insert on the back of the menu."

BLACK CHERRY COOLER

Concept: Culver's ButterBurgers & Frozen Custard
Headquarters: Prairie du Sac, Wis.
Units: 370
Ingredients: concentrated natural flavors, fruit puree and frozen Lemon Ice
Size: 12 ounces
Price tag: \$2.19

Seasonal rationale: "We built on the heritage founder Craig Culver created with Lemon Ice. We took that piece and evolved it into the Cooler lineup; last year was bringing in Mango and Pomegranate Coolers, and this year, the great taste of black cherry," says Director of Research and Development and Executive Chef Jim Doak.

menu like MacGYVER

ADAPTIVE USE OR INVENTIVE TINKERING, chefs get creative with what they've already got in the kitchen to make new menus.

With few chains adding new equipment in these tough economic times, corporate chefs are on innovation overdrive, using what they've got to create new dishes.

Ovens are a big part of the story. The high heat of a hearth oven is great for baking bread, but it takes some noodling to figure out how to make it turn out a satisfactory quiche. David Utley should know. The corporate executive chef and culinary

ON THE COVER: Make the Most of What You've Got

Challenged with limited storage space and the need to keep costs down, Sylvia Matzke-Hill, director of research and development for Minneapolis-based Buffalo Wild Wings, says menu development at the 581-unit chain always begins with cross-utilization questions: "What's available in the back? How can we use what we've got? What applications or line extensions might an ingredient offer us if we do bring a new item in?"

Producing under such pressures can yield

Cosi found a way to bake quiche in a hearth oven using prepared croissants, lower oven flame and oversized muffin pans.

Barbecue without the smoker: Gordon Biersch's beer-soaked BBQ Pork Sliders.

Putting underutilized convection ovens into use, Buffalo Wild Wings Director of Research and Development Sylvia Matzke-Hill launched a new line of Wild Flatbreads. The Margherita—marinara and honey barbecue sauce with chicken and cheese—is the newest.





director behind Deerfield, Ill.-based Cusi's January breakfast menu expansion, Utley spent a year of trial and error before his eureka moment.

"I tried adapting the Cusi square-bagel dough, but it came out too tough. I tried pastry and pie crusts, but couldn't adjust the heat enough to keep from burning those," Utley recalls.

Finally, watching somebody slice a fully baked croissant horizontally, Utley had an idea: "I took half of that croissant and stuffed it in an oversized muffin tin. It fit exactly."

Cooks now pour quiche batter over the croissant and bake it bread-pudding-style over a lower flame during off-peak hours. Available in two vari-

diamonds. Buffalo Wild Wings' new Wild Flatbreads, for example, required only one new ingredient, a cracker crust, and put the chain's underutilized convection ovens to use. They'd been standing idle since the units stopped baking sandwich breads last summer.

TAKING INVENTORY

Combining the crust with the concept's 14 signature sauces, an existing chicken SKU (grilled, diced chicken used for salads and wraps) and already-inventoried cheeses and herbs, the opportunities for flatbread varieties are endless, Matzke-Hill says.

Starting last July, she and Buffalo Wild Wings' menu development team put together 20 potential flatbread builds. After evaluating and screening for viability, the team culled the list down to 10 options. These went to consumer research and taste panels, which picked the top three: Parmesan Garlic, Buffalo Chicken and Honey Barbecue.

Marketed as a limited-time offer October through December, the first three Wild Flatbreads, priced at \$6.99 to \$8.49 depending on the market, sold well enough to prompt their move to the core menu in January. Since then, they have been outpacing sales of the chain's best-selling appetizer, mozzarella sticks, \$4.29 to \$6.29 depending on market.

Of the first flavors, Parmesan Garlic is the surprise favorite. "As a wing sauce, Parmesan Garlic is not a top pick and is somewhat polarizing," Matzke-Hill explains. "But on the flatbread, guests love it."

FLAT-OUT SUCCESS

Guests are ordering the 10-inch, eight-slice flatbreads as an appetizer and as an entree; sales are split and growing in both categories.

Riding out that success, Buffalo Wild Wings will launch two more flatbread varieties tied to promotions. The Mar-

gherita, topped with a blend of marinara and honey barbecue sauces, grilled diced chicken and mozzarella cheese, will be promoted as a complement to the chain's annual Margarita Mayhem beverage promotion running from April 27 until June. The Chicken Taco Flatbread, with queso sauce, chili, chicken, cheese, lettuce and pico de gallo, debuts June 1 as one of three new menu items developed to help promote Buffalo Wild Wings' late-night business.

Matzke-Hill explains that although the chain has always been open until 1 or 2 a.m., it didn't promote late-night business until the June 2008 Night Hunger marketing campaign. For that, Buffalo Wild Wings simply highlighted shareable items from its existing menu and saw after-9 p.m. sales increase 4 percent. The chain hopes the Chicken Taco Flatbread, along with Chicken Queso Dip and BBQ Nachos with hickory-smoked pulled pork, will raise late-night sales even more.

NEW PRODUCT PIPELINE



eties, Hearth-Baked Quiche Lorraine and Hearth-Baked Garden Vegetable Quiche, the product is one of the top-selling new breakfast options at the 152-unit chain.

MAKING IT WORK

At Minneapolis-based Buffalo Wild Wings, which recently rolled a line of Wild Flatbreads to its 581 units, a hearth oven would have been a blessing, says Sylvia Matzke-Hill, director of research and development. She had to figure out how to use the chain's underutilized convection ovens instead.

Matzke-Hill adapted cracker crusts as the base for the flatbreads, which are topped with chicken, sauce and cheese and baked on site. The three varieties of the 10-inch, eight-slice flatbreads are Buffalo Chicken, Parmesan Garlic Chicken and Honey BBQ Chicken.

Tested as a limited-time offer last fall, the flatbreads did so well Buffalo Wild Wings moved them to the core menu in January. Matzke-Hill is now using the ovens to bake more flatbread flavors, a new specialty sandwich line and desserts.

Ovens are also the pivot point for innovation at Bonfire Restaurants Co., a regional, Minneapolis-based chain of nine casual-dining Axel's and Axel's Bonfire restaurants. Maximizing use of wood-burning pizza ovens has put more of the food preparation in view of the guests and allowed the company to reduce labor in the back kitchens.

Using underutilized equipment creatively, chefs ease the load for busier stations.

"For about eight years, we only used the wood-burning pizza oven for pizzas," says Mo Moore, director of culinary and purchasing for the chain. But six months ago, with business falling off,

Moore started using the grill for a lot of other dishes. "It just made sense to build on the equity we have with that smoky, grilled flavor," he says.

Today, Axel's finishes steaks, wood-roasts vegetables and grills pineapple for a signature dessert in the oven.

WORTH THEIR WEIGHT

In the back of the house, some operators say gas-fired pizza ovens are too big and expensive to include on a cooking line. For non-pizza restaurants, adaptive use of the ovens to prepare more than pizza makes sense.


"We use one deck of our pizza oven for pizza and the other to do all sorts of other things," says Bill Heckler, corporate executive chef for 38-unit Gordon Biersch Brewery Restaurant Group, which is based in Chattanooga, Tenn. Finishing steaks is one use. Steaming mussels in beer, another: "The intense heat lets them cook quickly and chars the shells a little," Heckler says.

Heckler also uses the pizza oven for Cedar Plank Salmon, a \$20.95 entree he launched last June that is now Gordon Biersch's top-selling seafood item. Normally, cedar-plank salmon would be prepared slowly over a grill. To speed preparation and get the same smoky results, Heckler heats the wood on the grill, sears the salmon on both sides in a saute pan, puts the fish on the grilled plank, covers it with a honey-pecan crust and finishes it in

Emulating Korean-style twice-cooked meats, Culver's summertime ribs are smoked and roasted by its supplier and flash-fried to order in the units.

Without the equipment to make potato skins, Hooters created a similar flavor sensation: Lots-a-Tots, a tower of cheese-sauce-slathered tater tots topped with bacon, green onion and sour cream.





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NEW PRODUCT PIPELINE

Same Ingredients, New Dishes

Smart chefs have always worked to get the most out of already-inventoried ingredients. New items that celebrate creative thinking in the larder include the following:

BURGERED: Arby's created its Roastburgers line of sandwiches by topping roast beef with typical burger condiments. "Roastburgers let us compete with burger QSRs without adding any equipment or new ingredients," says Brian Kolodziej, vice president of product development and integration for the Atlanta-based chain. Bacon Cheddar, All American and Bacon Blue Cheese, each priced at \$3.59, launched in March.

USING YUZU: Kona Grill uses yuzu, a tart citrus fruit, as the main ingredient in its ponzu sauce. Putting excess yuzu to work, Kona uses it instead of lemon juice in the new Caesar salad debuting this month.

SMART SAUCING: Combining its 14 wing sauces with other on-hand ingredients gives Buffalo Wild Wings new flavors to play with. Its Margherita Flatbread launched this month combines marinara with honey barbecue sauce, cheese and chicken.

CREAM-CHEESY MALTS: To make its now-in-test malts without bringing in ice cream, Cosi created a malt mix with nonfat half-and-half, sweetened condensed milk, ice, malted milk powder and something they have a lot of: low-fat cream cheese.



Arby's Roastburgers top roast beef with typical burger condiments.

Dave's recently launched shareable appetizers that are prepared outside that box.

At Atlanta-based Hooters, guests often ask for stuffed potato skins, which seem a natural for the concept, says Scott Kinsey, director of R&D and corporate executive chef. But the chain's kitchens

only have a fryer, flattop grill and steam-

er. To deliver potato gooeyness with the equipment on hand, Kinsey created Lots-a-Tots, \$4.99, a tower of fried potato tots topped with cheese sauce, bacon bits, green onion and sour cream. Featured from September to December 2008, Lots-a-Tots was Hooters' best-selling LTO ever. It moved to core menus at the 450-unit chain in February.

Minneapolis-based Famous Dave's is introducing an expanded line of dishes that capitalize on its hickory-wood-fueled smoker. Its Not'cho Ordinary Nachos (\$4.99 for nachos for two; \$7.99 for Nachos Grande), tortilla chips topped with either Texas beef brisket or Georgia chopped pork, cheddar cheese, Wilbur beans, chili, lettuce, tomato, jalapeños and seasoned sour cream, launches this month. Choosing a finer shred of cheese, "means we got the cheese to melt without adding a salamander," says Aric Nissan, vice president of marketing and research and development for the 174-unit chain.

NO SMOKING

Other chains have figured out how to do barbecue without a smoker. Gordon Biersch braises spice-rubbed pork butt in beer overnight in a 200-degree gas oven. The shredded pork is sauteed to order for the chain's \$8.95 BBQ Pork Sliders or BBQ Pork Sandwich.

Taking a page from Korean recipe books, Jim Doak, director of research and development at Prairie du Sac, Wis.-based Culver's, created twice-cooked ribs. Culver's purchases ribs that have already been dry-rub-seasoned, smoked and slow-roasted by its supplier. These are then flash-fried to order in the units.

"We have great competency with the fryer," says Doak. "This capitalizes on that." A recurring summer offering, Culver's BBQ Ribs, \$9.99 for a full slab, is one of the 396-unit chain's top-three performing seasonal items. ■

the pizza oven. "The preparation takes 7 to 8 minutes instead of 20 to 30," he says.

Zach Bredemann, corporate executive chef of 21-unit Kona Grill, uses the pizza oven to fast-bake 7-ounce crocks of macaroni and cheese, a new side dish and kids menu item launching this month at the Scottsdale, Ariz.-based chain. During rush times Bredemann says the pizza station is less active, freeing up space to prepare the mac and cheese and lessening the load in other parts of the kitchen.

Not'cho Ordinary Nachos from Famous Dave's layer barbecued brisket or chopped pork and traditional nachos ingredients over tortilla chips.

CREATIVE MELTING

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tracking DEVICE

Data from distributors helps International Dairy Queen **TRACK PROMOTIONS** and keep restaurants amply supplied.

International Dairy Queen runs 20 national promotions a year, 12 of which are created around its Blizzard specialty treat.

At first, juggling that many promotions proved challenging for the Minneapolis-based chain of 5,000 quick-service burger restaurants. "We had huge issues with obsolescence and overruns when we first started running national advertising," says Mike Ochs, vice president of supply chain services at Unified Supply Chain Incorporated, the IDQ subsidiary responsible for distributing product to the Dairy Queen system.

Those aren't problems these days. IDQ now uses the services of a California-based inventory-management company to keep track of what product is going to IDQ's distribution warehouses in more or less real time. That current information helps the chain track how well promotions are doing. It also helps IDQ keep stores amply supplied with product in the case of successful promotions and cut back

deliveries when promotions underperform.

One example is Dairy Queen's current Sweet Deals promotion, which offers two-for-\$3, three-for-\$4 and four-for-\$5 bundles from a selection of nine menu items. The promotion, launched

Tracking distributor information enabled IDQ to ship product for its Thin Mint Blizzard promotion to the Pacific Northwest, where the promotion was doing well, from the Southeast, where the promotion was underperforming.

Thanks to its inventory-tracking system, IDQ had no out-of-stocks for its Sweet Deals promotion, which ran this spring.



Roti Mixes High, Low Tech to Track Promotions

Roti, a Chicago-based chain of three fast-casual Mediterranean restaurants, mixes high and low technology to track its traditional store-opening promotion: "The first one's on us."

In the weeks before opening, the chain offers a free meal to the first 1,000 customers who join its e-mail list, explains Bill Post, Roti founder and president, and former president and CEO at Chicago-based Levy Restaurants Inc. The list always goes over 1,000, though; when Roti opened in Vernon Hills, Ill, this spring, it extended the promotion to 2,400 people.

While the e-mail sign-up is very Web 2.0, the method of tracking the redemption rate is a bit twentieth-century. Customers supply a variety of information, including their home address, when joining Roti's e-mail

list. The free meal offer is sent in the form of an old-fashioned letter, signed by Post himself and mailed to patrons' houses.

In addition to introducing the concept and pertinent information about the restaurant, the letter serves as a gift certificate. Patrons present the letter when they want their free meal; Roti keeps track of redemption by counting the letters.

Post says the promotion will continue as the chain opens more units. "It creates a lot of good will and word of mouth," he says.

Plus, the letter is a "personal touch" that's crucial when introducing a new concept. "They're getting a letter in the mail from the

founder and one of the owners," he says. "That gets the message across."

Roti is creating a presence on Facebook and Twitter, tools Post says will prove crucial as the chain's newest store, opened in March in Vernon Hills, Ill., is near Adlai E. Steven-

son High School, one the nation's largest. Roti is developing a swipe card for its frequency promotion, now carried out on paper punch cards. The swipe cards will identify members of a certain group, say students or teachers at Stevenson, who are eligible for a discount.



earlier this year, is performing 5 percent better than expected. "But we have not had one out-of-stocks yet," Ochs says.

"People are looking at promotions as a quick fix," says Carolyn Littlefield, senior marketing manager for iTradeNetwork, IDQ's inventory-management firm. "But it's something that takes a lot of planning." Poorly planned promotions "can lead to huge overstocks, or if you run out, you run the risk of alienating the client you're trying to court," she says.

ONE-STOP SHOPPING

The California company collects data from each of IDQ's 27 distributors and translates it into a common format (necessary because each distributor files information in a different way). That information is uploaded onto a Web-based application accessible to Ochs and about

An e-mail sign up lets Chicago-based Roti build a database; a mailed letter from management serves as a more personal introduction to the concept.

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TECHNOLOGY

Dairy Queen's inventory-management system helps the chain identify and meet regional demand for promotion-related supplies.

a dozen other employees. The report details inventory, sales and purchase orders for each distributor.

The program also tracks regional sales, another big help to IDQ. For instance, last year's Thin Mint Blizzard promotion, one of Dairy Queen's most successful, performed far better in the Pacific Northwest than it did in the Southeast. The inventory-management program helped IDQ recognize that sales trend in time for Ochs to move supplies to the Northwest from the Southeast, thus alleviating inventory obsolescence in one region and shortages in another.

CURRENT NEWS

Ochs stresses the importance of the up-to-date figures. "Before we had this, you'd miss a week," Ochs says. Timely information comes in handy right after a promotion launches, when sales spike and restaurants are more likely to run short of promotion-related supplies. "What used to take us weeks now takes hours," Ochs notes.

The data helps "on both ends of a promotion," he says. "If it's doing way better than expected, we can get product moving to stores faster." If the promotion flops, IDQ can cut back delivery of promotion-related supplies to stores, thus preventing cases upon cases of obsolescent inventory.

That feature is important with its monthly Blizzard promotions: "You have to offer new promotions to keep the brand current and viable, but you have to reduce risk of inventory exposure," Ochs says.

IDQ's distribution arm signed a long-term contract with iTradeNetwork, which also provides quality-management and spend-management services to the chain.

As for the return on investment, "it definitely pays for itself in what we save in obsolete inventory and accuracy of data," Ochs says.

In May, the company will launch a next-generation system that includes a time-saving feature that calculates how long before warehouses run out of a certain item, then runs triage on items in danger of running short. Ochs previously made those calculations himself.

The system's time-saving advantage is nearly as valuable as the data, Ochs adds. "We couldn't possibly manage 20 promotions without [the system], unless we hired a lot more staff," he says. ■

Uno's Virtual Gift Cards Capture More Info

Patrons who want to buy a friend an Uno Chicago Grill gift card now have two choices: Buy a plastic gift card at a restaurant; or go online, buy a virtual card, and e-mail it to the recipient.

Boston-based Uno began offering virtual gift cards last December as a convenience to guests, says Rick Hendrie, senior vice president of marketing for the 200-unit chain. Uno advertised the virtual cards via an e-mail blast to customers.

To create the cards, givers visit the chain's Web site, click on "gift cards," and choose the e-mail option. Once there, they can select one of nine backgrounds and a denomination of \$25 or \$50. They then provide the recipient's name and e-mail address and proceed to a pay page, where they give their own name, e-mail address and payment info. Givers are sent a confirmation e-mail when the recipient opens the card.

The virtual card captures data on both giver and recipient. That data will enable Uno to "segment messages to appropriate audiences," Hendrie says, though he will not elaborate.

Eighty-five percent of virtual cards are used within three months, and users spend 60 percent more than the card's face value, says David Stone, CEO of the South Portland, Maine-based firm that supplies the gift-card technology (it is available as a Web-based or POS application).

Stone notes that the cards are not glitch-free; just under 1 percent bounce back as spam. "But the numbers are falling every day," he says.



Uno Chicago Grill now offers patrons virtual gift cards, which givers load online and then e-mail to recipients. The cards capture information from both giver and recipient.



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all a-twitter

A tiny **SOCIAL-NETWORKING TOOL** proves a powerful—and free—way for restaurants to reach avid fans.

Los Angeles-based Tender Greens uses its Twitter page to advertise specials; it also kept San Diego followers up to date on its restaurant opening in that city.

It's small—8.9 million users compared to Facebook's 200 million. But Twitter has become the social-networking tool of choice for many restaurant chains wishing to court a young, hip clientele.

Twitter enables users to write 140-character microblogs as many times a day as they please, which in turns enables their friends to keep

constant track of them. Like Facebook, the site is free. Unlike Facebook, Twitter users can connect with, or follow, whomever they want; no permission is necessary. Generally speaking, new users choose to follow current users in hopes that the favor will be returned.

BROADCASTING SPECIALS

Erik Oberholtzer, chef and co-owner of Tender Greens, a three-unit, fast-casual, health-skewed chain based in Los Angeles, began "tweeting"





Right now Twitter is a corporate venture for Tender Greens. As the chain expands, each store will have its own Twitter voice, says Erik Oberholtzer, chef and co-owner.

Eight Tips for Savvy Tweets

1. Twitter, but not too much. Five or six posts a day is probably enough for most restaurants.
2. Be pithy. Twitter limits its posts to 140 characters. Not words, characters.
3. Be relevant. "It should be personal and from the house, not a big corporate branding voice," advises Christina Wong, account executive at JS2 Communications, a Los Angeles-based public relations firm that helped Tender Greens launch its Twitter presence.
4. Keep up with the tweeters. "It has to be managed," says Erik Oberholtzer, chef and co-owner of Tender Greens.
5. Twitter with one "voice." Both Tender Greens and Maggiano's have one person in charge of Twitter responses so communications are consistent.
6. Link Facebook to Twitter and vice versa. The two social-networking sites work well together; make sure the brand message is consistent.
7. Be choosy about whom you follow. Twitter allows anyone to follow anybody—even celebrities. But as with any media, you're trying to reach a core market.
8. Expect your follower count to drop. Because it's a fairly new application, "spam" is still a problem on Twitter, so some followers might not be real people. And Twitter is like Facebook: Some users drop out after the initial fun wears off.

The chain began tweeting in early March after Michael Breed, senior marketing manager, found multiple mentions of Maggiano's during Twitter searches. "We thought it might be a good way to engage guests," Breed says. Within a week of launching its Twitter presence, Maggiano's had 130 followers.

The Dallas-based chain, which has 45 locations, got a big boost after launching a Twitter contest that offered \$100 gift certificates to two winners. Maggiano's sent the following message: "Follow @Maggianos by 5pm CST to be entered to win \$100 in Maggiano's gift certificates."

By the end of that day, Breed says, Maggiano's had 2,000 followers. Winners of the gift certificates were chosen at random from the followers.

THANKS AND APOLOGIES

The chain now has almost 2,900 followers; Breed uses Twitter to search for mentions of the brand and thank guests for positive comments and get to the bottom of unpleasant experiences. "The fact we can reach back out—it's immediate and feels more personal than the traditional way of having things resolved," Breed says.

In the near future, Maggiano's will use Twitter to tell guests about menu specials, contests and promotions. Until then, guest engagement is one of the most valuable benefits of Twitter.

"Keeping them engaged, developing a personal connection with the guest—that's the biggest aspect," Breed says. ■

on the web: Restaurant chains are also promoting new menu news and creating loyal fans with cell-phone text messages. Visit www.chainleader.com or [@chainleader \(Twitter\)](https://twitter.com/chainleader).

earlier this year after some prompting from his publicist.

"Honestly, the microblog culture was not something we understood right away," Oberholtzer says. "The perception was that it was a lot of people sharing a lot of useless information." He no longer feels that way. "The benefit is getting a message out there and building a community," he says.

Oberholtzer "tweets," or sends Twitter blogs, about three times a day; most messages advertise the restaurants' daily specials or tell followers about his finds at the Santa Monica farmer's market.

Oberholtzer also wrote about construction updates on the chain's West Hollywood location, which opened at the end of March. The store opening had been delayed due to a permitting snafu: "We didn't know until 5 p.m. if we were going to open or not," Oberholtzer says. The store ended up opening the next day, "and Twitter was the best way to get that out," he says.

GATHERING FOLLOWERS

Tender Greens' publicist initially built the chain's Twitter list by choosing to follow food bloggers, writers and other interested parties in the Los Angeles area.

Dallas-based Maggiano's discovered another way to build a following, and fast.



“Wood Chipper” Length: 30 seconds



1. Man: Hey, fancy seafood places, you're probably wondering how Captain D's can make dishes...



2. That taste just as good as yours. At a way better price.



3. Man (shouting over the noise of a wood chipper): Just get rid of the things you can't eat...



4. Like this fish. Fine china. 15 percent tips. Reservations. Lobster tanks.

Captain D's **BUILT ON THE REACTION** to one ad campaign to create another, all aiming to generate interest in its revamped menu.

Food FIGHT

It started out innocently enough. Late last year Nashville, Tenn.-based Captain D's launched a TV ad campaign touting its “sit-down food at fast-food prices,” including a premium coconut shrimp entree and a crab-cake dish. The commercials took aim at its “fancy seafood” competitors.

Then the spots, created by Venice, Calif.-based Goodness Manufacturing, took things up a notch, with a spokesman asking customers leaving Red Lobster what they spent on their meal and then demonstrating what a similar meal would have cost at Captain D's. The execution may have been direct, but it was classic in its approach to positioning a brand as a value.

“We saw an almost immediate sales impact,” says Sandy Clingan Smith, senior vice president of marketing for the concept. “In today's environment, who isn't looking for a great deal?”

The spots were designed so they could pro-

mote different menu items, both permanent additions and limited-time offers, without a lot of reworking, says Kristyn Dunlap, management supervisor at Goodness Manufacturing, the ad agency that has been working with Captain D's for the last year-and-a-half.

LEGAL EAGLES

What happened next was fairly by the book as well. Red Lobster sent Captain D's a cease-and-desist order, asking that it stop using the Red Lobster name in its ads. Red Lobster believes the quality of its fish exceeds that of Captain D's.

This where things took a turn: Until this year, Captain D's had concentrated most of its ad spending on TV spots, Smith says. But the chain responded to the letter, not by stopping, retooling its ad or even responding via TV at all. The chain launched a viral campaign with Web site and e-mail components.

“We are always struggling to find the TV message that really resonates with our brand. It has been 40 years since our inception, and we are always working on having the right message,” Smith says.

SNAPSHOT

Captain D's
Headquarters
 Nashville, Tenn.
Units 565
2009 Systemwide Sales
 \$500 million
 (company estimate)
Average Check \$6
Ad Budget \$20 million
Ad Agency Goodness
 Manufacturing, Venice,
 Calif.



5. There. Delicious seafood at a way better price.



6. Voice-over: Get to Captain D's for sit-down food at fast-food prices.



7. Like crab-and-cheese-loaded shrimp, loaded with, well, crab and cheese.



8. Only at Captain D's.

So, “sit-down food at fast-food prices,” had been working, but when Red Lobster sent the cease-and-desist order, Captain D's seized a different opportunity to raise awareness of the chain's new dishes and more-than-fried menu.

“The lawyers have their jobs, but from my perspective, it is a way to tell our story again. Ultimately, we are trying to reinforce our message and find a fun way of getting it out,” says Smith.

The team launched a viral campaign with e-mail, online videos and use of social-networking sites. Customers were encouraged to head to the Captain D's Web site and write their own cease-and-desist letter, enticed by an offer for a free T-shirt for everyone who participated. The T-shirts were gone before lunch the first day. The letters make demands on Red Lobster, such as eliminating table service (and the tips that go with it), lobster tanks and table linens.

Red Lobster is not the only competitor in the category, of course, but Smith says Red Lobster stood in as a proxy for all of Captain D's competitors. “We have respect for Red Lobster. They are the gold standard and [the name] means good seafood. That's why they are a good proxy,” she says.

FIGHTING BACK

At the end of March the team launched another drive to encourage its customers to cease and desist again. And, again, the T-shirts were in hot demand just hours after the announcement was e-mailed to customers and the press, and posted on social-networking sites like Facebook. The T-shirts read: “Cease and desist THIS Red Lobster”

and were shown on a two-and-half-minute video created specifically for the Web site. Customers had the added incentive of competing for \$25 Captain D's gift certificates if their letters were chosen to be posted online.

Smith says it is difficult to track where customers who are ordering the new, nonfried fish dishes are learning about them, but says sales are up significantly, as are subscriptions to the chain's e-mail announcements.

“It obviously struck a chord with people,” says Bob Cianfrone, a partner and creative director at Goodness Manufacturing. “In this day and age, people are struck by a brand positioning itself with the truth.”

MENU MESSAGE

Some may think this is an unnecessarily antagonistic approach, but the marketing team thinks it helps Captain D's underscore that the chain is not just a place to get fried fish, but a place that has “a dramatically revamped menu,” with premium shrimp skewers, wild Alaskan salmon, and crab-and-cheese shrimp.

While the cease-and-desist video ads barely mention the chain, nevermind the specific menu items, Smith says that they work to reinforce the new menu because they are Web-only, and consumers are surrounded by a number of other brand messages around the online video. “They are shown in the context of significant branding.”

Adds Smith: “Captain D's is so tied in people's mind to battered fish, we needed to make people aware, to get people to notice that there is something new.” ■

on the web: View the Captain D's commercial and Web-only video at www.chainleader.com.



As it approached the ripe old age (for a restaurant company, anyway) of 20, Lexington, Ky.-based Fazoli's knew it needed a makeover. Customers were migrating away from the brand. The limited-service chain had closed

underperforming units as part of a recent restructuring: It had 286 units when Carl Howard took over as president and CEO in June 2008; there are 264 today. In addition, a survey of customers last year found that the chain did not have enough "craveable products."

In response to these factors, Howard oversaw a complete overhaul of the concept's menu, with a focus on adding more baked pasta dishes and then devising ways to let lapsed and new customers know about them.

"We started with expanded baked pasta dishes because there is not a lot of competition," Howard explains. "Baked pasta is difficult to make at home, and you don't find the quality in the grocery store or in a lot of restaurants."

NOT HALF-BAKED

The first change was the addition of deep-dish Pasta Rigatoni and other baked items. Initially the chain replaced about 12 percent of the menu

spaghetti equity

Fazoli's promotes its new pasta dishes **ACROSS THE MEDIA LANDSCAPE.**



SNAPSHOT

Concept Fazoli's
Headquarters Lexington, Ky.
Units 264
2009 Systemwide Sales \$320 million*
Average Check \$5.76
Ad Agency Bohan, Nashville, Tenn.
Expansion Plans 2 in 2009

*Chain Leader estimate



and has incrementally implemented more menu changes. Before the menu revamp, baked pasta dishes accounted for about 8 percent to 10 percent of Fazoli's sales. Today that number is 22 percent. To date the average check has increased 11 cents. Existing menu prices were not raised; however, the new dishes are priced at or slightly higher than existing items. Because the advertising emphasizes the new menu items, the average check increased.

Later this month an additional 40 percent of the menu will be replaced with more baked dishes and desserts. At that point, approximately 80 percent of the menu will have changed since late last year. Fazoli's hired Nashville, Tenn.-based ad agency Bohan to find a way to market the repositioning.

FEEDING A REVOLUTION

First step: The team snatched up the self-explanatory URL www.freespaghetti.com, offering a dish that was inexpensive to make and well-associated with the brand. As the campaign caught on, the chain offered coupons and deals for the baked items and other new dishes as well, encouraging trial.

"We think we have a lot of equity in that. We think it is the best address," says Al Jackson, group creative director at Bohan. Consumers log on to the site, which is separate from the Fazoli's Web site, to access the coupons.

The site and campaign feature an "Italian Revolution" theme, encouraging consumers to send friends "pasta-gram" digital messages and download coupons for weekly specials. Two new offers are being posted every week from February to May. The microsite is not a mini version of the brand's main site, but instead an opportunity to focus on a specific message, says Jim Valosik, the art director at Bohan who created the site.

"Each media should take advantage of its own specialness, and being online is perfect for the media revolution," Valosik adds.

RESULTS-ORIENTED

Fazoli's had three objectives for the Italian Revolution campaign, Howard says: to provide a budget-friendly menu in economically tight times, to awaken the 20-year-old brand, and to build its database of consumers who are interested in ongoing messages from Fazoli's.

Objectives achieved: Fazoli's increased the size of its database by 33 percent in just one month, and the number of users online in one month is equal to that which the chain used to get over an 18-month period, Howard says.

And those consumers are responding when Fazoli's sends follow-up offers. The concept has a 35 percent click-through rate on its e-mails, and coupon redemption is about 15 percent, considerably higher than redemption of print coupons.

Fazoli's has done this without breaking the budget. "It does not cost a lot of money to give away a free spaghetti," Howard says. He won't reveal the private company's advertising budget, but says in 2009 it will be more than the chain spent in 2008 but less than it did annually 2005 through 2007.

Some of those expenditures will be for television commercials that were in production at press time and scheduled to air in April and May. The spots will focus on the value of Fazoli's over its full-service competitors like Olive Garden and the quality of Fazoli's over other quick-service restaurants.

Adds Jackson: "We are always trying to find the most current ways to get the message out. Viral video, a texting campaign—we are open to trying things to spread the message." ■

Visitors to Fazoli's Web site find a link to the freespaghetti.com site. Customers can join in the Italian Revolution, Fazoli's concept for its new baked pasta menu, which includes the Tortellini Robusto (opposite), with grilled chicken and Italian sausage.

on the web: View Fazoli's latest commercial promoting the new baked pasta dishes at www.chainleader.com.

Winning Is

This past Christmas season, Buffalo Wild Wings gave servers a chance to win a \$250 gift certificate from American Express. All they had to do was sell as many Wild Flatbreads as possible. But there was a catch: To have a shot at winning, the restaurant the server worked in had to meet its daily sales quota.

“We said a restaurant has to sell x-number of flatbreads to even become eligible for the prize,” explains Tim Murphy, director of operations support. “That automatically increased sales.”

Murphy grouped the restaurants by unit volume to keep competition fair. Then for the next 11 days he randomly picked eligible restaurants from each of the three groups and gave gift certificates to the servers who had sold the most Wild Flatbreads that day.

Sales at the Minneapolis-based chain jumped by 54 percent over the first two months of the items' rollout. “It was a huge success,” Murphy says. Wild Flatbreads are now a permanent menu item and incentives play a larger role in the later stages of a rollout, he adds.

CONTEST BENEFITS

Running sales contests is business as usual at chains throughout the country—or should be, says consultant and former general manager

At The Palm restaurants, servers form six-person teams to compete for gift certificates and other prizes for selling specials or scoring high on mystery shoppers reports.

At Sanford's Restaurant in Lake Oswego, Ore. (opposite), servers Paul Paz, Laurie Lang and Rick Roe compete for “golden tickets,” affording a shot at monthly incentives.



Everything

SALES CONTESTS for new menu items drive productivity and build relationships with customers.

Jeffrey Summers of Dallas-based Restaurant Coaching Solutions. "I believe in incentivizing high performance on an ongoing basis," he says.

Operators who use contests say the benefits are obvious: boosting morale, making work fun, and increasing productivity and product knowledge.

"On the whole, people like competing against one another," declares Debbie Fox, vice president of training for Washington, D.C.-based Palm Restaurants. Fox, who oversees the company's sales contests, won many as a waitress at The Palm.

"Besides adding to sales, contests elevate product knowledge and service skills," says Paul Paz, founder of WaitersWorld.com and a veteran waiter at the Stanford's Restaurant in Lake Oswego, Ore., one of 10 Stanford's operated by parent Restaurants Unlimited. "We usually always have something going on."

One of Stanford's contests, dubbed the "perfect check," tests sales skills. To win, a server's ticket has to include an entree special in addition to salad, dessert and coffee. Brian McConnell, general manager of the Lake Oswego unit, awards "golden tickets" to daily winners. The tickets qualify a server for the randomly drawn monthly prize, which have included outdoor grills and spa visits. McConnell pays for them out of the restaurant's "crew relations" budget.

GIFT EXCHANGE

Daily or weekly prizes don't have to be large or costly. Ted Door, founder and president of two-unit Double D's Sourdough Pizza in Westminster, Colo., prefers handing out \$10 each night to employees with the highest per-person average. He has tried other incentives like bonuses but figures cash works best, he adds. Plus, the POS system allows servers to keep track of their performance. "Employees are running for the phones a lot faster, and they are up-selling when on the phone," he says.



Performance Awards

Grill restaurant executives about contest incentives, and you're likely to hear they give what employees tell them they want. Here's a list of popular prizes, in no particular order:

- Cash
- Spa visits
- Stainless-steel gas grill
- Lottery tickets
- Restaurant gift certificates
- Phone cards
- Gas cards
- Write their own schedule
- Car washed by manager
- Convertible for weekend
- River cruise
- Vendor gifts
- Tickets to movies, sporting events

HUMAN ASSETS

Buffalo Wild Wings ran a sales contest on its new Wild Flatbreads in December because it is a sharable dish and the chain gets a lot of groups in during the holidays.

Selling Wild Flatbreads earned 33 servers at Buffalo Wild Wings \$250 gift certificates.

Besides selling more products, contests can help build relationships with customers that keep them coming back to the restaurant.

Murphy and Fox encourage GMs to use vendor gifts—tickets to sporting events, for example—and trade-outs with movie theaters or other businesses as incentives. Fox recalls a manager who arranged with a car dealer for a contest winner to drive a convertible for a weekend. Kat Cole, vice president of training for Atlanta-based Hooters of America, likes the idea of buying lunch for a winning server. She says letting winners write their schedules for a week is also a desirable prize.

The manager's labor can serve as an inexpensive prize, suggests former Rock Bottom training executive Tim Kirkland, author of *The Renegade Server*. He recalls a manager who washed winners' cars every Saturday morning and another who did sidework for servers as a contest incentive. "It's a good idea for the manager to take a hit once in a while," he offers.

Kirkland, now a Denver-based consultant, reminds operators not to forget back-of-the-house workers, who may be resentful because they have to cook the items servers have been incentivized on. "Giving them phone cards, especially for your immigrant staff, is awesome," he says.

THE THRILL OF VICTORY

Tangible goods don't have to be the carrot, however. Good performance may be a reward in itself. Restaurant consultant Fred LeFranc of Results Thru Strategy recommends posting server results where everyone can see them. "It's incredible peer pressure, and what happens in a short period of time is the overall performance goes up," he maintains.

Although many operators think of contests as pitting one server against another, some

restaurants pit teams against other teams. At The Palm, for example, managers devise teams of five or six employees (including back-of-the-house) of various skill levels. Fox says that teams in the Washington, D.C., unit competed to see which could sell the most wine per check. The incentive: dinner one night that was cooked and served by the management staff.

YOU DA MAN!

Contests and incentives are only two parts of the equation. Recognition is the final piece. Some companies make a big showing; for instance, Hooters names a Hooters Girl of the year. "They are rock stars," Cole says. "We give them tons of prizes, and they get lots of exposure."

"Recognition needs to be public. Get everyone together, and make a big production of it," says Summers, advising managers not to forget the award. "Six months later it better come up in her performance appraisal."

Small productions can also be effective. Denver-based trainer and consultant Susie Ross recommends combining recognition with best practices during preshift meetings. "Ask [winners], 'What have you said at the table to make customers jump on it?' Really good servers are willing to share."

Ross also thinks it's effective for managers to encourage successful servers to talk about low points during contests, which may show less-skilled servers how to adapt a sales pitch.

Buffalo Wild Wings managers, who are encouraged to run local contests, may devote a significant



BIG idea General Manager Brian McConnell of Stanford's Restaurant in Lake Oswego, Ore., uses a mystery-shopper service and gives servers \$50 if they achieve a 100 percent score during the shop.



portion of preshift time to role-playing. “If we have a contest selling appetizers, we’re asking staff, ‘How do you approach a table without sounding like a robot?’” Murphy says. “We really try to coach servers that [suggestive selling] can be a guest-experience enhancement.”

GETTING CONNECTED

That would not surprise LeFranc, who says that contest trends are pointing toward building customer relationships. “What [operators] are beginning to do is train waiters to be more sensitive to economic environment, and in turn they’re steering guests toward value items to get them to come back rather than sell them,” LeFranc says.

He cites fine-dining restaurants that give servers business cards that carry a bounce-back coupon on one side. “Contests are being redirected to create more intimate relationships and establish frequency. Whoever gets most customers back gets the prize,” he says.

Cole recalls competing in similar contests 14 years ago as an 18-year-old Hooters Girl. “I had a very creative manager,” says Cole, recalling Bonnie Rhinehardt, now a divisional vice president for the company. “She had contests where we had to find a guest with size 13 shoes or one who looked most like Garth Brooks. They were all about building atmosphere and connecting to the community.” ■



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At Rise & Dine Restaurants' franchise convention this year, silver platters of wieners were ceremoniously brought out to franchisees, who, in turn, stuffed themselves.

"Everyone was trying every hot dog until they couldn't eat anymore. And that's just the way we wanted it," recalls Joe Deavenport, chief executive of the Columbus, Ohio-based breakfast and lunch concept.

The humble product represented the 15-unit chain's latest culinary gambit: a \$4.99 value menu comprised of six hot dogs rolled out in March. The star of the show is the Chicago Dog. Declares Deavenport: "We wanted to be known for having something different at lunch, and that would differentiate us in the segment."

Rise & Dine franchisee Carolyn Leverett, who



operates a restaurant in Fort Worth, Texas, says she was excited. "They had pictures of the hot dogs and how much relish and things like that to put on them," she says. "I had no problem with the way they communicated the process."

To be sure, few franchisors introduce new products on silver platters. Many nonetheless take pains to ensure franchisee buy-in with plenty of attention and hand-holding.

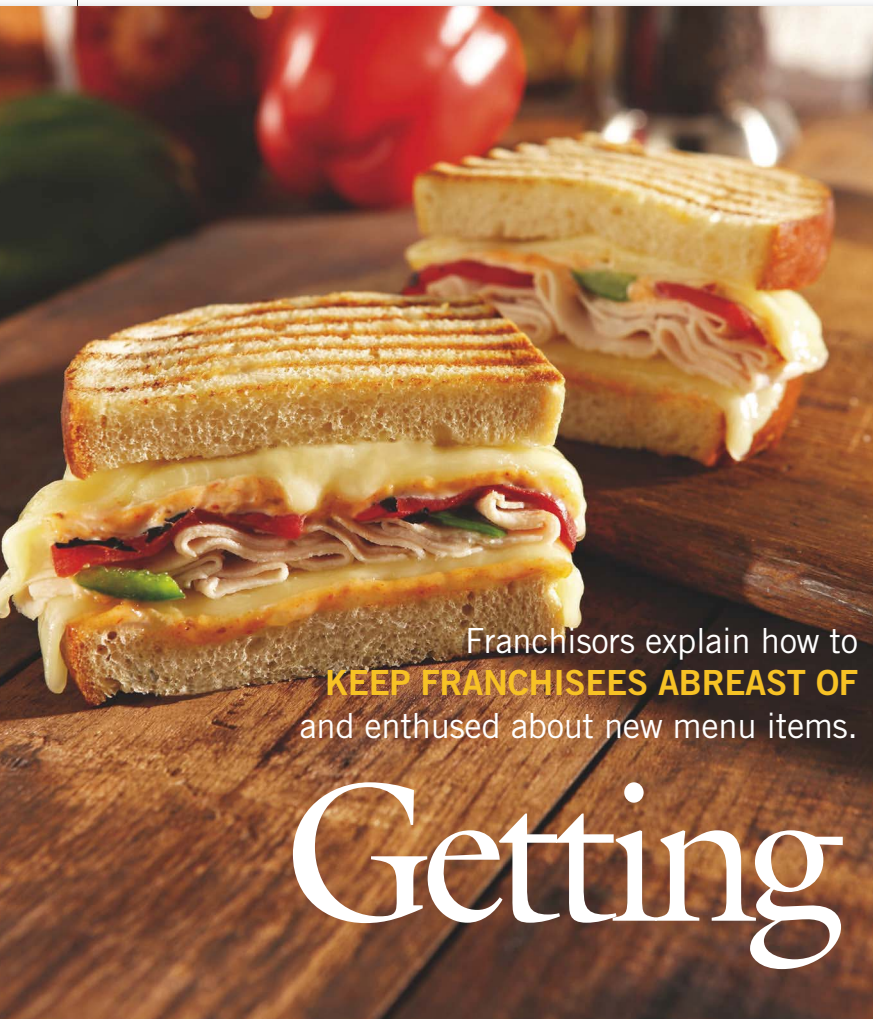
SMOOTH COMMUNICATION

"I'm always looking for ways to create new tools and communicate ahead of time," says Tropical Smoothie Café President and COO Jim Valentino. The 275-unit, Destin, Fla.-based chain recently dispatched training materials and a freestanding, point-of-purchase banner to franchisees ahead of the rollout of Supercharged smoothies, which feature fruits said to have anti-oxidant properties. "We also pre-ordered the product for them," he adds. "All of it auto-shipped."

That pleases franchisee Harold Bowen, who has operated a unit for three years in Flint, Mich. "My experience has been that communications have exceeded my expectations," he says. "We have so many tools in place: a Web site where we can pose any question we want, an Internet newsletter we get on a regular basis and an Excel spreadsheet that shows the impact of costs on sales. That's an awesome tool."

Valentino alerted franchisees a year prior to the Supercharged launch that the company would be rolling out innovative, high-quality and on-trend products as part of a menu revamp. After testing the "super-fruit" smoothies last fall, franchisees began selling them in February.

Bruegger's franchise operations team kept franchisees up-to-date on the chain's panini rollout.



Franchisors explain how to **KEEP FRANCHISEES AHEAD OF** and enthused about new menu items.

Getting Buy In



For most of his persuasive efforts, Valentino counts on Tropical Smoothie's area developers, whom he describes as "our voice in the marketplace." Area developers receive the chain's weekly newsletter a few days ahead of franchisees. "That way, they know far enough in advance what we will be communicating so they don't get caught by surprise," Valentino explains.

OLD SCHOOL

Having a trendy product with a healthful slant can be an advantage. Yet what do you do when you're adding a product to a 37-year-old concept with a menu that doesn't get much sexier than a giblet meal?

You do extra homework. "When you take a product to market in a franchise system like Grandy's, you better be prepared," acknowledges Chief Brand Officer Danny Meisenheimer, a member of the management team that acquired the Dallas-based legacy concept late last year. "Franchisees can smell a dud."

At a November franchise meeting, executives listened first. Meisenheimer describes it as "a listening conference, not a presentation conference." When management had a chance to speak, they talked about "growing the brand" with limited-time offers.

A month later, the company communicated its first LTO: Spicy Popcorn Shrimp, to be rolled to the 67 stores in time for Lent. "We did it through e-mail, phone calls and face to face. Sometimes it wasn't one communication, it was two. We let them know what was coming 12 weeks in advance," Meisenheimer recalls.

The franchisor then dispatched operations manuals to franchisees, and it sent the frozen, preseasoned product to several of them in key markets. "Your opinion leaders, the higher-volume restaurants. We told them, 'Cook this product, work with it, but don't give it to customers,'" Meisenheimer explains. The feedback was mostly positive and included several sugges-

tions to improve the promotion.

Meisenheimer, who previously worked for Pizza Inn and Furr's, notes that what franchisees want from management is vision tempered by discipline. "Here's the position of the brand, here are the strategic pillars behind the vision, and here is how we are operating for the next six to 18 months," he says, as if reciting a mantra.

TEST MARKET

Bruegger's communicates early and often as well. The franchisor wanted to add a new sandwich made with slices of bread to boost lunch traffic. "We wanted to grow beyond just offering bagel sandwiches at lunch. We felt bringing in bread and a more traditional sandwich vehicle would be a way to do that," says Paula Doyle, vice president of marketing for the 280-unit, Burlington, Vt.-based chain.

The company formulated the sandwich early last year, tested it in Minnesota in mid-year, and announced its rollout in January at a system conference in Orlando, Fla.. But franchisees throughout the system had already learned about the test through Bruegger's franchise operations teams. "They communicate on a very frequent basis with franchisees in their consulting roles," Doyle says.

Franchisees had to purchase a panini press and stock a few new ingredients to make the sandwiches. Presses, which can heat four sandwiches at a time, cost about \$600, according to restaurantequipment.net.

Bruegger's did not provide franchisees financing for the press. "Sometimes we do supply financial support and sometimes we do not," explains CEO Jim Greco. "That usually depends how large the expense is. In this case, it was not that large."

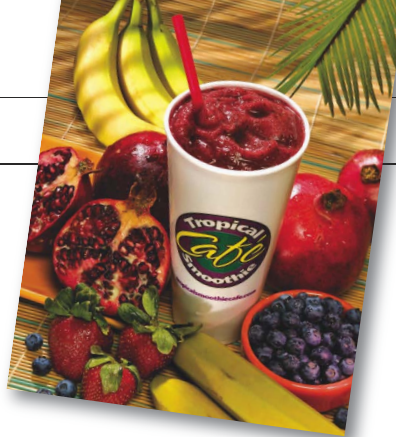
The company expects all franchisees will have implemented the new sandwich program by mid-May. Doyle says the franchise operations

Grandy's takes time to listen to franchisees and then repeats the company's strategy and vision often.

FRANCHISE MANAGEMENT

“If we think we’re making decisions for the good of the system without talking to the people in the trenches, we’re just kidding ourselves.”

—Jim Valentino, COO, Tropical Smoothie Café



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people will remain in close touch with franchisees. “That’s the benefit of having a fairly small system,” she says.

SMALL IS GOOD

Talk about small. The reason Rise & Dine could present franchisees with hot dogs on silver platters was because there are only nine of them (10 if you include Deavenport, who franchises three units).

Deavenport had yet to print permanent menu cards, so he brought along prototypes, which included hot dog descriptions. He also talked about the collateral to support the rollout, such as outdoor banners and in-store danglers, and announced franchisees needed to buy bun warmers, which he says cost just over \$500. The dogs themselves would be grilled on the flattops.

Nonetheless, franchisees had reservations about the value menu. According to Deavenport, they wanted to know if customers would simply be trading one item for another and just how confident he was that the new items would attract new customers. “Those are all very good points,” he says. His rebuttal? “[The rollout] was a low-risk opportunity.”

For her part, Leverett only sees opportunity. “My customers have received the value menu very well,” she says. “We’re in an area with transplants from up north and the Chicago Dog been a big hit.” ■

BIG idea CEO

Joe Deavenport held Rise & Dine’s franchise meeting in its distributor’s professional kitchen, where franchisees could discuss a new product after sampling it.

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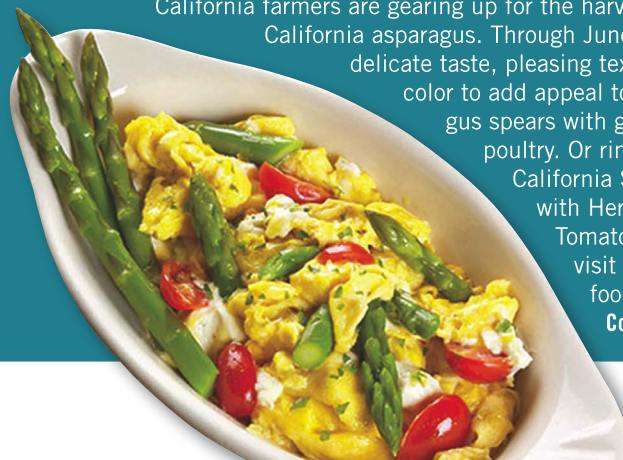
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Franchise Developer

Profiles in Growth: Pizza Inn

After roughly a decade as a Pizza Inn franchisee, Bob Singh became Mississippi area developer for the 50-year-old chain in 1990. Today, as president of Southern Pizza Co., he operates six locations himself, and has another 13 units franchised in the region for a portfolio that includes both full-service outlets and express units located in convenience stores. Singh says the economy actually provides him with several opportunities for growth.

Q: What kinds of expansion are you planning?

A: We're looking at a couple of different markets to add more stores, and we have some new menu items that will be coming out later this year. People are looking for value today and we have a lot to offer, so now seems like a good time to expand those offerings. Last year was kind of tough for us because cheese prices were way up, but those costs have gotten back in line this year.



Q: What factors are enabling that growth?

A: Pizza Inn is taking no royalties the first year, 50 percent royalty the second year and then full royalties in the third year, which will really help the franchisee get started. It's a great incentive. Also, the company has come a long way in streamlining operations and doing a better job

To help franchisees get started, Pizza Inn is taking no royalties the first year, 50 percent royalty the second year and then full royalties in the third year.

on site selection. Before it was pretty much based on a gut feeling, but now we're looking at lots of different data before choosing a site to help make sure it's profitable. And with the economy tightening up, now is a very good time to expand because developers want to make a deal on some of these locations.

Q: What role does marketing play?

A: Strong marketing is even more important in a down economy, so we're bumping it up any way that we can. We rely mostly on print, and we've recently changed ad agencies and brought in new marketing personnel. Our advertising and photography previously looked pretty generic, but now it's really starting to pop to help give us an edge in the marketplace.

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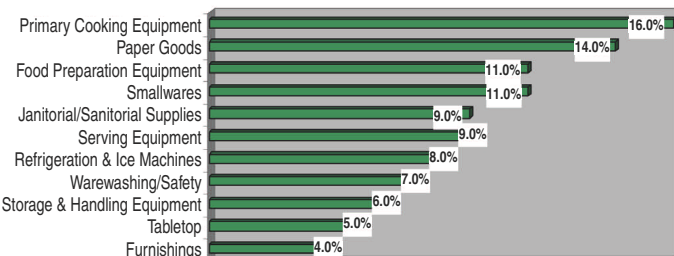
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According to the 2009 Industry Forecast Operator Report from *Foodservice Equipment & Supplies (FE&S)*, a sister publication to Chain Leader, operators are hopeful the market will stabilize with similar percentages of commercial (40.9%) and non-commercial (38.8%) anticipating an increase in sales. In addition, 37.8 percent of commercial operators and 46.7% of non-commercial operators project their sales will remain consistent with 2008 levels.

A total of 43.1% of commercial operators project their equipment and supplies expenditures will remain consistent with 2008 levels, while 17.8% project a slight increase.

Overall Operators' Projected E&S Expenditures for 2009 - FE&S 2009 Forecast Update



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Director of R&D and Corporate Chef Scott Kinsey added trendy dishes to a limited-time menu rolled out at Hooters of America this spring.



Pulling Together

Rolling out a limited-time menu at Hooters of America for March Madness proves to be a team sport.

Hooters of America's recent limited-time menu was something of a departure for the Atlanta-based casual-dining chain. It included a blackened dish, mahi mahi on a ciabatta roll, for the first time and introduced potato chips covered in blue cheese. Director of R&D and Corporate Chef Scott Kinsey explains how he and his counterparts in operations, training and marketing developed a game plan to ease the four new dishes into the front and back of the house in Hooters' 120 corporate and 322 franchised stores.

How much of a departure are Hooters new menu items?

Typically, we go with a seafood-based spring menu, hitting Lent and offering something light. This year we not only offered great seafood, but we brought on Blue Chips, homemade fried potato chips with blue-cheese topping.

What departments other than your own get involved in menu testing?

Vice President of Marketing Mike McNeil and his department design point-of-sale materials. Being that the menu promotion is March Madness, the design team created POS material that not only gives it a food focus but lets customers know it's geared toward basketball. Kat Cole is vice president of training. Her department not only develops all the training material, including recipes, but also the material needed to up-sell the new dishes.

What problems do you anticipate cropping up with any given dish?

[Because] we have so many different types of kitchen setups, what we have missed in the past is real-world workplace application here in the test kitchen. What we are drilling down to in test stores for six or seven weeks is to discover if the dish is operationally sound. Does it hit too many pieces of equipment? Does it fall past that 10-to-12-minute cook time? Are we bringing in too many items for this dish?

Do you play a role in training front-of-the-house staff on new menu items?

Yes. I work with Kat Cole and her team putting descriptors together for Hooters girls and managers. A lot of the time we are bringing in new products they may not be well versed in.

For example?

The blackened mahi sandwich that's served on our new toasted ciabatta roll. Looking at consumer trends, you hear terms like ciabatta rolls and artisan breads. Yet some Hooters girls may not have heard of ciabatta bread. I will work with training to come up with easy quality identifiers they can relate to.

Did you talk to franchisees during this process?

I'm chair of [Hooters of America's] Food Advisory Board, which includes eight of our largest franchisees. That said, I try to keep them aware of what we are doing. I try to get them to buy in: Here are consumer trends; here's how the items consumer-tested; let me send this product to your stores—you test it and give me feedback.

What form do training materials come in? DVD? Manuals?

We create what we call storyboards. They are the training team taking digital shots of me preparing these dishes. They will make laminate cards with the pictures and include specific instructions. ■

ON THE WEB: Listen to a downloadable extended interview with Scott Kinsey at www.chainleader.com.

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