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# Focus on new franchisees

Franchisors need to recruit and assist qualified candidates

BY RON RUGGLESS



IFA president Matthew Shay

Amid the deepest economic slowdown since the Great Depression, restaurant franchisors are enhancing or developing programs to broaden their franchisee bases as a means to grow business.

Franchisors as diverse as KFC, Pizza Hut, Domino's Pizza and Little Caesars Pizza all aim programs at minorities, women and veterans. Domino's, for example, offers veterans a \$20,000 discount off the franchise fee.

"Besides growing same-store sales, franchisee recruitment is the only other way to grow the business for a franchisor," says Matthew Shay, president and chief executive of the International Franchise Association, which represents franchise systems, franchisees and suppliers.

While the franchising industry as a whole is expected to see a decline in the number of establishments, jobs and economic output in 2009, an IFA report recently forecast the quick-service and full-service restaurant sectors to see

small net increases in units.

"Franchisee recruitment is more important than ever in this slow economy and tight credit market," Shay says. "Franchise prospects are looking for 'safer' investments that offer greater financial security and lower risk. It's back to basics in recruitment programs. The emphasis for franchisors is on 'unit economics.' They must be able to demonstrate that their franchises are good, solid business opportunities, backed with a track record, a well-known brand, and with support and operating systems that give their franchisees a competitive advantage."

In recruiting new franchise demographics, such as veterans, minorities and women, financing remains a big issue, Shay says.

"It will be important to demonstrate what franchisors are doing to help franchisees get financing, more favorable lease and real estate terms, etc.," Shay says. "There are options out there for franchisors to reach these targeted communities."

He cites the IFA's Veterans Transition Franchise Initiative, which includes cooperation for the U.S. Department of Veterans Affairs and the Small Business Administration.

"The IFA's Vetfran program is being promoted heavily on www.military.com and other websites catering to the veteran community," Shay says. "There are more initiatives to reach minorities and women through the IFA Diversity programs, including regional and state seminars for minorities to help them understand the basics of franchising."

Especially in a down economy, Shay says, franchise "prospects are going to look for franchise networks where the franchisor and franchisee are pulling together and working together as a team to make the best out of a bad economic situation."

Successful franchisors will be involved at the franchisee level and with franchisee leadership groups, Shay explains. "The message is: 'We are all in this together,'" he says. "Those franchise networks that have developed good franchisee advisory councils and strong franchise relations will benefit from the core strengths of trust and teamwork during these more challenging times." ■

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# Take hospitality to new heights

Chef-owner Rathbun says the sky's the limit for private-jet catering

BY CHRISTI RAVNEBERG



Kent Rathbun

In a time of economic upheaval, when many operators are scaling back expectations for their businesses, Kent Rathbun has a decidedly optimistic view of where his Dallas-based restaurant company is headed this year: up. Thousands of feet up, to be exact.

The chef-owner of the fine-dining concepts Jasper's, Abacus and Shinsei, all located in Texas, plans to build sales by feeding the high-flying elite with his burgeoning private-jet catering business. Rathbun, who currently is building the relationships and infrastructure to get the business off the ground, has high hopes for the sector, saying he'll be able to meet wealthy clients' demanding tastes with his upscale cuisine while also benefiting from the segment's generally elevated prices.

**In tough economic times, it seems counterintuitive to cater to the rare few who still have lots of disposal income. Why do you see that demographic as a lucrative customer base?** There are probably people who own private jets who wish they didn't or are trying to get rid of them. But there are some that are just fine. Once you get a certain amount of money, you're not really as affected [by a bad economy]. I think it's an opportunity that's huge. People who can afford to fly around in jets have eccentric tastes, so you have to figure out how to deal with that. On the other hand, they usually don't care what they pay. It's just about trying to deliver an extraordinary product at a price point that fits.

**What are you currently doing to get the jet catering going?** We're still planning and trying to figure out the market. The first thing [potential clients] are going to do is ask the land-based people in the city they're traveling to, "Who's a good caterer?" So we're going to pilots and flight attendants [to build those relationships]. ... We're also planning a few menus, parties and dinners to show them what we do.

**Tell me about the on-board dining experience.** It's everything from having a tray of sandwiches and cookies to having an elegant meal that's finished and prepared and plated on beautiful china with nice wines and cocktails. ... Our menu will be reflective of what we're doing in the restaurants because we want it to be efficient from a production standpoint.

**Do you worry about the food not representing your brand well, when it's prepared and served by someone else?** Yeah, that's the biggest challenge. You're doing it on a little plane, in some sort of fancy microwave. The person plating it has no vision of what you want to do and may not even care that much. There's a considerable amount of training involved — training about how to heat the product properly, how to transfer it to the plate. ... I've learned what items need to be separate and which ones don't. That's a very important issue as far as making sure the food translates.

**What need do you fill in the current catering market?**

What I see [in existing private-jet catering] is a lot of money [being charged] for not a lot of quality. I think what [private-jet owners] are looking for is variety. We have so many operations and can give unique choices that they might not have right now. We can do that without putting a lot of stress on the kitchens because we're already doing that kind of food. It'll certainly be better quality and, in some cases, less money [for the client].

**What kinds of financial impact do you project?** I don't have an expectation of revenue, but some of these things are pretty expensive and can add up quickly — a breakfast for four to six people might be \$1,000. I'd like to be able to do two to three caterings a week by the start of the second quarter. I feel like the opportunity is really big. ■