



25 CHAIN INNOVATORS

By Dana Tanyeri and Lisa White, Contributing Editors

Circle the wagons, slash prices and hold on tight? Not these chains. Coming off of the toughest operating environment in recent memory, companies now solidly in positive territory and positioned to prosper as the turnaround takes hold are those that spent the past couple of years innovating, shaking up their menus and concepts, and making strategic moves to create new opportunities for growth.

Scouring the industry and working with Technomic Inc., *FE&S* sought to identify and shine a spotlight on 25 chains that have done just that. From eight-unit Anna's Taqueria to 500-plus-unit Qdoba; from new kid on the block Energy Kitchen to old timers like Sizzler and Straw Hat Pizza; from subs, to salads to pizza, yogurt, bagels and burritos, all have trumped economic doom and gloom with innovation and positive change. Some made big moves — whole new prototypes, remodels or menu concepts. Others are on-trend tweaks that have proven to satisfy a market need, attract new guests, build checks, or take something they already do well and find ways to do it better.

It's not about change for change sake, says Mary Chapman, director of product innovation at Technomic. Rather, the big driver behind moves being made by growing chains is that they clearly differentiate their concepts and menus and better align themselves with changing customer needs.

This can mean adding a new focus on healthful menu choices or rolling out new products with fresh new flavor profiles — things you just can't get anywhere else. It might be tapping a new daypart, such as snacking, or a new technology, like video menus, that boost efficiency and enhance the guest experience. Maybe it's perfecting killer, craveable LTOs that go beyond hype to really drive traffic and push up check averages.

It might be a facelift for concepts that had started to show age and lose relevance. Or, as in several cases on the following pages, rethinking everything from real estate and construction to design and equipment selection to reduce unit costs and boost appeal to potential new franchisees as access to credit loosens.

Whatever their particular innovation or change, these 25 (and many others out there) demonstrate through their numbers that fresh thinking and the willingness to bring new ideas to market pays off — even, or perhaps especially, in the toughest of times.

Energy Kitchen

Energy Kitchen is proof that Americans are getting more serious about their health. Every item on the seven-year-old chain's menu is less than 500 calories. All of its dishes are grilled, baked or steamed. Yes, there are salads, but also burgers, wraps and robust breakfast items.

"No concept is doing what we're doing," says Randy Schechter, executive vice president and partner. "We want to take the guesswork out of eating healthy."

The chain was created by its president and CEO Anthony Leone in New York's Chelsea neighborhood. He mentioned the Energy Kitchen idea to long-time friend Schechter, who became an eager investor in the concept.

"I started off as an investor in the first store and worked behind the scenes, while Anthony handled the operations and finance," Schechter says. "When we opened up the next three locations, my role grew." He joined the company full time in 2005.

Partner Mike Repole, a devoted Energy Kitchen customer and the co-founder of Vitamin Water, came on board about three years ago as head of branding and public relations.

The chain now has 10 locations and 80 stores in development. Although rising food costs have been a challenge, Energy Kitchen's substantial growth has provided leverage. "We've been able to negotiate with our vendors and have more buying power [with additional locations]," Schechter says.

Finding appropriate locations also can be difficult. Energy Kitchen's demographic is now mostly 25- to 35-year-old professionals, but that will expand along with its locations to include suburban families with children.

Energy Kitchen's most recent menu addition, baked French fries, may be the clincher for kids. The chain just started testing the product and it has received rave reviews from customers.

"We're trying to change the eating habits of America and are proud of what we've done," Schechter says. "A customer can eat all their meals here for a day and consume as many calories as one fast food lunch."



KEY PLAYERS

- **CEO:** Anthony Leone
- **Executive Vice President & Partner:** Randy Schechter
- **Partner, Head of Branding and Public Relations:** Mike Repole
- **Smallwares & Equipment Dealer:** The Boelter Company
- **Food Distributor:** Sysco
- **Architect:** CCS Architects
- **Design:** Ammirati

FAST FACTS

Year founded: 2004

Headquarters: New York City

Menu specialties: Healthy burgers and wraps with less than 500 calories

Service model: Fast-casual

Units: 10 open, 80 in development

2010 growth: Grew number of units by 25 percent

Projected 2011 growth: Increase number of units by 20 percent

Key expansion markets: Boston; Washington, D.C.; Miami; Chicago; Colorado; Texas; California

Typical location: business district, suburban strip mall

Average unit size: 2,000 sq. ft.

Average kitchen space: 300 sq. ft.

Average covers per day per unit: 500

Average check: \$12

Total equipment investment per unit: \$100,000

Total unit cost: \$450,000

As Energy Kitchen continues expanding on the East Coast and looks toward the Midwest, Southwest and West Coast, in addition to opportunities overseas, the partners are determined not to lose sight of their original goal. "We will stay true to our concept and focus on serving healthy, great-tasting food," Schechter says.