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**TREND-FORWARD
INSIGHTS TO
BUILD BRANDS**

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means most. PAGE 14

Menus with **"stealth
health."** PAGE 18

Can **menu-labeling**
laws be fair? PAGE 26

How to **hype health.**
PAGE 36

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The **HEALTH** Issue

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the contradictory.

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Too Poor to Eat HEALTHY?

Research shows that consumers are choosing cheaper food over more-healthy items.



At Panda Express, Wok Smart items such as this Broccoli Beef have less than 250 calories per serving. This dish has 150 calories and is priced in line with the chain's other entrees.

Despite the efforts restaurant chains from fast food to fine dining have made to add more-healthy items to the menu, consumers still aren't buying. In a poll on chainleader.com, 82 percent of respondents say their better-for-you items are selling "lousy." Recent research shows that customers cite economic factors as a reason for not purchasing healthy food—or as an excuse.

TOO GREAT A COST

Chicago-based foodservice consulting firm Technomic says its research shows the recession is hindering consumers' healthy-eating behavior. Although more than half of consumers say they are more concerned about their eating habits than they were a year ago, 70 percent say that healthy foods are harder to afford; 53 percent say they buy less-healthy items because those items are cheaper; and 44 percent say their budget prevents them from eating healthy foods.

Says Technomic Executive Vice President

Bob Goldin: "Consumers are economizing in their food expenditures and believe that one way to do so is to spend less on healthy foods. It's an unfortunate development."

MEAL SKIPPERS

A July survey by WorkPlace Media, a Cleveland-based firm that helps companies reach consumers at work, also shows that people are changing dining habits—often to less-healthy ones—because of the economy.

More than 30 percent of workers say they are making less money, and 75 percent are cutting their food and beverage consumption. For instance, 9 percent note they are skipping breakfast to save money, and 3 percent are skipping lunch.

Additionally, 34 percent of respondents say that they are choosing cheaper fast food over more-healthy options. At breakfast, 3 percent report they opt for fast food; at lunch, 8 percent do; and at dinner, 7 percent do. ■

THE LEAST PHYSICALLY ACTIVE AMONG US

A person's health depends on much more than what they eat. The Centers for Disease Control points to physical activity as a vital component.

- Women generally are less active than men at all ages.
- People with lower incomes and less education are not as active as those with higher incomes and education.

■ African-Americans and Hispanics are generally less physically active than whites.

■ Adults in Northeastern and Southern States tend to be less active than adults in North-Central and Western States.

■ By age 75, one in three men and one in two women engages in no regular physical activity.

Source: "Healthy People 2010," Centers for Disease Control

BIG idea Teach your parents well. A survey from Mintel shows that kids are open to eating more fruits and vegetables at restaurants. The Chicago-based research firm found that 77 percent of children would eat more foods with vegetables, and 86 percent would eat more items containing fruit.



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ISSUE THEME

The Health Issue

Consumers for years have been asking for more healthful choices. Restaurant chains have responded, even though many of those same customers aren't buying. In this issue, *Chain Leader* looks at many aspects of health, from sneaking in better-for-you menu items to menu labeling to providing corporate wellness programs.



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Where Good Food Means Most

Restaurant operators have discovered that highly educated, affluent diners are eating healthfully, so they're trying to locate where these diners live.

By David Farkas

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Just Don't Call it Healthy

Quick-service and fast-casual operators promote healthful selections as "better tasting" rather than "better for you."

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Operators are helping customers slake thirsts and boost wellness with nutrient-rich beverages.

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Pops of pizza colors, fetching photography and a display pizza oven send fresh vibes to Flippers Pizzeria guests.

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New tools help customers find chains with better-for-you menu items and make healthful choices at the restaurant.

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Chains are using a cross-section of techniques to get guests to think healthy without beating them over the head with it.

By Margaret Littman

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Health-Care Reform

Corporate wellness programs are popular, though not yet among restaurant chains. Here's why.

By David Farkas





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Boston Market Cleaning Up the Menu

on the WEB

NEW: THE BRAND LANDSCAPE

The founder and principal of Brandscapes LLC, Karen Brennan helps restaurateurs and entrepreneurs figure out their brand challenges. In this blog, she shares insights on marketing and branding, trends and other industry topics.



FEATURED PODCAST

Making guest-favorite recipes more healthful is tricky. *Chain Leader* asked Richard Davis, vice president of culinary innovation for Boston Market, to share how he cleaned up the chain's menu.



BLOG BYTES

- David Farkas looks at the breakfast menu in a Chipotle airport unit.
- Karen Brennan examines the customers new "culture of thrift."
- On The Spot checks out a Domino's commercial that delivers.

OPERATOR POLL

Only 9 percent of chainleader.com visitors say better-for-you items are selling well at their restaurants. Next up: What's your most effective method of driving traffic? Answer online.

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Opinions May Be Contraindicated

In an August letter to the *Wall Street Journal*, Whole Foods Market CEO John Mackey presented an argument against so-called ObamaCare, naming “eight things we can do to improve health care without adding to the deficit.”

Mackey writes: “While we clearly need health-care reform, the last thing our country needs is a massive new health-care entitlement that will create hundreds of billions of dollars of new unfunded deficits and move us much closer to a government takeover of our health-care system. Instead, we should

At the other end of the spectrum, the two Houston’s restaurants in New York are fighting calorie-posting laws on the basis that the two restaurants have different menus and use local purveyors. Sure, this might cause some customers to ask, “What is Houston’s hiding?” But many customers of the steakhouse see their meals as a luxurious treat, and they don’t want to know calorie information.

PUT CUSTOMERS FIRST

Yum Brands Senior Vice President of Public Affairs Jonathon Blum penned a letter, signed by 21 restaurant chains, to the House Committee on Energy &

Commerce saying that Section 325 of the America’s Affordable Health Choices Act is unfair

Get involved in the public discussion and state your case. But don’t forget who your customers and stakeholders are.

be trying to achieve reforms by moving in the opposite direction—toward less government control and more individual empowerment.”

because menu-labeling rules exempt “more than 75 percent of the restaurants in the U.S.”

You could read the letter as sour grapes: “If we have to do it, so should they.” But there’s also a clear call to consumer needs. Blum writes: “Consumers will benefit most if this information is widely available for all their prepared food purchases, not simply those at a minority of venues that are part of chains of 20 or more. A recent national opinion poll found that 71 percent of U.S. adults believed that all restaurants should list calories on their menus.”

This is the type of message that pleases company stakeholders and conscientious customers alike. (Read a Q&A with Blum on page 26.) ■

READY, FIRE, AIM?

I applaud Mackey’s intentions and involvement in the public forum. But it seems he has forgotten who his customers are. If the store’s liberal-leaning customers decide to shop elsewhere, it hurts Whole Foods sales and then Mackey’s other important customers: shareholders.

BIG ideas

“The only way to keep your health is to eat what you don’t want, drink what you don’t like, and do what you’d rather not.”

—Mark Twain

“To insure good health: Eat lightly, breathe deeply, live moderately, cultivate cheerfulness, and maintain an interest in life.”

—William Londen

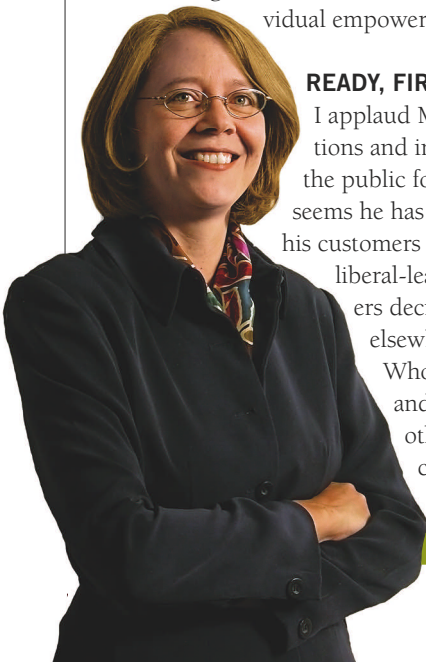
“Life expectancy would grow by leaps and bounds if green vegetables smelled as good as bacon.”

—Doug Larson

“While we may not be able to control all that happens to us, we can control what happens inside us.”

—Benjamin Franklin

Mary
Mary Boltz Chapman
Editor-in-Chief



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Not-So-Great Expectations

A Zogby Interactive survey conducted in July shows that only 41 percent of adults in this country expect their household financial situation to return to pre-recession levels.

The poll of 41,175 adults found that those with higher incomes were more likely to think their financial circumstances would go back to the way they were. Younger people also were more optimistic. Of those ages 18 to 29, 55 percent said they would fully recover, while 27 percent of those 65 and older did.

Respondents who expect their personal finances will return to pre-recession status

Yes	41%
No	31%
Not sure	27%

The study also asked, "How big an impact have the recent changes in the U.S. economy had on your household?" On a five-point scale, 13 percent answered 5, or "devastating." And 34 percent answered 4 or 5, showing major impact. Only 7 percent replied that the changes were having no impact.

Again, those with lower incomes reported being harder hit; half of those with household incomes less than \$25,000 said it is having a major impact.

Recession impact on a five-point scale

5 (devastating)	13%
4	21%
3	36%
2	22%
1 (no impact)	7%

The survey asked about political-party affiliation; more Republicans reported higher levels of impact and had the lowest confidence about their situation returning to the way it was prior to the recession.

SPORTSMANSHIP

Are You Ready for Some FOOTBALL?

It's football season, and at press time, it's announce-your-company's-NFL-sponsorship-status season.

Gold Star Chili has renewed its partnership with the Cincinnati Bengals to be the team's "Official Chili" for the next five years. Football fans at Paul Brown Stadium can have Gold Star Chili at home games and other events. The chain also will tie charitable efforts to the partnership.

Krispy Kreme will sell its doughnuts during Carolina Panthers games for the next three seasons. The Winston-Salem, N.C.-based chain will sell a variety of treats at the Bank of America Stadium, and the outlet on the Club Level will feature Krispy Kreme's new Kool Kreme soft serve.

Duffy's Sports Grill, a 20-unit chain based in Palm Beach Gardens, Fla., has been named "The Official Sports Grill of the Miami Dolphins." Duffy's sponsorship includes providing Dolphins fans bus service to home games and promoting the service to its MVP loyalty-club members.

Atlanta-based **Hooters** held a National Hooters Fantasy Draft Weekend at its 445 stores Aug. 21-23. Customers received FoxSports.com Draft Party Kits with guides and Hooters Season Tickets, which gave each party up to \$500 in savings on food and drinks throughout the football season.

Marketing goes both ways, as plenty of current and former pro-football stars promote restaurant chains. Since 2003, former Cowboys quarterback and current Fox broadcaster Troy Aikman has served as spokesman for Dallas-based chicken chain **Wingstop**, the "Official Wings of the Dallas Cowboys."

Arizona Cardinals wide receiver Larry Fitzgerald Jr. has lent his name and image to **Cold Stone Creamery** to raise funds to fight breast cancer. San Diego Chargers running back Darren Sproles has been working with **Submarina California Subs** to promote health and wellness to children.

And among the ranks of chain franchisees are plenty of football heroes, such as Orlando Brown, who franchises **Fatburger**; Raheem Brock, who operates a **Wingstop**; and Leonard Davis and Marc Colombo, who are opening **Smashburger** units. ■





The remodeled Copeland's of New Orleans in Baton Rouge, La., is the latest iteration of a smaller prototype the chain plans to expand into several new markets.

EXPANSION

Copeland's Relies on Smaller **Prototype**

Hope springs eternal in the restaurant business, even in a recession. To wit: Al Copeland Investments' smaller French Quarter-style prototype that Chief Franchise Officer Andy Gunkler insists will set the Copeland's of New Orleans concept apart from competitors while maintaining a better-than-1-to-1 sales-to-investment ratio. We asked Gunkler to explain.

Is the prototype a face lift or a new business model?

It's a face lift. The first one we did, in

Baton Rouge, La., was a remodel of the older prototype. We brought our restaurant up to our new prototype standards. For example, we put a bakery in the restaurant. Bakery sales account for about 8 percent of total sales in the Copeland's brand.

What else did you do?

We redid the bar. We added 20 tables to the dining area. We did the face lift on the outside. Our grand reopening was in March, and we are very pleased with the increase in sales.

Can you give me a number?

Our sales are up between 5 and 10 percent since then.

How is the Baton Rouge unit different from the new prototype?

Our newer prototype is 6,100 square feet. The existing building in Baton Rouge is 6,500 square feet. The new prototype will seat 220 people.

When will you get a new one open?

Well, a franchisee will probably beat us to it. I'm in Memphis, Tenn., right now looking for a site with a franchisee.

What's your goal for restaurant openings in 2010?

Six to 10 restaurants. Franchisees will probably open most of them. We opened three restaurants in 2008 and expect to open one or two this year. ■

BLOGS

TALKBACK

PODCAST

The Top Ten Things I've Learned About Restaurant Marketing

Chain Leader blogger and restaurant marketing veteran Karen Brennan outlines the Top 10 things she has learned so far. For the full report, check out her blog at chainleader.com.

10. Customers own the brand. A brand is a set of expectations, and if your guests don't believe your messaging, it may as well not be true.

9. Marketing restaurants is simple. Make customers

want to come. Make customers want to come back. The devil is in the details.

8. Marketing is a philosophy, not a department. Marketing is everyone's job, from the hostess to the CFO to the unit-level manager.

7. You're not selling burgers; you're renting chairs to people buying burgers. Restaurant capacity is the secret. Maximize every daypart.

6. If you want people to talk about you, give them something to talk about. If you don't give people something specific and concrete to talk about, they have nothing to say.

5. Marketing is a "ready, aim, fire" discipline in a "ready, fire, aim" industry.

4. Marketing can't promise what operations can't execute. A simple thing like promoting a long-ticket-time appetizer versus an

easy-pick-up item such as soup can negatively affect the guest experience.

3. Never confuse effort with results. It's easy to feel really good in the midst of rolling out a new program. But it's important to stop every now and then to measure results.

2. Steal only from the best. And make sure the idea fits your brand.

1. You'll never be first by following the competition.

ON THE MONEY

Trouble Behind



“I see improvement in the economy, not deterioration, at least as it relates to our business.”

—Craig Oberlander

Craig Oberlander never expected to become co-CEO of Redstone American Grill. But in fall 2008, as the chain prepared to add four units, a series of misfortunes beset the Wayzata, Minn.-based concept, propelling the former CFO into the top slot. (He shares it with former restaurant analyst Allan Hickok.) Now, after several months of making repairs, Oberlander insists the five-unit casual-dining concept is ready to grow again.

First, why has Redstone American Grill been able to attract investors all along?

The restaurant unit-level economics are very compelling. We do just under \$8 million per unit.

GE Capital had poured a considerable sum into the business before trouble began.

We did two loans with GE Capital at the end of 2007. One was for \$6.8 million in debt consolidation that really improved cash flow. Then we did a \$10 million development loan that was to be used on a matching basis with money we raised privately for construction of four additional stores.

Then the company hires David Goronkin.

Yes, David gets his team in place.

Was that the company's first real infrastructure?

Until then everything was pretty much bootstrap. We were building one store at a time. We made a decision in 2007 to put capital in place to build four to six new stores, and unfortunately we walked into the eye of the storm.

The fraud allegedly perpetrated by one of your longtime investors didn't help.

That was unfortunate. His name was Tom Petters, and he had nothing to do with the company. He wasn't a board member. But his association was a credibility issue for us. (Petters

is under indictment for allegedly masterminding a \$3.5 billion Ponzi scheme.)

How did you handle the Petters issue?

The first thing we did when this occurred in October '08 was to get a proxy for his stock. Private companies can't have shareholders of greater than 5 percent who have a felony conviction.

What finally happened?

As it turned out, it took us from October to July 7 to get the matter resolved. The company ended up buying back Petters' stock.

Meanwhile, Redstone defaulted on its loan?

It was a technical default, not a payment default. David was brought on to grow the company. As the economy started to slip and his G&A expanded, he broke a loan covenant.

Then what happened?

I met with GE in October after David left the company. We finally signed a loan modification agreement in late May. We paid a fee of \$25,000. The bottom line is we ended on very good terms with GE, albeit they are not in the [lending] market right now.

Where does Redstone stand today?

Right now, we feel we've hit our bottom and are on the upswing. Restaurants are always first to feel recessionary times. But people eventually get tired of being in the bunker. You won't buy a new car, but maybe you'll take your wife out to dinner.

Store openings next year?

Looking ahead to 2010, we'll probably get one or two stores open.

How long will you and Allan hold the co-CEO title?

We don't anticipate any changes. Our focus is our business and growth. It isn't about titles. ■

IN THE WORKS: Oberlander predicts that when things return to normal, purveyors will want pre-recession prices for their goods.

Global Franchisors

Franchise portal Franchise Direct has released the first in what it plans as an annual list of the Top 100 Global Franchises. The findings were reached using an objective, detailed methodology that considered a host of factors including financial performance and corporate citizenship.

Franchise Direct's report notes, "The franchises in the Top 100 all share a defined identity, a clear business plan, a commitment to training and support, an ability to innovate and a sensitivity to environmental issues."

1. McDonald's
2. Subway
3. 7-Eleven
4. InterContinental Hotels
5. Pizza Hut
6. KFC
7. Burger King
8. A&W Restaurants
9. Ace Hardware Company
10. Naturhouse
11. JAN-PRO Cleaning Systems
12. Tim Hortons
13. Circle K
14. H&R Block
15. RE/MAX
16. Cold Stone Creamery
17. Ramada Worldwide
18. Taco Bell
19. The UPS Store
20. Jani-King



EMERGING CONCEPT

P.F. Chang's Provides Loan to Upstart **True Food**

Fox Restaurant Concepts, which describes itself as "a collection of original, thriving boutique restaurants," is \$10 million richer thanks to P.F. Chang's China Bistro.

Scottsdale, Ariz.-based Chang's is providing the capital in the form a loan for the "early-stage development" of Fox concept True Food Kitchen, a one-off restaurant that emphasizes wellness.

The menu features locally grown organic produce, wild or sustainably harvested fish, and hormone- and antibiotic-free chicken, turkey and beef.

The loan is to be used over a five-year period to build four or five True Food Kitchen restaurants and is convertible at P.F. Chang's option into a majority equity stake.

FUNDING STRATEGY

Financial strategist and former Brinker International Chief Financial Officer Jim Parish wonders what type of loan protection is in place until then. "I wouldn't be surprised if it's a covenant-free loan for a couple of years," he says. "Then come the classic covenants."

Parish speculates that P.F. Chang's board of directors did not want to create the impression it is funding a new restaurant brand. Hence, it offered debt.

Two years ago, P.F. Chang's developed one Taneko Japanese Tavern, a concept based on a casual style of Japanese restaurants. In January, the company announced



A \$10 million loan from P.F. Chang's will fund Fox Restaurant Concepts' effort to open four or five True Food units.

Dishes at True Food Kitchen, such as Sashimi Tuna Salad, have been developed in conjunction with best-selling author and medical doctor Andrew Weil.

that it had sold the eatery to Jack Baum, a longtime Dallas restaurateur.

LOW-RISK LOAN

P.F. Chang's co-CEO Bert Vivian describes the loan as "a small bet on our part," adding that he and co-CEO Rick Federico have admired True Food Kitchen and other restaurants in the group for a long time.

Fox, president and CEO of Scottsdale, Ariz.-based Fox Restaurant Concepts, notes the loan is just that—a loan. "Fox Restaurant Concepts has pretty good bandwidth, so we have not established any additional relationship with P.F. Chang's at this time," he says. "They believe in the concept and are leaving it up to us to figure things out as we move forward." ■

Taking FLIGHT

Buffalo Wings & Rings rebrands and rebuilds its reputation among franchisees.



Parisian Philip Schram concedes his French friends don't quite understand using one's fingers when dining. "Most of them prefer eating with a knife and fork," declares the president and CEO of Cincinnati-based Buffalo Wings & Rings.

What does impress his friends, he adds, is the wing chain's rapid expansion. Schram expects to have 59 full-service eateries open by the end of 2009.

That's roughly 10 times the number of units he had when he and partners Nader Masadeh and Haytham David, chief financial officer and vice president of sales and marketing, respectively, acquired the then-beleaguered business in 2005.

Systemwide sales will climb 36 percent, to \$50 million, in 2009, Schram predicts. Comparable sales for the 28 units open 15 months or more are flat year to date.

CHICKEN AND MORE

The versatility and healthy reputation of chicken appears to have spurred growth across the category. Since 2000 the number of chicken restaurants has climbed 18.6 percent, says a recent report from GE Franchise Finance.

At Buffalo Wings & Rings, chicken finds its way into sandwiches, wraps, salads and gyros. Checks average \$8 at lunch and \$12 at dinner, reasonable for

a full-service atmosphere.

Growth hasn't been without problems for franchisees, who are spread across 14 states (the company operates one restaurant, near headquarters). "The cost of chicken wings is close to an all-time high," hurting franchisees' profits, Schram says, adding wing prices are prone to fluctuating.

To combat those ups and downs, the partners early on adjusted the menu, adding gyros and pulled pork sandwiches, for example. "Rings," by the way, refer to curly fries.

Since acquiring the chain, the partners have also impressed potential franchisees with a rebranding effort that added a new color palate and galvanized-sheet-metal finishes.

The effort also includes a slick Web site dubbed PalJunction.com. An early social media site Schram purchased in 2004, it's now used to communicate between franchisor and franchisees. The site includes document management, e-learning, project management, and a tool that franchisees use to calculate royalty payments and write checks.

"So you have the entire company universe on PalJunction, and it has been a huge productivity tool, putting everyone on the same rhythm," Schram says. He adds that unlike similar franchise databases, which charge per restaurant, PalJunction is included in the royalty fee.

A rebranding effort launched rapid growth at Buffalo Wings & Rings.



SNAPSHOT

Concept
Buffalo Wings & Rings

Headquarters
Cincinnati

2009 Systemwide Sales \$50 million

Units 50 (1 company, 49 franchised)

Check Average
\$8, lunch; \$12, dinner

Expansion Plans 9 by year end; 24 in 2010

SYSTEMATIC APPROACH

Productivity is Schram and Masadeh's bailiwick. Former auto executives for a Cincinnati-based joint-venture between Ford and a German parts manufacturer, they worked together to streamline the new company's supply chain.

Striking out on their own in 2004, they intended to buy a manufacturing firm. But they changed their minds after discovering Buffalo Wings & Rings, which had shrunk from 25 units to seven licensed units after the founders' divorce.

"My partner said, 'Look, this business deals with lots of systems—organization, training, support, purchasing, customers,'" Schram recalls. "We are going to love it.'" Knives and forks be damned. ■

ON THE WEB: A dozen of Buffalo Wings & Rings' units offer online ordering.



MADE TO ORDER

Food safety, quality and consistency with custom meat solutions

Back in 1973, Joe Whitty was sitting on his front porch, worrying. He had received an offer to franchise Happy Joe's, his fledgling pizza joint in Davenport, Iowa. But how would another operation 30 miles away handle his house-made, hand-ground sausage recipe? Food safety was a concern, as well as brand consistency.

That's when Whitty saw a truck drive by that said "Burke Custom-Made Sausage." He chased it down the street to the corner, jumped onto the running board and called through the window: "I need to talk to you guys. Could you make a recipe that would be the same as mine?"

Whitty soon became Burke's first customer, helping launch the company's journey to becoming a leader in custom-made, fully cooked, IQF meats. Burke continues its focus on custom solutions to this day, through its capabilities in both custom formulation and private labeling. However, since the early days, its product list has grown to include Italian sausage, beef crumbles, meatballs, pepperoni, sausage links, shredded meats, Mexican-style meats and chicken strips. In addition to proprietary labels, Burke products are also available under the Premoro®, MagniFoods®, Tezzata® and NaturaSelect® brand names.

"About 80 percent of what we do is custom; that's our primary focus," says Casey Frye, Burke's vice president of research and development. "Very seldom do we develop a product and then go out and sell that product. We find a customer, learn what their needs are, and then fulfill those needs."

Happy Joe's—now with 60 locations in six states—wound up expanding its pizza offerings from one pork and one beef topping to a host of creations such as taco pizza, BLT pizza, chicken bacon ranch pizza, BBQ pizza and breakfast omelet pizzas, with meat toppings often custom-designed by Burke.

"They always do a great job at coming back with a benchmark item," says Larry Whitty, president of Happy Joe's. "Then we go back and forth about four or five times, and they always seem to hit it."

Burke continues to work with regional chains. "We've been willing to grow with our customers and make products that completely meet their needs," says Doug Coopridge, Burke's vice president of sales and marketing. "You send us a sample of the product, and we'll mix and match it until you're satisfied."

This attitude is not always easy to find in the industry. "With some vendors, we'll ask them to try something new and they're like deer in the headlights," says Larry Whitty. "But Burke has always been extremely cooperative with meeting our situation. We always felt they were taking us seriously. Plus they're just good folks and good handshake people."

A key advantage to working with Burke, say both Joe and Larry Whitty, is what originally got the partnership going—food safety. "When you start franchising, you start worrying—'Is the other guy going to cook it the right way? Is he going to cook it long enough?'" says Joe Whitty. "Burke took all that worry away."

Learn more about custom solutions at
www.BurkeCorp.com/CustomSolutions.



FEWER FOOD-SAFETY WORRIES

For many operators, the switch to fully cooked meats lets them breathe a sigh of relief.

“Because we’re not dealing with a raw product anymore, E. coli is taken out of the equation, says Brice Quijas, vice president of Rudy’s Tacos. “When you have multiple people in multiple stores working with a raw product, that’s always a big concern. I visited Burke’s plant, and I was very, very impressed. I knew that anything that came out of that place would be safe. They go above and beyond normal standards.”

The Burke plant has a full HACCP plan and its own microbiological and chemistry lab where they test every batch of product run. “We feel that we’re at a pinnacle as far as our food safety,” says Casey Frye, Burke’s vice president of research and development. “The industry standard is 10,000 to 25,000 colony-forming units per gram. Our averages are below 100, so that’s how clean our product is. We’re providing that level of safety and assurance to our customer.”

Burke cites food safety as the number-one reason to buy its products. Says Doug Coopridge, Burke’s vice president of sales and marketing, “That’s one thing the operator doesn’t have to worry about.”



CASE STUDY: CONSISTENCY

Guarding Grandma’s Recipe

Brice Quijas, vice president of Davenport, Iowa-based Rudy’s Tacos, recently became concerned with inconsistencies from store to store in the restaurant’s taco meat, which since the operation’s inception in 1973 had been cooked from raw ground beef in large steam kettles.

“The spicing, texture, moisture content and the way people handled the meat were pretty different from one store to the next,” says Quijas. “Just because of human error, that’s bound to happen.”

With 11 locations in Iowa and Illinois, each using about 500 pounds of taco meat a week, inconsistency was a big problem. “That’s our core product, so it has to be right,” says Quijas. “It’s used in tacos, enchiladas, salads, tostadas—pretty much everything we serve meat in.”

He turned to Burke for a precooked version of the family recipe, which is his grandmother’s. “Burke has been fantastic,” he says. “They are excellent to work with, very responsive and precise. They even helped me out with some ideas about moisture content to help keep the meat from drying out in a steam table.”

Burke and Quijas carefully fine-tuned the recipe, adjusting the

flavor, spicing, moisture content and crumble size. After extensive taste-testing with employees and customers, Quijas pronounced it perfect. “It’s tough to tell the difference between what I would make myself and what they make,” he says.

The new product is now being introduced to the restaurants, and has also allowed Quijas to open a Rudy’s Tacos stand inside Modern Woodmen Park, the local minor-league baseball stadium and home of the Quad City River Bandits. The taco meat arrives frozen in sealed five-pound bags, is thawed and heated in the ballpark’s central kitchen, then delivered to the stand and held for service in a steam table. “It would have been too much equipment and too much hassle to cook it from raw there,” says Quijas. “Thanks to the work that Burke did, we have another business venture.”

Another advantage of precooked meat is keeping the family recipe a secret. Quijas feels no twinge of nostalgia for the old-fashioned process of cooking his grandma’s recipe from raw. “I just feel like it’s the next step in the restaurant’s evolution,” he says. “It’s consistent now because it’s all automated; before there was too much variation. Now it actually tastes more like grandma’s recipe, every time.”

CASE STUDY: COST EFFICIENCY

Scaled-Up Recipes, Scaled-Down Labor

When Davanni's Pizza & Hot Hoagies introduced deep-dish pizza in the 1980s, they ran into a snag. "Some of the raw meats weren't getting cooked all the way," says Bob Stupka, Davanni's chief financial officer, who is in charge of sourcing products. "From a food-safety standpoint, we weren't comfortable using that raw product anymore."

Burke's precooked meats provided a solution. "We started with sausage and hamburger, and then found out that they did meatballs and Italian sausage links, and suddenly we were buying quite a few things from Burke," remembers Stupka. "At that point, we made the commitment that precooked products were the way to go."

Now with 21 locations in the Minneapolis-St. Paul area, Davanni's uses Burke's Hand-Pinched Style® Italian sausage, Italian sausage links and beef topping for pizza toppings, as well as meatballs and Italian sausage links for hoagies. All were custom-designed for Davanni's. "Burke did

a great job matching our recipes," says Stupka. "They're a very responsive company, and they turned it around in a hurry."

As precooked products became a staple of the growing chain, Stupka found that they were actually more cost-efficient than cooking from raw. "The net cost is cheaper when somebody can make products on a larger scale," he says. "Plus somebody with the purchasing power of Burke can buy the ingredients more efficiently than we can. Back in the days when labor was cheap and we were smaller, we thought it would always be more efficient to make everything ourselves, but suddenly you get a little bigger and labor is more expensive, and you realize that a company like Burke can do it quicker, better and more cost-efficiently."

That's partly because with precooked meats, there's no shrinkage and no waste, and less equipment is needed. "We've got pizza ovens and cheese melters for our hoagies and not much else," says Stupka.

"We can't handle cooking all that stuff in our stores."

Preparation is streamlined, too, meaning less need to train and supervise staff. "There's no setup, no mixing, no mess and no cleanup," says Stupka. "Labor has become the biggest cost by far to run our restaurants. Our overall labor cost has almost doubled as a percent of sales from way back when, and those numbers will only increase."

But his satisfaction with Burke isn't just about numbers. "The Burke people are just terrific people," Stupka says. "Every one of them works like they own the place, and the care level among their employees is second to none with anyone that we deal with. And that starts at the top and works its way down. Their goal is to take care of their customers, and they'll do whatever it takes to make sure that happens."

Try Burke's "True Cost of Raw" calculator at www.BurkeCorp.com/TrueCostOfRaw.

HAND-PINCHED STYLE®

Since the beginning, Burke's customers have been looking for fully cooked sausage products that don't look manufactured; or as some put it, don't look like "dog food" or "little eraser-heads." Customers who used the traditional method of pinching raw house-ground sausage right onto pizzas before cooking didn't want to give up its distinctive look.

In response, Burke developed new processes and equipment. "We provide precooked sausage that mimics the look and performance of raw meat, but with the convenience and safety of precooked," says Casey Frye, Burke's vice president of research and development. "It's bigger and a bit more craggy and non-uniform."

As Burke kept fine-tuning the technology over the years, it developed into the Hand-Pinched Style® line, now a top seller for Burke. "Once again it was based on customer needs," says Frye. "A lot of our innovation comes from desires of our customers."





TAPPING THE TRENDS

Food Trend	Product	Suggested Uses
Comfort foods with a twist	Italian sausage; andouille sausage; chorizo	Create updated versions of traditional favorites, such as three-mushroom sausage pizza, or scrambled eggs with andouille or chorizo.
Exciting new flavors, such as Mediterranean, Indian, Thai and Caribbean	Chicken strips	Use versatile chicken strips in ethnic wraps, salads and specialty pizzas with tandoori, Thai or jerk flavors.
Wellness	Chicken strips; lean seasoned beefsteak pieces	Design pizzas with chicken or beef strips, whole-wheat crusts and roasted vegetables.
Organic and natural	Organic or natural Italian sausage and ground beef; natural, nitrate-free pepperoni and Canadian-style bacon.	Highlight organic and natural ingredients in pizzas, calzones, stromboli, pasta dishes, bruschetta, appetizers and soups.

For recipes and menu ideas visit www.BurkeCorp.com/Recipes.

CAPABILITIES

Burke fully cooked meats make operators' jobs easier because of their:

CONSISTENCY • FOOD SAFETY • LABOR SAVINGS • QUALITY

"Burke gives us consistent product all the time. We have peace of mind because we know the products are safe. And most importantly, we know the products are going to taste great," says Bob Stupka, chief financial officer of Davanni's Pizza and Hot Hoagies. "All those other things are great, but if the products don't taste good, you're not going to be around for too long."



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Restaurant operators have discovered that highly educated, affluent diners are eating healthfully, so they're trying to **LOCATE WHERE THESE DINERS LIVE.**

Where Good Food Means MOST

The more customers are aware of the nutritional value of food they eat, the more likely they are going to be customers of Fresh City, says CEO Larry Reinstein.

In 1986, Fresh Choice founders Martin Culver and Brad Wells tapped a culinary well that has yet to run dry by betting that well-educated consumers would become loyal guests if they perceived the offerings as healthful. If these people had better a better-than-average income and lived in close proximity to each other, all the better.

"Fresh Choice was one of the early ones to identify that market," recalls former Montgomery Securities investment banker Al Baldocchi, who remembers affluent-looking females piling into the salad buffet restaurants in Sunnyvale and Palo Alto, two of the brainiest and wealthiest cities in northern California.

By the time Baldocchi took the then-22-unit company public in 1992, raising \$13 million in the process, annual revenues had jumped 57 percent and net income had climbed \$1.3 million.

But that was then, Baldocchi declares. Today, he insists, you can find chains with healthful menus just about anywhere in the country. "It may have started in sophisticated urban centers, but the market has broadened from there," he says.

Yet chain leaders interviewed about growth strategy say education, income and population density remain important site-selection factors. Their concepts, all of which boast good-for-you menu items, do well when in markets filled with consumers who care about their health.

THE EDUCATED CONSUMER

"We find that the better-educated the consumer is, the more apt they are to be our kind of guest because we are asking them to pay a little more than in a QSR," declares Larry Reinstein, CEO of Fresh City, a Needham, Mass.-based chain that operates and franchises 16 fast-casual eateries that emphasize fresh, nutritious foods.

Reinstein has found such customers in Herndon, Va., outside Washington, D.C., and plans to open more Fresh City units there. "Washington, D.C., will be strong for us," he says.

As a similar chain has already discovered. "Our best customer is a younger person who is eco-conscious and likes healthy food," offers Nathaniel





McAlister's site-selection criteria includes a screen for "health seekers," a category that includes consumers looking for healthful ingredients and menu items.

Ru, a partner in a salad and yogurt venture called Sweetgreen. The partners, recent Georgetown University graduates, have so far opened two fast-casual restaurants in Washington, D.C., and one in Bethesda, Md., since 2007. They plan to open at least one next year, possibly in nearby northern Virginia.

The menu at the eco-friendly concept, based in the District, typically features locally grown, organic vegetables, and the restaurants themselves incorporate repurposed building materials.

"Our loyal customers understand the concept and why they are there," Ru adds, referring to its low-calorie menu that emphasizes quality, freshness and nutrition.

The District of Columbia ranks in the top 10 of the "Healthiest Cities in America" and "Most Energetic Cities" surveys. According to Bestplaces.net, which published the lists in 2005 and 2007, respectively, Washington, D.C., scored high in general good health and boasts many fitness facilities and outdoor shops. The Web site also shows that as of 2006, 49 percent of Bethesda, Md.'s 1.1 million residents have at least a bachelor's degree; of Washington, D.C.'s 4 million people, it's 39 percent.

Scottsdale, Ariz.-based Kona Grill does well when highly educated people live or work nearby. CEO Mark Bartholomey lists

Troy, Mich.; Tulsa, Okla.; and Kansas City, Kan., as good markets for the upscale-casual concept, which offers vegan, wheat-free and healthful-dining menus.

Good markets, that is, as long as the chain identifies a site among educated customers. "There seems to be a food quality-slash-education crossover, though we have no data to prove that," Bartholomey adds.

TARGETING LIFESTYLES

He hopes to have a better picture soon. Bartholomey recently retained a site-selection firm to help refine Kona Grill's site-picking process, which has relied on "raw" demographic data like income and education levels. That led to mistakes in a couple of cases.

"We could find incredibly intelligent people who want to eat healthy, but they could have too high of

Where the Healthiest and Most Active People Live

Looking for real estate in the country's healthiest, most active markets? Start with these lists. More information about these cities and survey methodology can be found at Bestplaces.net.

Healthiest Cities in America

Metropolitan Area	Top Attribute
1. San Jose, Calif.	Health
2. Washington, D.C.	Mental attitude
3. San Francisco Bay Area	Health
4. Seattle-Bellevue-Everett	Lifestyle
5. Salt Lake City-Ogden	Outdoor activity
6. Oakland, Calif.	Health
7. Sacramento, Calif.	Diet
8. Orange County, Calif.	Lifestyle
9. Denver-Aurora	Outdoor activity
10. Austin-San Marcos, Texas	Outdoor activity

Most Energetic Cities

Metropolitan Area	Walk to Work	BMI Score*
1. San Francisco	3.88%	26.08
2. San Diego	3.28%	26.35
3. Boston	4.46%	26.61
4. Sacramento, Calif.	2.07%	26.64
5. Denver	2.02%	26.20
6. Honolulu	5.53%	25.95
7. Seattle	3.15%	26.97
8. Portland, Ore.	2.85%	26.86
9. Los Angeles	2.69%	26.60
10. Washington, D.C.	2.87%	26.59

Source: "Healthiest Cities in America," 2005, and "Most Energetic Cities," 2007, Bestplaces.net;

*body mass index scores assess body weight relative to height; obesity is defined as a BMI of 30.0 or greater

GROWTH STRATEGY

Fresh Choice is targeting Whole Foods customers. "That is the one customer we really need," says CEO Sandy Boyd.

an income and are looking for a different caliber of food than ours," he says. The chain has opened "one or two" restaurants in such areas.

"When you look at demographic reports from a real estate perspective, they're not typically going to list 'health-minded consumer,'" acknowledges CEO Jeff Levine of Miami-based Salad Creations, a 53-unit fast-casual chain. Ideally, he says, he'd like to know that "28 percent of the population in this area is healthy-minded and makes better eating choices and shops at Whole Foods."

Drilling down that far into personal habits isn't possible without commissioning an expensive custom survey. Yet Former Applebee's marketing executive

Bill McClave, a principal at Birchwood Consultants, claims "lifestyle segmentation" data, which includes information from U.S. Census Bureau block groups, does come close. A block group is roughly 1,500 households that shared information about education, employment, housing and transportation in the last census.

"More than half of the fast-casual and upscale-casual-dining chains are chasing educated, middle-class and up, white-collar-employed consumers," McClave estimates. Using modeling techniques, he adds, chains can find "disproportionate concentrations" of people that like quality food and like their concept.



Salad Creations CEO Jeff Levine, who believes people in the West are more interested in personal health than elsewhere, says outposts in Wyoming and South Dakota are doing well as a result.

HEALTH SEEKERS

McAlister's Deli CEO Phil Friedman notes he has discovered one such concentration through the segmentation process. "One big segment for us is 'health seekers,'" he says. "They are looking for taste and variety, but they are also looking at specific ingredients."

The Ridgeland, Miss.-based salad and sandwich chain of 292 units in the Southeast includes health-seeker preferences in its site-modeling criteria, which is updated annually. "The trend toward looking for healthier options is incorpo-

New Perfect Answers™ Chicken Breast Slider



rated in our site screens because we are always looking for sites where we can be more successful," Friedman says.

Friedman hesitates to describe an ideal McAlister's Deli location, though he will say restaurants that open in affluent suburbs with "good residential and business" do well. Throw in a hospital or a university, and it's icing on the cake. "The infrastructures of both historically have worked well for us, and that relates a bit to education and income," he says.

Levine, on the other hand, isn't shy at all about where he'd like to see a Salad Creations go. "On Lincoln Rd. [in South Beach]. Oh my, it has our name written all over it," he exclaims. "Everybody there looks like they just walked out of a magazine cover."

Trouble is, rents on the popular pedestrian mall run \$300 per square foot, he adds, making it tough to con-

vince a franchisee to sign a lease.

So far, the Levine has had to settle for more prosaic outposts like Greenville, S.C., which proved to be a bust. "It was a smaller town without the population density of white-collar, educated consumers that we need," he explains.

GO WEST

The recently opened Salad Creations in Billings, Mont., and Great Falls, S.D., however, are doing fine. "I attribute that to an outdoorsy population that likes to eat better," Levine says.

Levine, who also wants to open units

BIG idea Kona Grill CEO Mark Bartholomey hired a site-criteria specialist to determine where healthy-minded people lived.

in Denver, is on to something. Eight of the top 10 most energetic cities are in Western states. Three of those states—Colorado, Hawaii and California—have the fewest obese residents, according to the Centers for Disease Control.

None of this has seemed to help Fresh Choice, which had fallen on hard times by the end of the '90s, largely the result of overexpansion. Today, the Newark, Calif.-based chain operates 34 restaurants (down from 53 in 1995).

Still, says CEO Sandy Boyd, who bought the chain 18 months ago: "The irony is, you drive down the Peninsula [from San Francisco] and see four or five of our stores and Whole Foods across the street. We were there first."

Boyd is adding locally grown, organic vegetables to Fresh Choice to attract the Whole Foods customer. "I am trying to get them back," he says. "That is the one customer we really need." ■

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just don't call it HEALTHY

Quick-service and fast-casual operators promote healthful selections as **"BETTER TASTING" RATHER THAN "BETTER FOR YOU."**

Consumer attitudes about healthful options at quick-service and fast-casual restaurants are convoluted at best, making it difficult to know what to offer and how to market it. Most operators agree that change is prudent, as legislation that has touched calorie content and trans fats may move toward sodium. Many also talk about growing guest interest in locally produced, artificial-additive-free food.

menu of nine lower-fat, lower-calorie tacos and burritos. When first asked if they'd be interested in trying a more healthful taco or burrito, most said, "No way." But once guests tried Fresco, they came back for more.

"The Fresco menu has the highest repeat purchase scores of any product line we've tested recently," Wagner says.

Like Taco Bell, many chains have experienced



Instead of mayo, a light olive-oil dressing is the binder for Panera's new Napa Almond Chicken Salad Sandwich.

"There's no question that there is this slow migration toward better-educated choices and better-for-me, more-nutritious food," says Dennis Lombardi, executive vice president of foodservice strategies for Dublin, Ohio-based WD Partners. "But 'healthy' means different things to different people. And what guests say they want and what they order are two different things."

"The biggest hurdle with healthier menu options is getting consumers to try them," says Tom Wagner, vice president of consumer insights for Irvine, Calif.-based Taco Bell. Take guests' wishy-washy initial reaction to the chain's Fresco

Schlotsky's Very Berry Salad is one of four entree salads now in test that were built to taste best in a low-fat, low-calorie form.



Vita-Boost Soup



Adding extra power to already-packed-with-spice-and-nutrient soup, San Diego-based Garden Fresh Restaurant Corp. now mixes a vitamin B boost into its X-treme Spice Veggie Chili. It launched the soup in January at its 74 Sweet Tomatoes and 37 Souplantation units.

"A lot of people have added functional benefits to beverages, so I wondered, could this be done with soups?" says Joan Scharff, executive director of brand and menu strategy. The company's food scientists said, "Yes you can," tweaking the vitamin B complex so it wouldn't lose its beneficial properties when heated.

Garden Fresh Restaurant Corp. is mixing a vitamin B-complex energy boost into one of its soups and may do the same with other offerings.

Guest reaction to the soup has been overwhelmingly positive. "We had more guests fill out response cards on this soup than any other we've tested, and flavor scores put it in the top three soups we've ever introduced," Scharff says. Garden Fresh is exploring more uses for vitamin boosts in soups.

that marketing something as "healthy" can be more of a hurdle than a come-hither. "If you want them to try the healthier dish, you're far better off saying, 'Look, we have this great new tasty item we're offering,'" says Thomas John, executive chef and senior vice president of food and beverage for Boston-based Au Bon Pain. "We consciously don't say it's good for you at the point of purchase because in the past we've seen it doesn't sell."

STEALTH HEALTH

And so emerges the practice of stealth health: tweaking and reformulating recipes behind the scenes without tooting horns about it in POP signs. Information about lower calorie counts, sodium and such are more demurely listed on Web sites, brochures and tray liners.

"You still get credit from the guests to whom this matters because the information is available, but you don't lose the sale to that majority guest at the counter who is totally driven by perceived taste," John says.

When Au Bon Pain switched to low-fat mayonnaise, it didn't even tell guests, although the move actually cut 95 calories per serving. Likewise, after removing trans fats from its baked goods, the chain decided to improve the nutritional value and taste of its muffins even more by adding fruit purees, a move it didn't shout about. There has been no negative reaction from guests.

Similarly, Richmond Heights, Mo.-based Panera Bread's new Napa Almond Chicken Salad Sandwich, \$6.79 to \$6.99, introduced in August and featuring antibiotic-free chicken, red grapes, diced celery and sliced almonds, uses a light olive-oil dressing instead of mayonnaise but will not be promoted as lower-fat on signage.

Also on the down-low, both Golden, Colo.-based Boston Market and Dallas-based Corner Bakery tweaked chicken recipes in the last year—one to remove artificial color and preservatives from its chicken marinade, the other to reduce sodium content in

Boston Market is testing two new crunchy-crumbed, seasoning-coated, rotisserie chicken options. The Tuscan Herb (below) and the Lemon Herb.



NEW PRODUCT PIPELINE

“We want to design dishes that won’t prompt people to walk away after a meal saying, ‘I can’t believe I just ate that.’”

—**Rich Davis, vice president culinary innovation, Boston Market**

chicken noodle soup. Neither skewed the changes as better for you. Both won “better flavor” kudos from guests during taste tests.

“I think part of this is because we didn’t focus on what we took away but instead what we added: lots of flavor,” says Ric Scicchitano, senior vice president of food and beverage at 115-unit Corner Bakery. Launched in spring, the new soup, \$3.39 to \$3.49, reduced sodium by a double-digit percentage but was praised by guests for tasting fresher and more chickeny. Since the change, sales of Corner Bakery’s chicken noodle soup have increased by 20 to 25 percent.

FIDDLING WITH FAVORITES

Some of the tiptoeing around healthy revamps comes with changing best-selling recipes. “As much as we want to reduce sodium, we are a little apprehensive about changing long-time favorite dishes,” says Eric Justice, vice president of culinary operations for Scottsdale, Ariz.-based Pei Wei Asian Diner.

It took a long time to develop a lower-sodium version of Pei Wei’s popular Spicy Korean Chicken, \$7.95, “because we have a large group of fans that know the flavor of that dish very well,” Justice

explains. He lowered sodium by switching to a combination of low-sodium and regular soy sauce and adjusting other ingredients.

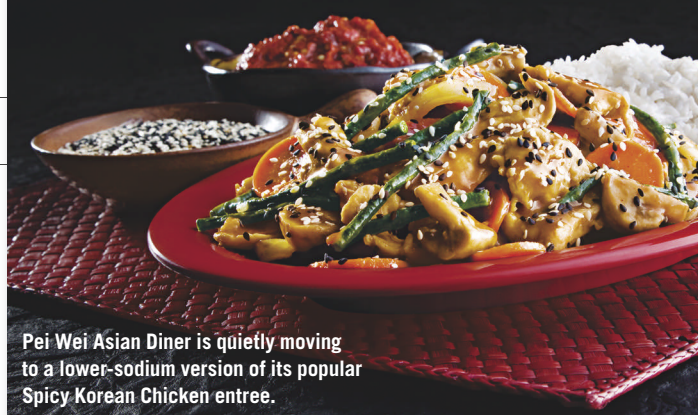
As it goes into restaurants this fall, the new version won’t be promoted as lower sodium. “We will actually just make the switch without any major announcement,” Justice says. “If you tell them its different, they think it tastes drastically different. My hope is to just make the improvement of the lower sodium without raising many eyebrows on flavor change.”

Rich Davis, vice president of culinary innovation at Boston Market agrees: “There’s only so much you can do with existing items and still have them taste the same.” Boston Market is switching to lower-milk-fat neufchatel cheese from cream cheese in creamed spinach and reducing the amount of sodium used in all existing menu items. “We’d like to step sodium down year over year for the next five years,” Davis says.

CHANGING THE DEFAULT

Because challenges with recipe redos are so great, chefs often prefer to focus on what they can do with new products and practices.

At Corner Bakery, “We’re really resetting the default for every side item that goes on the plate,”



Pei Wei Asian Diner is quietly moving to a lower-sodium version of its popular Spicy Korean Chicken entree.

Healthful Tests

• Atlanta-based **Moe’s Southwest Grill** is testing nine fruity salsas as possible seasonal features. Among them: Pineapple Black Bean, Pineapple Mango, and Papaya Mango.

• Lakewood, Colo.-based **Einstein Noah Restaurant Group’s** Lighter Fare (under 400 calorie) limited-time menus for breakfast and lunch proved so popular the 639-unit fast-casual chain started testing new low-calorie items early in August. The Tornado Wrap with lean turkey, low-fat cream cheese, alfalfa sprouts and tomatoes in a whole grain wrap is less than 300 calories.

• **Au Bon Pain** just expanded its Portions line of side salads to include more lower-fat/lower-cal options. A

balsamic-vinaigrette-dressed Chicken Salad with grilled chicken, dried cranberries, apples and tomatoes over romaine, and a Pineapple-Grape-Cheddar Kabob with romaine are in test now.

• This month, **Corner Bakery** starts offering all of its entree salads in two sizes: regular and a slightly smaller, lower-priced cafe salad. “It’s not a side salad but rather an entree option that’s about 65 percent the size of the regular entree portion,” explains Ric Scicchitano, who says the chain had incredible feedback on the new salad size in test.

Moe’s Southwest Grill is testing nine new fruited salsas as seasonal additions to its salsa bar.





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NEW PRODUCT PIPELINE



Best-O-Burger, a new better-burger chain from San Francisco, fries its food in rice-bran oil, a lesser-known non-saturated fat with a light flavor.

“People have great intentions when it comes to diet. But when they order, the large percentage defaults to what they already like.”

—*Eric Justice, vice president culinary operations, Pei Wei Asian Diner*

says Scicchitano. “Instead of always defaulting to chips with sandwiches or white bread with egg dishes, were moving toward sending that sandwich out with fruit, those salads out with multigrain crisps, and those eggs with multigrain bread.”

Likewise, composing a new line of salads at Schlotzsky’s, Director of Research and Development Jim Villemaire says, “we really worked hard to formulate the salads so that they really do taste best in a low-fat, low-calorie form. So it’s not about removing something, it’s about designing something from the start that’s high flavor, low-fat and -calories.” Now in the second phase of testing, one of the best sellers in the four-item new salad lineup is the Very Berry Salad, \$5.99 to \$6.99, a mix of romaine, spinach and field greens with strawberries, raspberries, blackberries, blueberries, feta cheese, pecans and fat-free raspberry vinaigrette.

Best-O-Burger, a San Francisco-based better-burger chain with two units and five on the way from Chef Randy Lewis and Steve Weber, is the first chain to fry its food exclusively with rice-bran oil. Although expensive, the unsaturated oil has a light flavor, says Weber, and is very clean frying.

A NEW PLATFORM

KFC’s April-launched grilled chicken was designed to meet the needs of health-conscious consumers. Its launch was so successful, CEO David Novak said in second quarter remarks to analysts, that the grilled option has been sustaining at over 40 percent of on-the-bone sales and has the 14,000-unit chain planning major product innovation that will build off the grilled chicken platform.

At Pei Wei, Justice has been “playing around” with agave nectar—a sweetener with a lower gly-

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cemic index than some other natural sweeteners—as a replacement for sugar in recipes.

And at Boston Market, Davis has been increasing the use of herbs, spices and infused vinegars to add flavor to chicken and other entrees. Two new crunchy-crumb-topped rotisserie chicken versions, Tuscan Herb (rosemary, thyme, oregano, garlic and crushed pepper) and Lemon Herb (lemon, thyme and garlic), join the core menu in 2010.

If these Tuscan chicken options do well, Davis is also readying Asian-seasoned marinades and coatings and South American chimichurri to follow. “I think it behooves us all to figure out ways to take what Mother Nature gave us and enhance it as little as possible while still ending up with something that tastes great,” he says. ■

Better Kid Food

The need to produce more nutritious kids meals is a pressing objective at many quick-service and fast-casual restaurant chains. Among the new offerings:

Qdoba Mexican Grill is testing some new lower-calorie and lower-fat items. The Lil Naked Chicken Burrito, beans, rice, chicken and choice of cheese or light sour cream, bundled with applesauce and 1 percent milk, is under 600 calories, has less than 10 grams of saturated fat and has no added trans fat. There are also two new sides (applesauce and beans) and two new beverages (1 percent milk and 100 percent juice).

Tropical Smoothie Cafe's new kids-meal combo, the Big Kahuna, gives kids choice of two new small flatbread sammies (Ham & American cheese or Turkey & Provolone) plus a 12-ounce smoothie and choice of banana, chips or a cookie, for \$4.99. The sandwiches are under 360 calories, have no added trans fat, provide less than 5 percent calories from saturated fat, and have less than 1,335 milligrams of sodium. The smoothie includes the equivalent of two servings of real fruit and is 183 calories when made with turbinado sugar, 79 calories if made with no-calorie sweetener.



BIG idea To communicate healthful aspects of food, Au Bon Pain and many other chains have enhanced Web-site content with nutritional calculators and “build a plate” options that offer a self-help approach to good eating.

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Well DRINKS



THE KRYSTAL BLITZ

Concept: Krystal

Headquarters: Chattanooga, Tenn.

Units: 384

Ingredients: lemon-lime soda, lemon-berry syrup, taurine, guarana, green-tea extract, caffeine and cane sugar

Size: 20 ounces

Price tag: \$1.99 on the rocks, \$ 2.49 frozen

Rationale: The popularity of energy drinks prompted the fast-feeder to launch its own carbonated and made-to-order beverage, says Vice President of Marketing Brad Wahl.

Today, one of the keys to marketing beverages is making them good for you in novel ways. A survey last year by the nonprofit International Food Information Council, for instance, found that 92 percent of consumers report they are interested in food and beverages that lead to health and wellness. The Centers for Disease Control's Healthy People 2010 project includes guidelines encouraging the consumption of a variety of fruits and vegetables. Those notions haven't been lost on several chains, now fueling their alcoholic and nonalcoholic offerings with such foods, mainly in the form of "super fruits."

LEMONOCITY

Concept: Red Mango

Headquarters: Dallas

Units: 55

Ingredients: fresh green tea, black tea, hibiscus tea, pure cane sugar, natural flavors and probiotic strains

Size: 16, 24 ounces

Price tag: \$2.75, \$3.25

Rationale: CEO Dan Kim says tea is the fastest-growing beverage segment in the United States. Add antioxidants and probiotics, and it's an "awesome" beverage, he adds.



CHADWICK

Concept: Nacional 27, Lettuce Entertain You Enterprises

Headquarters: Chicago

Units: 1

Ingredients: sugar-cane rum, mint, house-made ginger-habañero syrup, pomegranate juice, lime wedges and club soda

Size: 16 ounces

Price tag: \$11

Rationale: "Drink like you eat" is General Manager Adam Seeger's mantra. So he created the Chadwick using ginger-habañero syrup for zing and pomegranate juice for vitamins and antioxidants.



ACAI ANISE MARTINI

Concept: Del Frisco's Double Eagle Steakhouse

Headquarters: Dallas

Units: 8

Ingredients: fennel bulb, agave nectar, acai spirits, elderflower spirits, lime juice and fennel sprig for garnish

Size: 10 ounces

Price tag: \$16.95

Rationale: A demand for fresh and unusual ingredients is the main reason for the cocktail, says Corporate Beverage Director Tammy LaNasa. "We're always looking for ways to bring the kitchen into the bar," she adds.



ACAI ENERGY SMOOTHIE

Concept: Freshens Yogurt & Smoothies

Headquarters: Atlanta

Units: 1,200

Ingredients: acai berries, fruit juices, strawberries and bananas

Size: 21, 32 ounces

Price tag: \$3.69, \$3.99

Rationale: Advertising Director Christina Jockwig says Freshens goes beyond basic nutrition to contribute meaningful nourishment, wellness and energy in its products.



AMAZON CHERRY SMOOTHIE

Concept: Planet Smoothie

Headquarters: Atlanta

Units: 124

Ingredients: acerola, apple juice, strawberries, banana and ice

Size: 22, 32, 44 ounces

Price tag: \$5.29 to \$7.49

Rationale: Acerola (Amazon cherry), a "super fruit" said to boost immunity, helps to position the chain as a cutting-edge purveyor of wellness beverages, boasts President Tra Williams.

AMAZON

Concept: Bar Louie

Headquarters: Glenview, Ill.

Units: 50

Ingredients: acai-blueberry vodka, acai spirit, "super fruit" puree (acai, blueberry, pomegranate and goji berry), pure cane syrup, fresh sour mix, fresh lemon and lime juice, and lime wheel garnish

Size: 7 ounces

Price tag: \$9

Rationale: The goal was to develop "a delicious, nutritious cocktail," says Blake Rohrabough, beverage director, of the anti-oxidant-heavy Amazon, debuted in May.



Chains Ask for More

'Mum Brands' MENU LABELING

Yum Brands' Jonathon Blum gripes menu-labeling language in the national health-care-reform bill is **UNFAIR TO LARGE PLAYERS.**

Yum Brands is the largest among the restaurant companies who signed a letter asking for revisions to Section 325 of the H.R. 3200, otherwise known as America's Affordable Health Choices Act. They contend the section, which sets forth menu labeling rules, treats them unfairly.

In a July 17 letter to the House Committee on Energy & Commerce, where the bill is in markup, the 21 chains insisted Section 325, as written, will “exempt more than 75 percent of the restaurants in the U.S.” from having to post caloric information on menu boards.

That's because the bill requires only chains with 20 or more restaurants nationally to put caloric and other nutritional information on menu boards. The letter's author, Yum Brands Senior Vice President of Public Affairs Jonathon Blum, spoke to *Chain Leader* about the issue.



Jonathon Blum, senior vice president and chief public affairs officer at Yum Brands

What's wrong with the language in the health-care reform bill as it now stands?

First, keep in mind, we, Yum, voluntarily, on October 1, 2008, said we will place calories on our menu board in 2011. We are the first company in the nation to do this voluntarily. We also called for federal legislation to clean up the patchworks and establish uniformity.

Are you referring to the Labeling Education and Nutrition (LEAN) and Menu Education and Labels, which also call for that?

ing (MEAL) Acts, which also call for that?

No. On October 1, 2008, we said there ought to be federal legislation using California as a model to establish uniformity in menu-board labeling. We thought the California bill [effective July 1] was the good model. Yet, in our opinion, it didn't go far enough, because it didn't encompass enough restaurants or supermarkets or convenience stores.

That is where [Section 325] language today doesn't go far enough. Our view nonetheless is that we absolutely need federal pre-emption legislation.

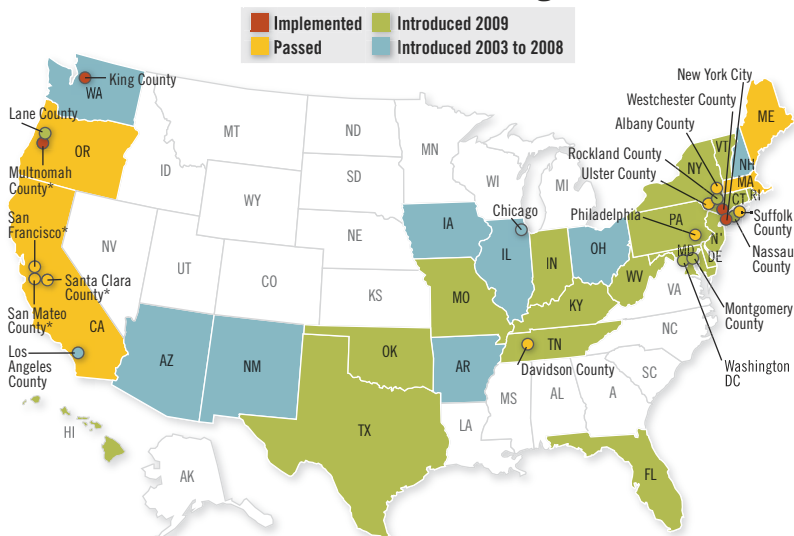
So you like the bill?

The bill in our opinion is very good insofar as it would clean up the patchwork of regulations. What it needs to do is go beyond chains of 20 or more restaurants.

Explain your reasoning.

There are 945,000 restaurants in the United States. Only 24.4 percent are chains of 20 or more [units]. That means over 75 percent of restaurants in America would not be educating consumers with calorie information. Consumers use calories as proxy for their purchase decisions. They do want this information, and it

State and Local Menu-Labeling Policies



*Superseded by state law.

Source: Center for Science in the Public Interest, as of May 2009

There's a message in every bottle.

Sometimes it's the little things that say the most about you. Case in point, according to research*:

2 times as many people believe that they have a more favorable impression of a restaurant if Heinz® Ketchup is on the table.

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*Heinz Ketchup A La Carte Study – Jan. 2009 among past month casual dining restaurant consumers

MENU STRATEGY

“Over 75 percent of restaurants in America would not be educating consumers with calorie information.”

—Jonathon Blum, Yum Brands
senior vice president of public affairs

is up to them to do what they want with it. The vast majority think menu labeling ought to be in all restaurants.

Why did Yum and other companies decide to live with menu labeling? In fact, why didn't the industry stop it when it first popped up?

Let's back up first. Over the last three or four years, we've seen a patchwork

of local, county and state regulations pop up in different jurisdictions. Some required more nutritional information than others. The industry wanted to make this information available, including Yum. But we wanted the flexibility to do it in our own way.

Those efforts go back more than a few years.

Yes, they do. But that was the industry's answer to the call for nutrition information being made available by special interest groups and the regulators. But those efforts didn't satisfy the special interest groups like [Center for Science in the Public Interest] and regulators.

Does that mean a concerted approach by special interest groups aligned against the industry can change public opinion?

They certainly help shape it. And in our case, the industry helped balance out this issue. But it was the health commissioners in counties, cities and states who advocated for nutritional labeling, prompted by special interests. But they have recognized that obesity, diabetes and coronary heart disease is a problem. This is a much broader issue than food. We have become much more a sedentary society.

Explain why menu labeling on a federal level ended up as part of the health-care reform.

I don't have any answer for that. The industry and proponents of [menu-labeling] legislation came to a compromise. And yet, if you are rooted in public policy and what's in the consumers' best interest, [Section 325] is not serving consumers because 75 percent of America's restaurants would not be providing this information. Therefore, the threshold needs to change. It must be lowered to, say, three or more restaurants with at least a million in [annual] revenue. It would be in the best interest of consumers and still not be punitive to mom-and-pop restaurants. ■

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on the web: In a video exclusive, operators share opinions on menu labeling at www.chainleader.com.

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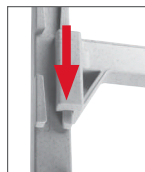
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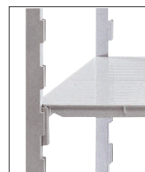
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FRESH Perspective

Pops of pizza colors, fetching photos and a display pizza oven **SEND FRESH VIBES** to Flippers guests.

1. A hand-made communal table adds a focal point—and a market feel—to the new Flippers.

Executives at Chute Gerdeman felt mixed emotions after their first visit to Flippers Pizzeria, a new client in Orlando, Fla.

“The food was amazing—not just the pizza, but the pasta, wings, everything,” says Corey Dehus, senior designer, brand communications at the Columbus, Ohio-based retail design and branding firm.

But the drab interior, a pastiche of heavy wood, somber colors and sepia-tone photos of Italy, “didn’t emulate the quality of the food,” Dehus says. Nor did it play up the seven-unit concept’s motto: Fresh Honest Ingredients.

That’s changed. Flippers’ new restaurant, opened in May in Orlando, is energetic and vibrant, and sends plenty of fresh messages to patrons. A brick oven and a display kitchen let customers in on the pizza-making action.



Tomato-red and spinach-green accents appear on tabletops and in booth fabric. Four-color posters of fresh tomatoes and basil, and farm workers harvesting those pizza essentials, decorate the walls. An uncluttered, clean layout says “fresh” in a more subtle way.

The redesign wheels began turning a year and a half ago, when Don Howard became president of the Orlando-based franchise company. Howard wanted the design to hammer home the fresh message; he also wanted an interior that could attract franchisees and take Flippers beyond its Florida base.



FRESH CUES

The design team at

Chute Gerdeman started from scratch, with a long, narrow, 1,650-square-foot space in a mixed-use commercial development.

Dehus first addressed a few operational challenges: The previous design confused customers, who didn’t know where to order or where to pick up their carryout orders. The new prototype places the carryout area near the entry; that’s convenient for takeout customers and doesn’t disturb dine-in customers. Signs also clearly identify the ordering counter and carryout areas.

Dehus totally reconfigured the lighting package to brighten the space. Pendants hang above booths, and recessed can lights provide ambient light. Spotlights highlight focal points such as the brick pizza oven. “We wanted to create some theater,” Dehus says.

The pizza oven, complete with a brick surround, is one of several freshness cues built into the prototype. The old design featured sage-green walls; the new design saturates that color and incorporates it, as well as a saturated tomato red, into tabletops and booth fabric. Neutral walls, a dark stained-concrete floor and ceiling beams make the dabs of color “pop” even more, Dehus says.

A display of canned tomatoes and bottles of olive oil near the POS system underline “fresh honest ingredients,” as do the posters of basil and tomatoes. Earthy touches such as wood paneling and the oak top of a communal table



A “blade” bearing the new Flippers logo, a double “F” in signature red and green, catches the attention of passersby.

2. Cans of tomatoes and bottles of olive oil give life to Flippers’ motto: Fresh Honest Ingredients.

SNAPSHOT

Concept Flippers Pizzeria
Location Orlando, Fla.
Opening Day May 6, 2009
Seats 52
Area 1,650 square feet
Check Average \$20*
Average Unit Volume \$1.35 million*
Expansion Plans 10 to 15 corporate stores in the next three years

*Chain Leader estimate





A combination of pendant and recessed lighting brightens the formerly drab Flippers interior.


send “fresh” and “natural” vibes, and wall stencils read “hand-crafted freshness.”

FUN FUN FUN

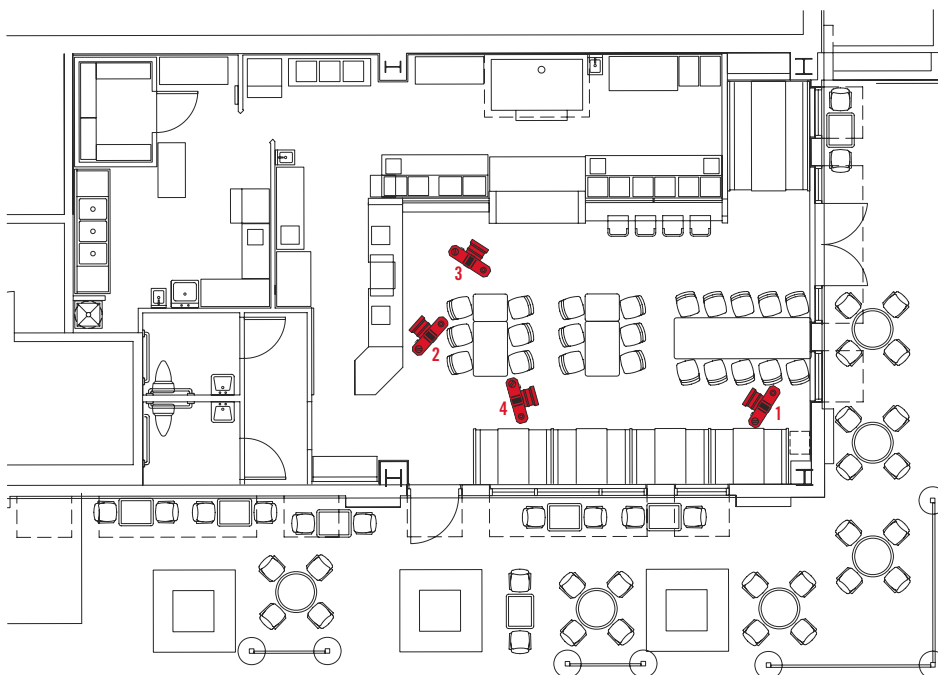
Flippers didn’t want the “fresh” and “healthy” messages to be too overbearing—hence the com-

munal table, which was meant to add an element of fun to the design. “It’s pizza; you eat it with your hands,” Dehus says. “That’s important to remember, along with making a fresh statement.”

The communal table has been a hit with customers, who reserve it for family occasions,

KEY
 Direction of shot
 Shot No.
 Position of camera

This floor plan is designed to show the location of each key photograph. Shot numbers correspond with numbers in select photos.





Howard says. Flippers executives want to create a name for the table, and are also toying with the idea of selling the solid-oak, commercial-grade table (suggested price: \$2,500), which is hand-made in Florida, to customers.

A variety of seating, including booths, which weren't available in the previous design, also adds fun to the space, Dehus says. Bar-height tables and chairs, added to the second location, which opened in downtown Orlando in late June, add an extra element of energy.

GOOD TO GO

Aside from adding the bar tables, the second iteration of the design needed no tweaks, either from a design or financial standpoint.

Howard says he is "pretty happy" with the buildout cost, which is in line with the cost of the former building. Total opening costs for Flippers range from \$250,000 to \$450,000, depending on the market and the size of the building.

BIG idea Flippers' communal table has proven so popular that executives want to name it—and sell it.

According to Howard, the restaurant's ideal building size is 2,100 to 2,400 square feet, with 60 to 90 seats, and in markets with both daytime and evening populations. As for demographics: "It's pizza," Howard says dryly. "Everybody eats pizza."

Flippers plans to open 10 to 15 new stores in the next three years, and all will feature the new design. Howard says several decor changes, including the addition of the communal table, have been made to older stores.

SO FAR, SO GOOD

So far, Flippers executives are "very satisfied" with the effect the new design is having on sales, says Scott Kousaie, Flippers' president and founding partner. "We've been happy with overall volume so far," Kousaie says, though he adds that it's still "too early in the game" to divulge specific sales figures.

Howard is enthusiastic as well. "It's created a lot of hype in the market," he says. "We've always done a good job of exceeding customer expectations from a food-quality perspective. Now I think we really get a 'wow' when they see the new store design." ■

3. Lights and signage draw customers' attention to the brick pizza oven, one of the prototype's major freshness cues.

4. Stained concrete makes for durable, easy-to-maintain flooring; the dark stain makes accent colors "pop" even more.

MENU SAMPLER

SALAD

Island: spinach, smoked bacon, black olives and feta cheese, \$4.99 regular, \$7.49 large

BRICK OVEN SPECIALTY PIZZA

Fresca: Chopped Roma tomatoes, extra-virgin olive oil, sea salt, mozzarella, pecorino Romano, Asiago and fresh basil, \$11.99 12-inch, \$14.99 14-inch, \$17.99 16-inch

SIGNATURE PENNE PASTA

Five Cheese: ricotta, Asiago, Romano, provolone and mozzarella, served with garlic bread, \$9.99



Pro CHOICE

New tools help customers find chains with better-for-you menu items and **MAKE HEALTHFUL CHOICES** at the restaurant.



HealthyDiningFinder.com can boast that the **National Restaurant Association** is a partner.

Customers have made it clear that they want to know that nutrition information is out there, even if they won't act on it. While chains may not be shouting from the rooftops about their nutritional efforts, many are making sure nutritional information is available for those who want it.

EASY TO FIND

Diners who are serious about eating right in restaurants can use online resource HealthyDiningFinder.com to find restaurants that offer "dietitian-approved" healthful menu options at more than 60,000 restaurant locations. A user enters an address or ZIP code and receives a list of nearby eateries that offer healthful choices. Each entry shows what type of restaurant it is, offers a sug-

gested item and lists calorie and fat content, and links to more items from that restaurant's menu.

For example, a local listing for Culver's recommends the Blackened Chicken Sandwich, which has 370 calories and 8 grams of fat. A click to a deeper page shows nine more better-for-you items. Visitors can also get directions to the restaurant, find other Culver's units or go to the chain's Web site.

Healthy Dining is an initiative launched in 1991 to help the restaurant industry develop and promote healthful menu options. In 2005, the group received a Small Business Innovative Research grant from the Centers for Disease Control and Prevention to develop an online resource. The National Restaurant Association signed on as a founding partner, and in 2007 HealthyDining-Finder.com was launched.

Healthy Dining says the menu options are approved by registered dietitians and meet

Check Your Receipt

To Jay Ferro, listing nutritional information on a menu board falls into the category of "nice try." When diners typically customize their quick-service orders—70 percent of the time, he says—those calorie counts and other facts become nothing more than wishful thinking.

Ferro founded Silvergreens, an Isla Vista, Calif.-based healthful-eating chain, in 1995. But the more research he did on nutritional labeling, the more he realized the menus weren't the problem; it was disseminating the information. So, using Silvergreens

as his guinea pig, Ferro created Nutricate Receipts, a software program that calculates nutrition information and prints it on the receipt for each order. If a diner asks for extra mayo, the calorie count will increase accordingly. Substitute fruits for fries? Watch the fat content go down.

The software is now available to other restaurants—it's primarily targeted to fast-casual and quick-service chains—and Ferro says the marketing possibilities are as important as the weight-watching capabilities.

"Most people have not done much with their receipts," Ferro says. "They need a really good call to action."

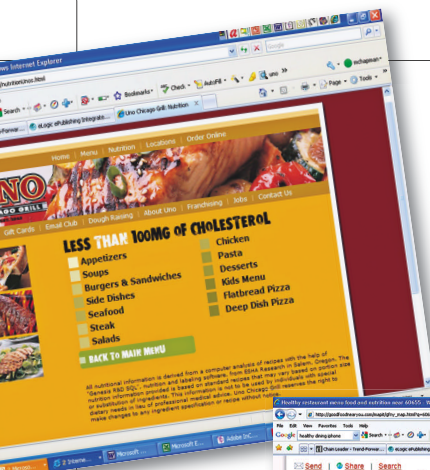
Offering coupons for repeat visits within 24 or 48 hours of the first visit is a realistic possibility on the Nutricate Receipts, he says, because consumers are engaged with the highly personalized nutritional information and want to build better eating habits.

Having that detailed information, he says, tends to build trust with the consumer and drives repeat business.

By Contributing Editor Margaret Littman



A Nutricate receipt lists nutritional information for the items purchased at chains like Extreme Pizza.



Uno Chicago Grill's Nutrition Center, available online and in restaurant-lobby kiosks, lets customers search for menu items that meet their nutritional requirements.

Good Food Near You, a Web site and mobile app, was created by Global Fitness Media, a company founded by Body By Jake's Jake Steinfeld.



nutrition criteria based on recommendations of leading health organizations. Chains in the database include Panera Bread, Chili's Grill & Bar and Jack in the Box. The site notes that information on gluten and other allergens will be coming soon.

TAKE IT WITH YOU

Good Food Near You is a similar tool, with both a Web page and iPhone and BlackBerry applications. Again, customers enter their ZIP code or address and the site generates a list of nearby restaurants that have healthful menu options and gives suggestions of what to order.

The restaurants that come up are primarily chains, presumably because many chains' nutrition information is readily available. For some of the menu items, the app suggests leaving off ingredients such as mayonnaise or even bread to make them more healthful.

Global Fitness Media, the Los Angeles-based company that created Good Food Near You, was founded by Jake Steinfeld of Body by Jake fame. It claims to have 220,000 locations in its database and plans to include more restaurants in the next version and allow restaurant operators to upload and update their own data.

BRAND SPECIFIC

A handful of restaurant chains, including Au Bon Pain, McDonald's and Uno Chicago Grill, offer their own online tools.

For example, visitors to Uno's Web site will find a Nutrition Information Center that lets customers search for menu items low in calories, fat or carbohydrates, or for gluten-free dishes. The Boston-based chain also has lobby kiosks in each of its restaurants, so in-store customers have access to the information as well. ■

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HYPING Health

Chains are using a **CROSS-SECTION OF TECHNIQUES** to get customers to think healthy without beating them over the head with it.

TEXT MESSAGES

Tapping Healthy Impulses

This scene plays out every day: A group of co-workers stands in the parking lot, hemming and hawing about where they should eat lunch. Someone fires off the name of a restaurant, someone else vetoes it, suggesting another. Imagine if, while standing in this crowd of indecision, someone receives a perfectly timed text

message with a special offer at a nearby eatery.

That's the idea behind

WaBa Grill Teriyaki House sent text messages designed to appeal to young professionals who eat lunch out five times a week at exactly the time they make their lunchtime decisions.

the latest promotion from WaBa Grill Teriyaki House. This summer, the 22-unit quick-service chain launched a mobile text-messaging campaign designed to entice customers at just the moment they are making their lunchtime dining decisions, suggesting the chain's healthful alternative to typical fast food.

"People have tried teriyaki, but we don't use any oil, and 80 percent of customers return after they test it this way," says Brian Ham, CFO of the Commerce, Calif.-based chain.

The text messages tell customers that if they bring in two friends and show their phone to the cashier, they'll receive a free (healthful) lunch. Because the coupon does not need to be printed to be redeemed, there's no forethought required.

"The time is right before lunchtime, when people are thinking about making a healthy choice at lunch," Ham adds.

WaBa Grill (the name is derived from a Korean word meaning "come in") is trying to get customers to "come in" for its healthful take on teriyaki (no oil, low-fat, -calorie and -carb) foods. The strategy makes sense, says Erin O'Brien, senior director of new media for Austin, Texas-based DMX Inc., the ad agency that worked with WaBa on the campaign. In general, she says, mobile coupons have a redemption rate five times that of paper coupons. WaBa is a small chain, with just one company-owned unit and a small ad budget. It recently began collecting from franchisees for a marketing fund.

There is no code on the text coupons, so customers can forward them to friends who can also redeem them. Adds O'Brien: "They are winning on texts they don't even send out."





MENU BOARDS

Make it Easier to Order Better

Destin, Fla.-based Tropical Smoothie Café uses the tagline “Eat Better, Feel Better” in its promotional materials. But until recently few customers thought of the smoothie stop as somewhere to “eat.” This summer, the chain introduced a new master menu, repositioning its green-tea smoothies separate from the coffee smoothies, and unveiling new food items, including sandwiches and flatbreads, and reformulated low-calorie smoothies.

Part of that overhaul includes new menu boards sporting an icon (in the shape of a cartoon bubble) highlighting low-calorie items. The 280-unit chain is one of a number that are making use of their most obvious marketing tool, menu boards, to market more-healthy choices.

“Customers say the new menu is so easy to navigate,” says Barbara Valentino, Tropical Smoothie vice president of marketing and communications. “We have seen that sales increase on whatever images we put up there. People eat with their eyes.”

In the past, Tropical Smoothie had observed customers making their own modifications to menu items, and

it wanted its smoothies to be the highest quality possible. So it retooled the low-cal options to replicate the full-calorie taste. The no-calorie sweetener it uses has a sugar quality similar to turbinado (the sweetener in the chain’s smoothies), blends well and lets the chain feel comfortable marketing the low-cal coolers, Valentino says.

Lakewood, Colo.-based Einstein Bros. Bagels took a similar approach when it wanted to create “a healthier alternative to fast food,” says Susan Wong, director of marketing. With the help of an in-house nutritionist, 327-unit Einstein developed breakfast and lunch entrees, such as a whole-wheat tortilla with ancho chicken, with less than 400 calories each. The calorie count assumed an average 1,200 calorie intake, so each meal is one-third of the total.

This Lighter Fare has a special menu-board panel, as well as window boards, and is supported by e-mail and Web-site messages.

Tropical Smoothie Café is using new menu boards and in-store materials to highlight its Splendid Smoothie line as a low-calorie alternative.

Einstein Bros. Bagels is promoting its new 400-calorie menu items in-store.

SELLING ‘FRESH’

Seed Starter

Thanks to its 55-foot salad bar, San Diego-based Garden Fresh Restaurant Corp., owner of Souplantation (in California) and Sweet Tomatoes (in the rest of the country), had a natural tie-in to play up the freshness of salads. Rather than focus on low-calorie, low-fat or low-carb dishes, the chain, which has been focused on freshness since its 1978 inception, took the farm-to-fork route.

This summer, the chains’ 115 locations gave away packets of tomato seeds with a

coupon on the back. The seeds were given to all kids who ate at the restaurants in July, says Joan Scharff, executive director of brand and menu strategy for Garden Fresh. Kids were then encouraged to make their own salads from the bar and try a different combination on a future visit.

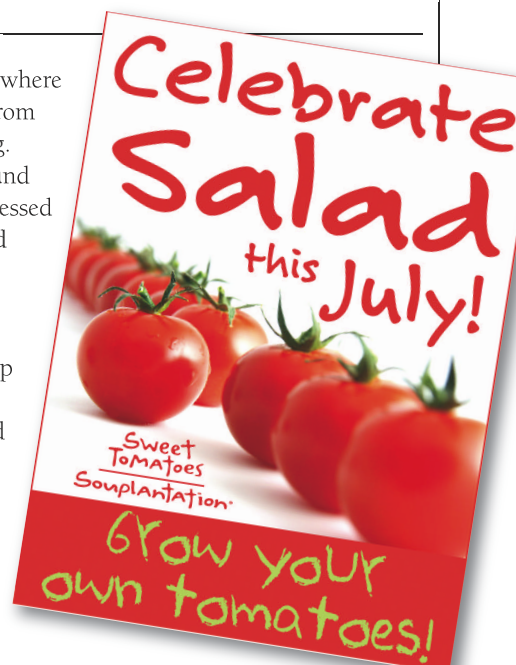
“Our whole concept is rooted in farm to fork. After our produce is picked, it is put on a refrigerated truck within 24 hours,” Scharff says. “This is a great time to highlight that.”

Thanks in part to books like *Food Matters*, and movies like *Food, Inc.* more consumers are

equating knowing where their food comes from with healthy eating.

“The trend around local and less-processed food has converged into what we were already doing,” Scharff adds. “The trend has caught up to how we always believed we should operate.” ■

Garden Fresh gave away packets of tomato seeds this summer to emphasize how fresh and unprocessed its ingredients are.



Health-Care REFORM

Corporate wellness programs are popular, though **NOT YET AMONG RESTAURANT CHAINS.** Here's why.



On the face of it, employee wellness programs sound great. After all, what kind of company doesn't want a culture in which workers believe management proactively cares about their health and well-being? For that matter, what kind of company doesn't want to trim absenteeism, boost productivity and engender loyalty?

A restaurant company, maybe?

This summer a survey of 50 chains by People Report, a Dallas-based human resources consultancy, showed less than half offered an employee-wellness program. The 22 that did made them available mainly to full-time salaried employees and corporate staffers.

CHALLENGES FOR CHAINS

It isn't surprising given the nature of a largely young and transient workforce. "Restaurant companies would argue it isn't wise to offer wellness programs to part-timers because of the high turnover," says Paul Fronstin, director of health research at the Employee Benefit Research Institute, a Washington, D.C.-based policy group that studies private-sector benefit packages. "They don't want to make the investment."

Hard-and-fast ROI data are not hard to come by. The Centers for Disease Control, for example, offers several calculators on its Web site (www.cdc.gov) that demonstrate the cost of alcoholism, drug use and physical inactivity in the workplace.

Employee wellness providers claim that health-promotion plans increase worker morale and productivity, and help attract and retain key workers.

Jim Lynde, chief people officer of Sagittarius Brands, which operates the Captain D's and Del

Taco chains, won't argue with that. But, he adds, it's hard to get wellness services like health screenings, vaccinations and fitness programs to employees. "One big challenge we face as an industry is that unlike manufacturing or even hotels, which may have 400 to 500 people in one place, we tend to have small groups of people scattered all over, working all kinds of hours," he says.

AN OUNCE OF PREVENTION

Yet it would seem imperative to make wellness services part of a benefits package if employers are serious about reducing health-care costs. "Smoking, inactivity and obesity. Those three things drive chronic conditions, and chronic conditions account for 75 percent of the cost of health care in the United States," Cleveland Clinic Chief Executive and President Dr. Delos "Toby" Cosgrove declared in an August 13 interview in the Cleveland Plain Dealer.

EBRI notes that health-care's portion of the \$1.5 trillion employers spend annually on benefits is growing. While retirement payouts remain the biggest share (48 percent in 2007, the last year for which information is available), health benefits now account for 43 percent of total benefits costs.

There are indications that chain participation in employee wellness is inching up. A 2008 industry benefits survey from the Chain Restaurants Compensation Association says more companies are offering incentives for quitting smoking, exercising and managing disease. "These efforts reflect an interest in providing individuals with the right help at the right time, thereby reducing costs and improving the overall health status of the [employee] population," the survey notes.



INTRODUCING WELLNESS

Consider Memphis-based Perkins & Marie Calender's, which launched a program in February. "Employee wellness has been a focus for us this year," says Barbara Anderson, senior director of compensation and benefits, who designed the pilot program for Perkins' multiunit managers, hoping their buy-in would make it easier to gain the eventual participation of unit managers and hourly workers.

Anderson introduced the program cautiously, toning down the pervasiveness of smoking, obesity and substance abuse among industry workers. "The first thing you'd probably hear from our managers is, 'Whew, I'm not sure I'm on the right side of that one,'" she says.

Instead, her initial presentation included data about the burden of such behaviors on the country's health-care system. Anderson described how chronic diseases like hypertension and early-onset diabetes can be avoided by taking care of yourself. "I also talked about the costs associated with an employee population that is not well," she recalls.

COMPONENTS OF A PLAN

Wellness programs are designed to stem rising costs via preventive measures while altering high-risk behavior. A typical program might include on-site health assessments, weight management, cholesterol screenings, smoking-cessation classes, fitness-center discounts and online educational programs.

At a recent gathering of McDonald's company-store general managers, the hamburger giant offered free blood-pressure screenings and advice from fitness and nutrition experts.

The Oak Brook, Ill.-based chain's employee-wellness program, available to full-time management and corporate staff, covers health assessments, physicals, vaccinations and various screenings. The

chain also provides discounts at health clubs.

"McDonald's is probably best in class for a restaurant company," says Lou Kaucic, who retired as Applebee's chief people officer in 2005 after a 25-year career in human resources. "I'd say [its] program is low cost to the employer because discounts at gyms don't really cost the company anything, and the physicals are covered by their health-care insurance carriers. But it has a high impact for employees who look for these kinds of progressive approaches."

Kaucic should know. A few years ago, he struck a deal with a gym chain that provided managers and hourly annual membership for \$18. The arrangement, which cost Applebee's about \$5 a head, was part of a larger wellness effort he spearheaded after conducting an informal survey of managers that showed half of them smoked.

MEMBERSHIP HAS ITS BENEFITS

"[Gym membership] was huge, especially for hourly workers, because many couldn't afford it," he recalls. (The memberships ended after district managers complained they added to overhead.) Kaucic's wellness effort also included free Weight Watcher's meetings, smoking-cessation classes and stress-reduction workshops. He incented managers to stop smoking and lose weight with cash incentives.

"There should be a sweetener so employees will know they are getting something back, like a discount on their health insurance," says human resources consultant Kevin Sheridan, CEO of HR Solutions, a Chicago consultancy.

A "sweetener" or incentive was the second most popular way to prompt participation according to a 2008 survey of 1,179 adults working for firms of 10 to 1,000 employees. Des Moines, Iowa-based Principal Financial Group, which conducted the research, reports 38 percent said reducing personal health-care costs would get them involved in a wellness program. The No. 1 reason to participate was better overall physical health (53 percent).

Employee wellness programs often include a fitness component in the form of discounted gym memberships.

Perkins plans to extend a program to hourly workers once it completes a pilot with multiunit managers.

A human resources executive at Del Taco says it is a challenge to make services available to unit-level workers.



HUMAN ASSETS

"I don't think there's any negative about at taking a stab at employee wellness."

—Jim Lynde, chief people officer, Sagittarius Brands

MISTRUST OF MOTIVES

Yet shouldn't lower health-care costs—to say nothing of better health—encourage more employees to take advantage of wellness programs? A 2007 EBRI health-confidence survey shows that while 82 percent of full- and part-time workers feel positive about company wellness programs, just six in 10 are "extremely" or "very comfortable" with lower-cost opportunities for health screenings and weight-loss, stress-reduction or smoking-cessation programs.

It seems many workers mistrust their employers. The survey showed two-thirds believed their bosses were only concerned with the bottom line, and nearly half griped about companies intruding on their privacy.

Employee Wellness Programs in Restaurants

In a People Report compensation and health benefits survey of 50 restaurant chains, 22 (44 percent) said they offer an employee-wellness program. While each one makes it available to top management and corporate staff, 17 chains offer employee wellness programs to restaurant managers, and 13 to hourly employees.

	% of companies who offer a wellness program	Average % the companies pay
Corporate executives	100%	85%
Corporate directors	100	85
Corporate managers	100	85
Corporate staff*	100	85
Restaurant management	81	85
Restaurant hourly*	57	72

*Non-exempt employees;

Source: "People Report 2009 Corporate Compensation and Benefits Survey"

Frostin says employees shouldn't worry about privacy: "Employers outsource [health assessments] to a third party and do not get specific information. They would know, say, that eight people have undiagnosed diabetes but not who it was."

Sheridan acknowledges that introducing a wellness program can be a delicate process. "But it is perfectly legal, and there's nothing wrong with inviting employees to do something that is better for them," he declares.

Lynde, who is planning to introduce one at Nashville, Tenn.-based Captain D's, agrees. "I don't think there's any negative about at taking a stab at employee wellness, except how long it might take to get a return," he says. "And can you build the value of it?"

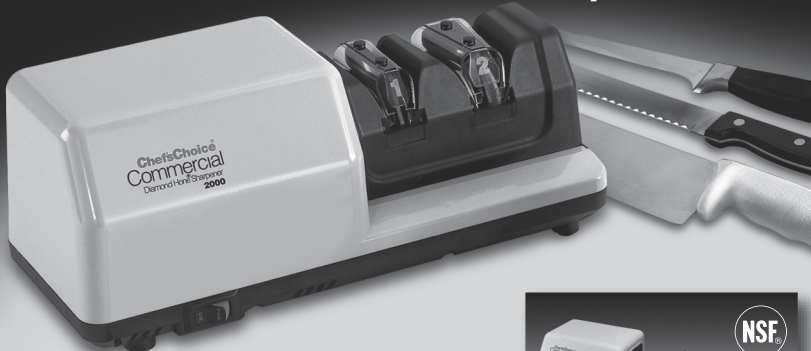
Anderson thinks so. Encouraged by 90 percent participation at Perkins, this fall the company will extend the wellness program to headquarters employees and later to multiunit managers at Marie Callender's.

As for ROI, she says, "The amount of money we spend on one or two high-dollar claims for a serious illness, you can easily pay for a year or two of wellness programs."

Still, comparative cost data can be hard to come by. "Not a lot of places have years of data that show a where a wellness programs started and how our claims dollars declined," she adds.

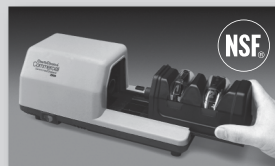
Kaucic admits he had only anecdotal evidence of measurable progress before retiring. "However," he adds, "these kinds of programs speak volumes to employees about the kind of company and culture they've joined." ■

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Franchise Developer

Profiles in Growth: Rock Bottom Restaurants

As talk of economic recovery grows, franchise operators are squeaking the last deals out of today's financial environment and looking toward growth. So says John Hyduke, vice president of licensing and franchise development for Louisville, Colo.-based Rock Bottom Restaurants Inc., parent company of Rock Bottom Brewery, Old Chicago and Chop House restaurants.

Q: What are your growth plans for next year?

A: We'll continue to grow the Chop House and Rock Bottom brands in airports with HSMHost; they're very pleased with the Rock Bottoms and Chop Houses they already have. And



my Old Chicago operators are continuing with development because they were pleased with how they've fared compared to other casual diners in this economy. Our franchise restaurants' sales at the end of 2008 were off less

than 3 percent on same-store sales over 2007. With declining commodity costs, the decrease in cost of goods actually offset that loss.

Q: Any expansion in concept or offerings?

A: Our newest franchise is a Rock Bottom restaurant that does not brew beer on the premises. This new concept, called the Rock Bottom Gold Medal Tap, has a menu similar to Rock Bottom Brewery's, but the difference is in the bar, which features only Gold Medal-winning beers, including our own. This concept can go into smaller markets, and we can still truck our beer in from nearby Rock Bottom Breweries.

Q: How does the recession's impending end affect expansion efforts?

A: Our existing franchisees are still looking for and finding significant real estate deals. They know this recession is short term, and if they can secure a rent structure that's 20 percent or 25 percent less than what it was a year ago, that's going to pay off for them because it will be in place for 10 or 15 years.

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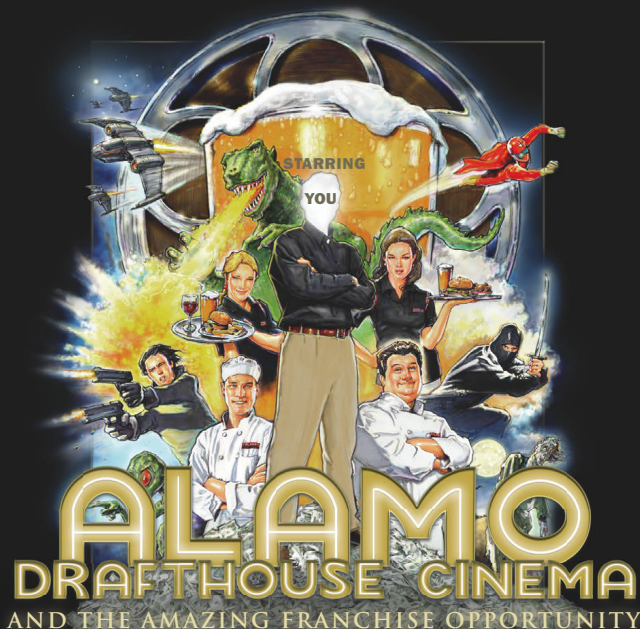
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Cleaning Up

Boston Market purged trans fats and artificial additives from its menu and is now reducing saturated fat and sodium.

In the face of increased regulation and scrutiny, our industry's been working hard to make meals more healthful for guests. Now that added trans fats have been purged from menus, most operators are focused on reducing saturated fat and sodium. But tweaking guest favorites is difficult. *Chain Leader* asked Richard Davis, vice president of culinary innovation for Golden, Colo.-based Boston Market, to share how he cleaned up the menu at the chain.

Rotisserie chicken is your biggest item. How were you able to change the recipe without alienating guests?

It was tough because our guests are used to those flavors, and any change you make is a risk. But by doing numerous iterations, and doing consumer groups with them, we tried to make that transition as unnoticeable as possible.

Ultimately, we cleaned up the ingredients in the marinade. We took out anything that was artificial and replaced those things with real, natural flavors. We also reduced the amount

Richard Davis, Boston Market vice president of culinary innovation, is working with herbs, oils and vegetables to reduce fat and salt.

of marinade we put into the chicken. In the tests we did with the new chicken starting in June, people perceived that the chicken was better and had a cleaner flavor.

But you didn't promote the newly formulated chicken as better for you? Sounds like a "stealth health" approach.

That's right. With the changes we made, we could state that the chicken "is now natural." But we've chosen not to rock the boat at this point. So yes, we're on board with stealth health. It's really about improving eating quality and nutrition without wagging a finger at your guests saying, "Now eat this because it's better for you."

Any other old favorites you've reformulated?

For our creamed spinach we are evaluating the move to a lower-fat cream cheese to bring the fat levels down and to reduce the calories. We took butter off our steamed veggies, switching to canola oil and olive oil. And we're talking a very hard look at reducing sodium in the creamed spinach and all other dishes on the menu.

Looking at new dishes, what are you doing to add flavor and interest without as much fat and sodium?

We know we do a good job pleasing a traditional meat-and-two-veg anglo palate, but we've been asking ourselves, "Where else might we draw some flavor from to open up the menu, so when we say 'home style' it embraces more cultures' definition of that?" The low-hanging fruit for us has been Mediterranean, and we're now moving to Central/South American and Asian flavors.

What are some of the new dishes that have resulted?

We've developed some new rotisserie chicken items. The first two you'll see are the Tuscan Herb and Lemon Herb. With these, we cook the rotisserie chicken the way we always have with the sweet garlic marinade, but then we baste the chicken to order with herb-infused olive oil and top it with a crunchy, oven-toasted, herb-infused crumb. We're also testing a South American version with chimichurri and an Asian version.

Longer term, we are experimenting with flavored vinegars, salsa, chutneys and dips to go with the chicken. Things like a roasted-tomato salsa, or a blend of fire-roasted corn, poblano peppers and black beans. You've got an entirely different eating experience with these—much healthier than sauces with a cream and butter base. ■

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

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