



RESTAURANT NEWS

The Secrets Behind Qdoba's Success

2009-10-19 — Todd Owen, Qdoba's vice president of franchise development, tells *QSR* about how the more-than-500-unit Mexican chain uses multi-concept franchisees to grow its business and what the chain's strategy is to attract the best franchisees.

How does having multi-concept franchisees play into Qdoba's growth strategy?

A franchisee we have in North Carolina who has 22 Qdobas is a former COO at Hardee's and a former president at Bojangles'. This story is somewhat rare, to have that level of senior executives come over to the franchise side.

He'd never, to my understanding, been really involved as a franchisee in any other system, but decided that instead of pursuing life on the corporate side of the restaurant business, that he would become a multiunit franchisee in the Qdoba system.

That kind of speaks very clearly to our overall development strategy, that while you're fishing in certainly a smaller pool of applicants, because of their experience and capital, we believe that it's the healthiest strategic way in which to grow our franchisee base.

How does Qdoba attract franchisees who own other brands?

I don't know that it's intentional that they're from so many different brands. We have a restriction basically that you can't be in a Mexican or wrap-type competitor. But other than that there's no restriction in our franchise agreement.

There are probably three reasons that a franchisee is looking at us. One is, perhaps they've built out their market. We'll use as example Papa John's. They've saturated their market in Cincinnati and they don't want to go to Columbus. They just assume to do something in Cincinnati where they know real estate, they've got people, they've got banking relationships.

Maybe it's diversification. As we know in our economy, especially in restaurants, casual dining has been hit harder than fast casual or fast food. It kind of allows them to diversify [by franchising a quick serve].

And, of course, we like to believe that we have a very competitive economic model, that for the risk that anybody takes in starting a business, that they would find perhaps a better return at Qdoba than, say, a Burger King.

With any investment it's, "OK, if I'm going to take a risk with an investment, where is the best return for the risk I'm taking?" We're getting large enough now, to some of these franchisees, we've become a pretty substantial part of their business portfolio.

What's the advantage of having multi-concept franchisees?

The restaurant business isn't necessarily rocket science; however, we do believe it takes a special type of person to be successful in it, and we believe that one of the greatest indicators of that is past performance in other restaurant systems.

It can be indicative of future success in Qdoba. Having restaurant experience and a track record of success doesn't guarantee that they'll be successful at Qdoba, it just increases the odds.

How is Qdoba attracting franchisees, especially in the recession?

We're certainly not the Golden Arches, but we are building a brand and have a good amount of runway ahead of us to continue to expand and build upon our credible name.

So there's a strong future ahead for the category and especially for Qdoba as one of the top leaders in that fast-casual category. And lastly, we've not made headcount reductions here. We continue to invest in the future of our business.

What is the perfect franchisee?

An entrepreneur that follows the rules. I didn't create that phrase, but I do like it. An entrepreneur is somebody that obviously wants to make up their own rules, is a visionary who can come up with all of these ideas, but in the franchising world, you have to follow the rules, you have to follow the system.

They're entrepreneurially minded but are willing to acquiesce to the company, the marketing plan that we've got out there, the store design, and the spec we make on our chicken. acquiesce They've got a million other things to think about every week to make their business successful and are willing to give up some of the control. Ideally, somebody can have the business experience, they can have the restaurant experience, they can have boat loads of money, but boy if that relationship between franchisee and franchisor is not good, it's going to be a long and painful marriage, and God hope you don't get a divorce.

By Sam Oches