



Saladworks uses its corporate core values to guide real-estate decisions.

## Holistic **APPROACH**



With 75 seats instead of 80 or 85, the units make up the difference in volume in takeout, which makes up 35 percent of sales systemwide, and catering, which comprises about 10 percent. "But so far we have not seen degradation of dine-in sales at all," Steck says. Average unit volume runs about \$850,000.

### No I in Team

Another core value that drives real-estate strategy is a team approach and culture of open communication.

Typically, a restaurant chain will have real-estate managers responsible for different territories, and sometimes competition will develop. Saladworks has three field-based people, but they aren't assigned territories. The same site is examined by multiple people. "We think that the team-based approach gives us a leg up. They can see more, get different views at different times of the day," Steck explains. "We have to communicate, bring these people in, get their opinions. And we have to have a culture of being able to freely state opinions."

The company's values also include doing the right thing, which means avoiding possible cannibalization among stores. According to Steck, Saladworks executives put themselves in franchisees' shoes, asking, if I were the operator, how would I feel if they built a unit a mile away?

"My direct customer is my franchisee," Steck says. "If you don't take care of your customers, you have a problem." The 100 percent franchised chain seeks ways to get feedback from operators, even hosting frequent dinners. "It's hokey I guess, but we call it effective communications," he adds.

Saladworks plans to continue growing about 30 percent year over year for the next five years. It will expand concentrically from existing markets and target areas like Charlotte, N.C., and Miami that are beyond those circles, where the company can gain competitive advantage by being the first in the market. ■

By Mary Boltz Chapman

**P**aul Steck says Saladworks' real-estate strategy is simple: It follows the company's core values.

For example, one of the 86-unit, fresh-tossed salad concept's values is to achieve strong unit economics. So real-estate decisions keep that in mind. Saladworks looks for spaces that were former restaurants to reduce the build-out costs for its franchisees, enabling them to borrow less money.

### Space Saving

"Re-using real estate of some of these struggling concepts is driven by, I want my operators to make money, that strong-unit-economics thing," says Steck, who has been with Saladworks for six years and became president in June. "We will not allow ourselves or our franchise operators to go into a location that they're going to lose money in."

Commercial real-estate rents are high, thanks to fast-casual and other restaurant concepts, as well as high-end coffee sellers, cell-phone retailers and others searching for the same locations among the same demographics. To help keep occupancy costs low, Saladworks has developed a 2,000-square-foot restaurant, rather than its former 2,500-square-foot space, with a smaller kitchen and a few less seats.

Because Saladworks seeks competitive A locations, it developed a smaller footprint to save on occupancy costs.

### SNAPSHOT

**Concept** Saladworks  
**Headquarters** Conshohocken, Pa.  
**Units** 86  
**2007 Systemwide Sales** \$68 million\*  
**Average Unit Volume** \$850,000  
**Average Check** \$8.65  
**Expansion Plans** 30 percent growth each year for the next five years

\*Chain Leader estimate