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Site Selection

Putting science into location, location, location

Franchisors helping their 'zees with site selection have a balancing act. Finding the neighborhoods with the right demographics while weighing price, traffic patterns, and proximity to rivals takes a team effort.

By Robert Lillegard

In the old days, highway signs would lead weary travelers to the nearest restaurant or hotel. Nowadays, smartphones have a "find restaurants near me" feature. From the neighborhood barbershop to the hotel closest to the airport, proximity plays a key role in consumer decisions.

Here's how our three emerging companies handle the challenge of site selection in a changing world.

You can fight City Hall

One good thing about a decentralized democracy is that each city has its own set of rules. One bad thing about a decentralized democracy is that each city has its own set of rules.

So when it comes to opening new franchise locations, Waco, Texas-based Young Chefs Academy CEO and founder Julie Burleson sometimes finds herself explaining the same things over and over.

"It's pretty common when a Young Chefs goes into a brand new city," Burleson says. "Sometimes it takes some communicating to close that gap between our requirements and what local authorities are saying."

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>
> *— Julie Burleson, Young Chefs Academy*

YCA is meant to simulate a home kitchen, meaning all its appliances are domestic level. Students learn to cook in an environment just like they'll find at home. But health inspectors used to shutting down illicit underground cupcake rings are sometimes skeptical that a for-profit business could legally run without a commercially certified kitchen. That's when corporate steps in to explain that a big commercial oven isn't just unnecessary, but also dangerous.

"We have to go back to them and say that's actually not safe for children to be around," Burleson says. "We

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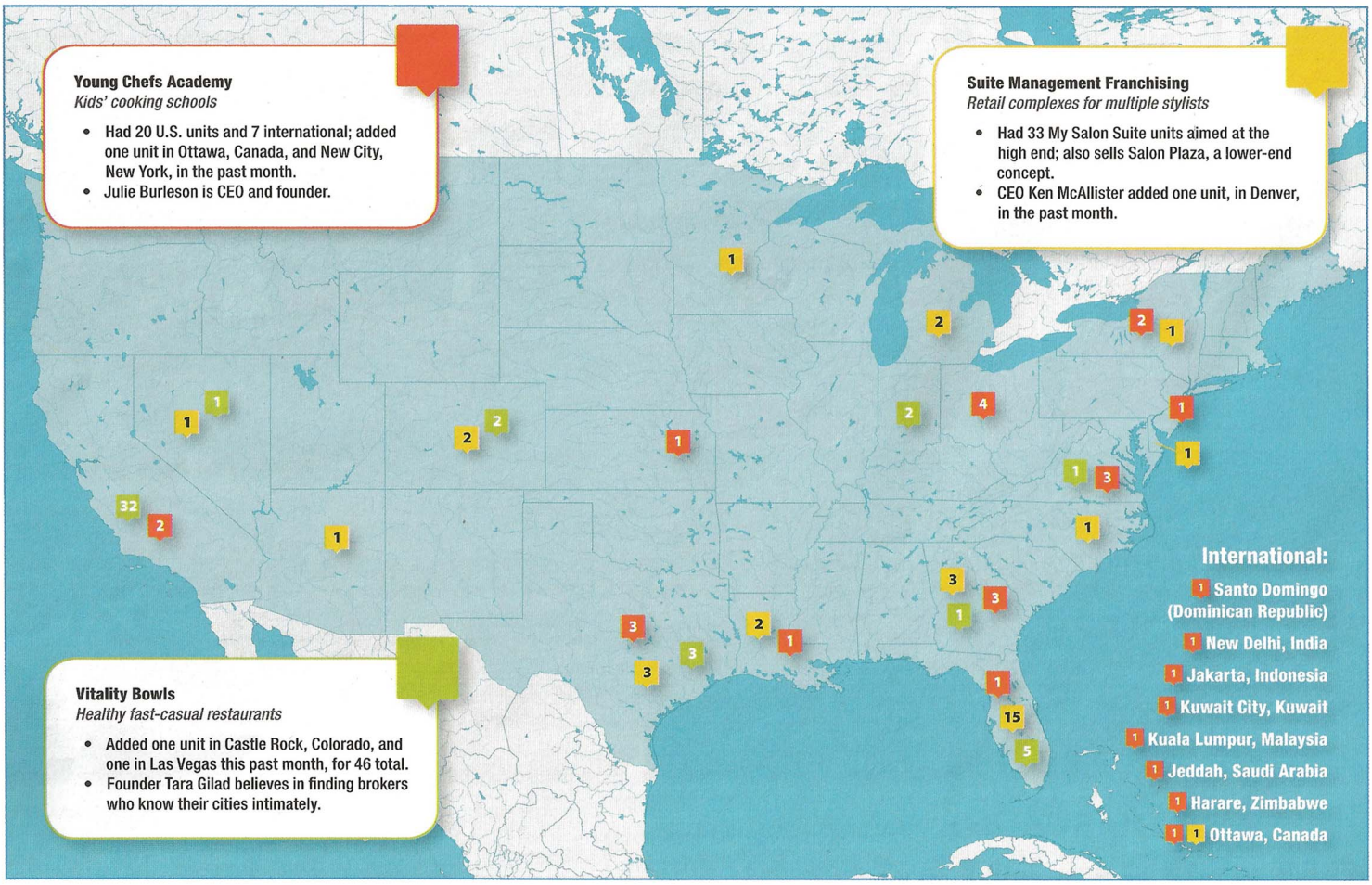

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don't operate as a restaurant."

There are many facets to making a site work, and getting the legalities straight is just part of it. When it comes to location, YCA views itself as a guide or coach that helps the franchisee find the right fit. To that end, it issues a 15-page booklet explaining the difference between A sites and B sites.

"We're a child-centered business," Burleson says. "We need to focus on a family- friendly, safe area that has safe parking and is in neighborhoods close to schools."

In contrast to other franchise types that depend on walk-in traffic, Young Chefs Academy's classes are appointment-based. That means no traffic mapping studies like you might need for a drive-thru restaurant or convenience store.

"We are definitely a destination location," Burleson says. "It's nice to be able to have street signage, but it is not near the level of importance as a gas station."

YCA's international footprint requires some additional flexibility. Burleson says that while franchisees are responsible for complying with local laws, she's willing to flex on specs to make it work. "We'll help guide our franchisees whether they're in Saudi Arabia or New City, New York," Burleson says.

'I know a guy'

When you're running a business, you have a lot to think about: marketing, legal, and HR, not to mention the actual product. Tara Gilad, the founder of San Ramon, California-based Vitality Bowls, says she doesn't need to be an expert on every ZIP code in the lower 48 as well.

"We put them in touch with a local broker," Gilad says. "We all collaborate."

The strategy started very early. For the first three restaurants (which she still owns with her husband), Gilad started an exhaustive search for a good broker in her own area. After several interviews, she settled on a fit. "He seemed like a standup guy," Gilad says. "He knew the area really well. He had a lot of contacts."

Those contacts would prove the key to the company's whole site selection strategy. Expanding outward from their first broker's network, the company got referrals to brokers in new areas. Those brokers in turn knew their own set of brokers. With over 40 locations nationwide, the company now has access to a lot of agents.

The brokers help select for neighborhoods with higher incomes, reasonable proximity

to schools, and a good daytime population. Each potential location is then screened based on a software program that shows related statistics.

"We want to get as much information on the site as we can," Gilad says. "Having three corporate locations ourselves we had a pretty good idea of what we thought it should be."

But there's no substitute for on-the-ground research. Gilad wants franchisees to go on fact-finding missions before picking a place. "We tell the franchisee, try to talk to some of the other tenants in the area. Sit there. Watch the parking lot for an hour or two a day for the next week," Gilad says.

Meanwhile, the company does its own legwork so the franchisees will know what to expect as far as cost.

Boots on the ground

While some franchisors take a hands-off approach, My Salon Suites CEO Ken McAllister is not one of them. With his background in engineering, the president of the New Orleans-based company says site selection is one of his company's strong points.

"Out of all the things we've talked about that's the area I'm most engaged with," McAllister says. "We're boots on the ground."

On the day of our call, he had been talking to a real estate broker about the company's parameters. He uses national, regional and local brokers, and says while they may be experts in their individual markets, they need to be educated on what My Salon Suites needs in a property.

McAllister says the first step in site selection isn't selection, but elimination. His franchisees screen out the undesirables from an initial list of 20 to 30 potential sites. Then it's a matter of evaluating the best two or three based on 20 different parameters including visibility, access roads and how easy it is to deal with the landlord. Ultimately, though, McAllister says it's important to stay flexible. "You let the market tell you," McAllister says. "Because this is a real estate model you're looking for the best opportunity."

"You let the market tell you."

— Ken McAllister, Suite Management Franchising

My Salon Suites occcupies a place one step back from most franchises in the site selection process. Because each franchisee is a "mini-developer" who then rents space to cosmetologists and similar professionals, a bad decision in site selection is a serious mistake.

But these high stakes are partially offset by the construction help the company offers. McAllister says he's able to speed the site selection process along to an average of three to six months. Getting a good site that fast (the record is around 45 days) requires a lot of planning, but that's one thing McAllister doesn't mind.

"I call it Ken's Rules," he says with a chuckle. "I've got a lot of rules." FT