

# DRIVING HEALTHY PROFITS

*The push for healthy food has spawned a new breed of franchise, but Spudbar has learned experience still counts, writes Morris Kaplan*

**O**NCE dominated by traditional fast-food groups such as McDonald's and Hungry Jack's, food franchises are taking on a narrower focus, with a sharp growth in the number of outlets offering healthy options.

Spudbar's Kirsten Roberts says her franchise network is made up of "baked potato specialists". Established in 2000 by Clay Thompson, it is controlled by Roberts as chief executive and she is doing what many business owners need to do: ensure the company has the resources it needs to embark on an ambitious growth program.

She has brought in franchise veteran Simon McNamara as a business partner.

"It's what we needed to do to embark on the next stage of growth," she says.

Roberts concedes that a privately owned fast-growing chain does not always have a big capital base. "It's also the grey-hair factor of somebody who can guide us around the potholes they may have experienced before," she says.

A lot of franchises could expect to go through this kind of growth pain.

Roberts is remaining as chief executive and McNamara has been appointed as a director.

"He'll act as a strategy adviser and mentor to the stores. I'll have day-to-day responsibility and together we'll work on strategy."

McNamara brings an impressive portfolio of business credentials. He was the founder and managing director of the successful Viva Juice, a company he sold to Boost, where he later became chief executive.

He is also a founding shareholder of the rapidly expanding burger business Grill'd.

At the recent MYOB Excellence in Franchising Awards, Grill'd, which offers healthy burgers, took out the emerging franchisor of the year category, demonstrating its commercial success as well as the strength of its offerings and its contemporary look.

Alex Doron, marketing communications manager of the Franchise Council of Australia, says the emergence of healthy outlets reflects a consumer desire for healthier alternatives in fast food.

He says food-service franchises, including fast food, make up about 15.5 per cent of the total franchise market in Australia. "The emergence of



**Better than a burger:** Spudbar owners Kirsten Roberts and Simon McNamara in their Richmond, Victoria, restaurant

Picture: Aaron Francis

**'You need more than a product and service offer that consumers love and return to time and time again'**

Spudbar director Simon McNamara

healthy food outlets — such as Subway, Healthy Habits, Grill'd, Boost Juice Bars, Spudbar — have grown in the last three to five years in response to society's desire for healthy options in quick-service food and drinks," he says.

It is worth noting that this is not just the domain of the new brands.

Veterans such as McDonald's, KFC, Pizza Hut and others are taking steps to introduce or expand healthier eating offerings.

Spudbar is capitalising on this push for healthy food. The company is forecasting 30 per cent growth in year-on-year same-store sales this financial year.

It is also aiming to double the number of stores from 13 in the next 12 to 18 months.

At present most are in Melbourne, with the remainder in Western Australia and New Zealand.

Spudbar will expand into Queensland and Sydney during the next 18 months.

McNamara says he sees the potential in the Spudbar franchise. "I like to get involved in early-stage ventures. I've taken a meaningful stake that will keep me very motivated," he says.

"I think the experience that I bring is probably more important than the money.

"I learned a lot at a board level and have been looking for opportunities where I can add value.

When I started, Viva knew nothing about food and went to the school of hard knocks. It was hard to find the people with the skills sets who could help me navigate the roadblocks. That's another motivating factor; wanting to help in this way.

"This business has an enormous amount of potential that has not been realised. There are strategies that could enhance the brand and the business. First, we have to develop a new flagship store of the new model going forward, which will be a company store. We may do two or three."

McNamara's decision to join the company represents a strong vote of confidence in the Spudbar business model.

"My experience with Boost taught me that, to really succeed in franchising, you need more than a product and service offer that consumers love and return to time and time again," he says.

"You need a simple business model that offers good operators strong and predictable profit margins. "People are embracing healthier food more and more. They also want a great experience.

"And franchisees want a profitable business they can grow and that allows them to live the life they want to lead.

"Healthy has been around for a while and will continue to grow. We don't see it letting up."