

# Ecofriendly chains get healthy business via emphasis on taste, green practices

BY CATHERINE R. COBB

"Green is the new black," declares the website of FreeFoods NYC, an all-organic, prepared-foods cafe slated to open later this summer in New York. The brainchild of chef Matthew Kenney, FreeFoods NYC will offer smoothies, salads, soups, sandwiches and dinner entrées with the goal of introducing more people to an organic lifestyle.

FreeFoods is one of the latest entrants in a growing crop of concepts conceived as more ecofriendly and healthful than traditional eateries. Others — such as the Evos, Pizza Fusion, Organic to Go and O'Naturals chains — say the time is right to capitalize on the public's growing health consciousness and interest in sustainability.

People are beginning to understand that eating more healthfully doesn't mean becoming a tree-hugger or beatnik, said Dino Lambridis, one of the founders of Tampa, Fla.-based Evos, a three-unit, fast-casual chain that offers burgers, fries and shakes with 50 percent to 70 percent less fat and calories than typical fast food.

"Once they come into our store, they see that we aren't touting tofu as the meal of choice, but real food that is fresh, hormone-free and tasty," he said.

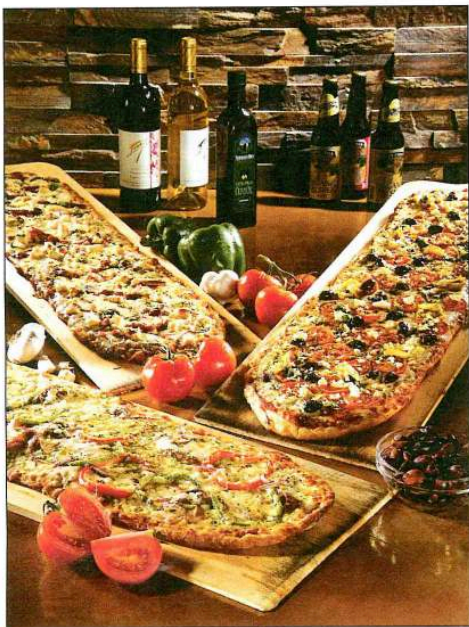
An organic orientation is one key selling point of many of the

year, according to the Nutrition Business Journal. Organic products also are sold in nearly every retail channel in North America, not just at places like Whole Foods Market and Wild Oats Markets. About 46 percent of organic foods are now sold at supermarkets, mass merchandisers such as Walmart and Target, and club stores, according to the Organic Trade Association.

Though Evos purchases organic milk, produce and products whenever possible and boasts food that features health-oriented ingredients, the brand does not bill itself as a health-food restaurant. Instead, Evos markets its restaurants as places that offers fast food for everyone — vegans, vegetarians and meat eaters — made in ways that have a minimal impact on the planet.

"Fast food is part of our culture," Lambridis said. "It's just not going away. The key to our success is that we recreated the all-American combo meal into something that not only tastes great but is great for you and makes you feel great. Maybe one day we can claim 'billions and billions saved' on our signs."

(See *ECOFRIENDLY*, page 51)



**Pizza Fusion, which serves organic pizzas, uses biodegradable cornstarch containers when possible, ecofriendly employee apparel, renewable energy and recycled pizza boxes.**

new concepts and an attribute that more consumers are tuning in to. Organic-food sales totaled \$15.7 billion in 2006 and are growing about 14 percent each

tastes great but is great for you and makes you feel great. Maybe one day we can claim 'billions and billions saved' on our signs."



**Growth plans for Chicago-based Potbelly Sandwich Works call for the opening of 30 units this year. The chain currently operates in 10 states.**

## Potbelly growth push tests brand's mom-pop methods

BY CAROLYN WALKUP

CHICAGO — Insiders at fast-growing Potbelly Sandwich Works, presumably including investor and notably growth-wary Starbucks Corp. chairman Howard Schultz, are watching Potbelly's use of mom-and-pop methods closely as it executes a 20-percent expansion push this year.

Known for maintaining many of the characteristics of a mom-and-pop restaurant, Potbelly had little trouble growing from just that to reach its current size of 160 outlets in 10 states, with about 30 more sandwich shops being added this year.

Growth has taken off in recent years, since a multimillion-dollar cash infusion from Schultz's Maveron venture capital group and

other private investors who saw potential in a sandwich concept that began in 1977 in an antiques shop around a potbelly stove.

Founder Bryant Keil, who continues to oversee the chain as chairman and chief executive, had previously grown it slowly as he refined systems and execution.

The question that observers and Potbelly officials are thought to be pondering is whether the folksy brand can continue such labor-cost-intensive practices as the in-store slicing of sandwich meats and the from-scratch preparation of milk shakes and cookies as the chain evolves from regional roots toward national-chain stature.

With 2006 systemwide sales having reached \$131.5 million, (See *POTBELLY*, page 47)

## NRN names MFHA leader Fernandez its 2007 Innovator Award winner

LOS ANGELES — Gerald A. Fernandez, founder and president of the Multicultural Foodservice & Hospitality Alliance, an organization that promotes the economic benefits of diversity within the restaurant, foodservice and lodging industries, has been selected by Nation's Restaurant News as the recipient of its 2007 Innovator Award.

Fernandez will be honored during NRN's 48th annual Multi-Unit Foodservice Operators conference, MUFSO, which will be held here Sept. 30-Oct. 3 at the Hyatt Regency Century Plaza Hotel.

The award recognizes an individual whose innovative thinking and practical application of new ideas have helped advance the foodser-

vice industry and benefited its customers. The award will be presented during the MUFSO Awards Banquet sponsored by American Express.

"The word 'innovator' is a superb description of Gerry Fernandez," said Alan Gould, publisher of NRN. "His groundbreaking work with MFHA has helped lead the restaurant industry toward greater diversity and inclusion than ever before, and we congratulate Gerry on his unwavering commitment to this vital cause."

Fernandez founded MFHA in 1996 while employed as a national account manager for foodservice sales at General Mills in Minneapolis. Today, the Cranston, R.I.-based organization conducts seminars and other events to pro-

mote the business case for diversity and inclusion while also facilitating solutions to manage diversity.

Fernandez began his career with General Mills in 1992 in research and development. He was promoted to national account sales in 1995. He became a loaned executive from General Mills in 1997 after he founded the MFHA.

Before joining General Mills, he spent more than 10 years as a senior manager opening and operating fine-dining restaurants, including The Capital Grille, Hemenway's Seafood Grill & Oyster Bar and The Old Grist Mill Tavern for the company now known as Rare Hospitality.

Earlier in his career, he held various leadership positions in such fine-

dining establishments as the Waldorf-Astoria Hotel in New York, the Harborside Inn on Martha's Vineyard and the famed Royal's Hearthside Restaurant in Rutland, Vt.

He is a director of the National Restaurant Association and a former director of both La Oportunidad of St. Paul, Minn., and the Urban Ventures Leadership Foundation of Minneapolis. He is a founding member of the Research Chefs Association and an active member of the Women's Foodservice Forum, the American Culinary Federation and Women Chefs & Restaurateurs.

Fernandez holds a bachelor of



Fernandez

science degree in food-service management from Johnson & Wales University, where he also earned a culinary arts degree in 1976. He received the first MFHA Ernest Henry Royal "Pioneer Award" in 1998. In 1999, he

received an honorary doctorate in business administration from Johnson & Wales. In 2000, he was profiled in Nation's Restaurant News as one of the industry's most influential people in the special issue "The NRN 50: The Power Players."

For information about MUFSO and to register, call (212) 756-5201 or visit [www.mufo.com](http://www.mufo.com). ■

# Ecofriendly chains gain ground by emphasizing taste, 'green' practices

(Continued from page 4)

Founded in 1994 by Lambridis, Alkis Crassas and Michael Jeffers after a road trip in which health-oriented fast food was nowhere to be found, Evos uses trademarked air-baking ovens, which it claims improves the "healthfulness" of foods. The chain's average check is \$9.50, and average unit volume is \$940,000, Lambridis said.

Evos has two locations in Florida and one in Las Vegas, and company officials recently inked several franchise deals. The largest is with Healthy Fast Food Inc., which has agreed to open 207 stores in 12 states over 10 years. Another area developer bought the rights to develop 21 stores in Atlanta and North Carolina. Evos also recently sold four franchises in its own Tampa Bay market, with the first set to open soon across from the Tampa campus of the University of South Florida. Two other locations will be across the bay in Pinellas County and the fourth is expected to be in Sarasota, although the franchisees are still searching for locations, Lambridis said.

Evos charges an initial \$35,000 franchise fee, and opening costs typically range from \$350,000 to \$450,000, company officials said.

"These guys have been working to get this right for a long time, and I think it has an enormous potential," said Tampa attorney Gregory Jones, who has signed on to open three Evos units.

Greg Jensen of Healthy Fast Food Inc., who helped to open the first Evos in Las Vegas last October, felt the concept would fit well into Nevada's growing green movement.

While Jensen, a former New York Stock Exchange floor trader,

would not disclose sale figures, he said that he and his partners were very pleased.

"We are happy and working on opening more stores — eight to 10 in Las Vegas and then throughout the rest of the territory," he said. "That should speak volumes to our sales. These guys worked for more than 10 years to get this right, they've really done their homework."

Part of that homework, Lambridis said, was to consult with others who have tried to do similar healthful concepts but failed, including people from D'lites and Healthy Bites.

"They were very forthcoming, and we learned a lot from them," he said. "And, of course, the marketplace has changed a lot in five years, so timing is everything. People that would have never thought of eating healthier six to seven years ago are now doing so."

Lambridis noted that while D'lites was initially doing well, it aggressively moved into markets where it didn't belong, including some blue-collar neighborhoods.

"They had the light-beer mentality," he said. "They thought, 'People are drinking light beer, so they will buy light food.' Well, it didn't work."

Fort Lauderdale, Fla.-based Pizza Fusion also is attempting to make its mark using organic and fresh ingredients and aggressive environmental initiatives, including company-owned hybrid delivery cars wrapped with the Pizza Fusion logo.

The two-unit concept was founded in early 2006 by former college friends Vaughan Lazar and Michael Gordon. The pair traveled and tested widely to create sauce and pizza dough that was healthful and met their taste expectations. Pizza consultant Dave Ostrander was hired to help develop the concept, which sells organic, skateboard-shaped pizzas, wraps, salads, sandwiches, and beer and wine.

Foods has already scouted the best locations for organic-food fans, he looks for real estate near Whole Foods stores.

"They've already done the research on who eats organic, so why not use it?" he asked. "So we look at their website. Sure, it's the cheater's way to do it, but so what?"

Jeff Yagoda, who previously owned two KFC units and one

month it hosts a free organics class to educate children about the benefits to the environment of organics and recycling.

The company also builds its stores according to the Leadership in Energy and Environmental Design, or LEED, Green Building Rating System.

Pizza Fusion raised \$1.5 million through LaSalle Street of Chicago, underwritten by Fidelity Bank. Lazar said that



**One point of differentiation for the ecofriendly fast-casual chain Pizza Fusion, which is based in Fort Lauderdale, Fla., is its use of hybrid cars to deliver orders.**

The founders sold their first store to a franchisee a few months ago for \$300,000 after putting \$250,000 into it. Lazar said that the store is on track to do \$650,000 in 2007.

Today, Lazar and Gordon, along with veteran franchise operator Randy Romano, are working on franchising the concept, which has a \$30,000 franchise fee and about \$250,000 to \$400,000 in development costs.

Lazar said the company has already inked deals for almost 40 stores in such locales as Ardmore, Pa., just outside of Philadelphia, and Pittsburgh, Atlanta and Las Vegas, as well as New Jersey and Colorado.

Several Florida locations are to follow, including Palm Beach Gardens, Weston, Aventura, Boca Raton, Boynton Beach, Delray Beach, Jupiter, Miami, Pembroke Pines and Pompano Beach.

"We are also speaking with people for master-franchise deals in Canada, the United Kingdom and China," Lazar said.

He said that because Whole

**O'Naturals, a fast-casual chain based in Falmouth, Maine, agreed recently to a licensing deal with contract feeder Compass Group.**

KFC-Taco Bell, was looking for a more healthful restaurant concept when he spotted Pizza Fusion. He purchased his store in March and has an agreement to open five stores in as many years.

"I met them and knew we were in the right place," Yagoda said. "I tried the pizza and said, 'Boy, this is great pizza.' These two guys had a good vision and have a lot of integrity that they live by. They think about what kind of footprint they are leaving first and then what works next. I feel happy about selling this to people."

Pizza Fusion's average pizza is about \$20, and the average check is about \$31, Lazar said. About 70 percent of sales are made at dinner and most food is carried out, officials said.

As the chain expands, however, the company plans to grow the average location from roughly 850 square feet to 2,500 square feet, with room for seating.

Pizza Fusion not only uses its own hybrid cars for delivery, but also biodegradable cornstarch containers when possible, ecofriendly employee apparel, renewable energy, and recycled paper and pizza boxes. Each

some of the funding was used to build a test kitchen and hire franchise trainers, many of whom are veterans of Subway, McDonald's, Disney and California Pizza Kitchen.

"We hope that funds from franchising will allow us to continue to grow without having to raise additional funds," Lazar said.

Entrepreneur Jason Brown started Seattle-based Organic to Go in 2005. The fast-casual chain and catering company has 13 retail locations and 23 grab-and-go coolers located near or in corporate centers such as the Starbucks headquarters and at the University of California, Los Angeles. All are company-owned locations, which Brown estimated did just under \$10 million in the second year of business.

Brown said his goal is to make delicious organic food available to people where they work and go to school. Most of the business comes from breakfast and lunch, with some dinner catering.

Similarly, Falmouth, Maine-based O'Naturals, an organic quick-service chain with a handful of units, just signed a deal with Charlotte, N.C.-based Compass Group to bring the brand to multiple corporate-dining accounts. ■

ccobb@nrn.com

