

Paper: Houston Chronicle

Date: Sat 03/10/2007

Section: Business

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Edition: 2 STAR

RETAIL / Salata founder thinks that his deluxe salad bar idea is fresh for franchising, but like others in his position, he has pitfalls to avoid / READY TO SPROUT

By DAVID KAPLAN
STAFF

THE two Salatas downtown have the look of a trendy national salad bar chain.

But those two Houston locations are the only ones.

Owner Berge Simonian hopes to go national with his restaurants, but like any new franchisor, he has challenges ahead of him, no matter how sound his concept, franchise experts say.

With its sleek ambience, Salata makes a good first impression and carries condiments like cranberries, pumpkin seeds, sun-dried tomatoes and snap peas. Among the tasty meat toppings are pesto chicken, baked salmon, marinated shrimp and crab meat.

Simonian's pride and joy, the eight homemade salad dressings he uses in the salads, are also sold in bottles near the register.

Business at both locations has been strong, Simonian said. But "having an in-demand concept that resonates with consumers is just the first step for a franchisor," said David Handler, founder of Success Handler, a Houston-based franchising coaching firm.

Equally important is creating an efficient operations procedure so you can replicate the concept, "as in making McDonald's french fries taste the same all over the world," Handler said.

Simonian owns the original Salata, which is in the downtown tunnel under 919 Milam. His first franchisee is his brother Ara Simonian, who has a Houston Center location.

The Houston Center unit has been open two months, and the Milam tunnel location, 1 1/2 years.

It would be wise for Salata to keep expanding in Houston, then move into other Texas cities, Handler said. It's much harder to support a franchisee "way out in Peoria," he noted.

Simonian agrees and said his goal is to open 25 to 30 Houston locations. He does have a cousin in Dallas who's about to open a Salata there.

The franchise fee for Salata is \$25,000 with monthly royalties of 5 percent.

To make his Salata franchise work, Simonian must grow it to a point where it reaches a critical mass, Handler said.

"One of the biggest challenges faced by new franchisors is having a royalty stream which offsets the need to sell new franchises," he said. "In other words, they are able to cover operational expenses from the monthly percentage of sales franchisees pay them."

When they reach this tipping point, they can more easily provide support services for franchisees, Handler said.

"That's not to say they stop selling franchises," he said. "It simply means they no longer are dependent on that revenue stream for survival."

Simonian spent about \$250,000 to get to where he is. His partner is his brother-in-law Tony Kyoumjian.

Simonian has actually created two enterprises: His bottled salad dressings are registered as a separate business.

He spent three years developing his dressings, hiring several chefs, he said.

He considered selling the bottled dressings to grocery stores, but discovered that it didn't make economic sense. After paying the packer and distributor, he wouldn't make much profit. He realized he needs to sell the bottled dressings at a much higher volume to make selling them in stores worth his while.

In the meantime, he sells the private-label dressings at Salata as a marketing tool.

At Salata, vegetarian salads are \$6, including tax; \$2 more with chicken and \$3 more with seafood. Salata also sells salad wraps and soup.

Houstonian Leana Colmenares of nucleusdesign gave Salata its classy look, which features chic lamp shades adorned with images of lettuce leaves.

"I gave her a vision of what Salata should be," Simonian said. "Simple, fresh, crisp, clean, warm and inviting."

Simonian, who was reluctant to give exact figures, said sales have tripled since he opened the first unit in fall of 2005. His brother's sales at the new Salata are already as good as those at the older Salata, Simonian said.

Ami Dave, a local events planner, is a regular customer at Salata.

"I like the options they give us," he said. "It's not the typical stuff, and you can kind of make a gourmet salad. It looks and tastes fresher."

Armenian by heritage, Simonian moved to the U.S. from Lebanon at age 18 and began studying engineering at the University of Texas at Arlington.

Two years later, his parents joined him and opened Julie's Deli in southwest Houston.

"My father had no idea what he was doing," he recalled. Simonian left school to help him out. "I'm a family guy."

In 1994, Simonian opened his own place called Simon's, a home-style cafeteria at Allen Center downtown, and two years later a second Simon's at the Houston Center Food Court.

In early 2000, when lines at the Simon's salad bar got bigger than the hot entree lines, "I put one and one together and developed the Salata concept."

Both Simons are still operating, although brother Ara now owns the Houston Center location.

While keeping the Salata menu simple, Simonian said he will welcome ideas for new items from his franchisees.

Getting their input will be essential, Handler said.

"If they don't consider themselves part of the team, you're not going anywhere," he said. "Some franchisors make the mistake of sitting in an ivory tower. If you engage your franchisees in a partnership of dialogue, you'll have much better results."

"Ultimately, they're all you have."

WANT TO FRANCHISE?

Here are some tips from franchise coach David Handler.

At the outset, seek professional guidance from a franchise attorney and consultant.

Resist the temptation to sell a franchise to just anyone, because you're going to be in business with them for a long time.

Make sure your systems and procedures can be replicated in other markets.

Make sure you are sufficiently capitalized to survive the initial lean years.

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