



## NEXTGEN CASUAL



## TURNING POINT RESTAURANTS

Turning Point Restaurants has 24 restaurants across three states.

## Turning Point Seeks Growth, But Won't Compromise Core Values

THE BREAKFAST CONCEPT HAS BEEN FRANCHISING SINCE EARLY LAST YEAR, AND IT'S KEEPING STRICT GUIDELINES TO ENSURE RESTAURANTS ARE BEING PUT IN THE HANDS OF WORTHY OPERATORS.

MAY 19, 2023 ▶ BEN COLEY

It's not easy to become a franchisee for Turning Point Restaurants. It was never supposed to be, says founder and CEO Kirk Ruoff.

Since launching the opportunity early last year, he says the response has been "incredible," but the breakfast chain is being selective about who it's bringing on board. Restaurant experience and capital are a must. For example, earlier this month, Turning Point announced its first multi-store agreement with Ketan, Shivani, and Devang Shah of Fiesta Restaurant Group. The company, founded in 2012, operates 12 Taco Bell restaurants across New York and New Jersey.

Turning Point isn't afraid to tell prospective operators that they aren't a good fit. Plenty of people have been turned away.

Ruoff gave one example of a high-net-worth individual who owned a business outside the restaurant industry. The team asked who was going to be the operating partner, and the person responded, "I'll just hire somebody." That wasn't good enough for Turning Point. According to the brand's franchise agreement, whoever is overseeing the store needs to be part of the capital structure and be at least a 10 percent equity owner. Otherwise, the operator isn't really valued as a stakeholder, especially as the one who will be opening the doors and greeting customers. The individual was adamant about not doing it, so Turning Point passed.

"If you don't get that hospitality piece, then I don't know if it's going to work," Ruoff says. "And then when it doesn't work, it looks bad on my brand. Restaurant people understand the value of a key holder—the person that's in the front lines and talking to guests and leading the team. They get that."

Turning Point, with 24 restaurants in New Jersey, Pennsylvania, and Delaware, opened its first franchise restaurant in June 2022 in Upper Dublin, Pennsylvania, with Dave T. Vazquez and Eric Brandow of RNF LLC. The duo's relationship dates back more than 25 years. They've been part of bigger teams responsible for opening several upscale concepts, like Asian fusion restaurant Buddakan. Separately, Vazquez previously worked for KC Prime Steakhouse, Striped Bass, and opened 22 Bowen's Wharf in Newport, Rhode Island. Brandow opened a restaurant with James Beard award-winning chef Peter Serpico and managed two Capital Grille locations in Philadelphia.

A year into operations, Ruoff says the franchisees are "super happy" and looking for a second location. Teaching them systems and processes was simple, the CEO adds, thanks to Turning Point's 25 years of history and experience.

"We were holding their hands for a little bit but then they're like, 'We got it,'" Ruoff says. "And so now we just help support them with our seasonal menu offerings and our marketing and we're there to assist them with any financial questions they have."

Turning Point prefers endcap buildings with 3,500-4,000 square feet of space. In terms of design, the brand wants franchisees to maintain look and feel, but it will give them flexibility when it comes to decorations and artwork. With that said, there hasn't been much pushback. "They know what they're buying. They know it works," Ruoff says. "It's got a 25-year track record. So it's like, let's not reinvent something that's working right now."

The chain can work with second-generation conversions, too. In fact, Turning Point is currently working with one person who wants to use a 3,500-square-foot space that used to be occupied by a better burger concept.

Ruoff does not have a preference between single-unit or multi-unit operators. He knows most franchisors lean toward franchisees that can immediately support multiple locations because that typically means they have a lot of capital. But he thinks there's room for young, hungry restaurateurs who've worked for a large chain and can find loans. Ruoff is willing to have a conversation with those potential operators.

"I think there's pros and cons on both sides of those," Ruoff says. "So we really don't want to limit ourselves to just multi-unit guys or focus on single-unit franchisees. We're just looking for good people that have hospitality in their DNA and they get it, along with the experience."

As franchising gains momentum, company growth remains a priority. Turning Point is planning two locations in Florida—Boynton Beach and Wellington—and another in the Virginia market. The restaurants in Florida have signed leases, while Virginia has active LOIs in the area. Ruoff says team members are going to move to these markets to support growth. If someone comes along and wants to buy them or purchase the rights to develop the area, Turning Point will entertain those thoughts.

Although Florida is thousands of miles away, Ruoff says the connection between the Northeast and the Sunshine State is strong. He knows it won't be like New Jersey, where 80 percent of customers have eaten at Turning Point before. In Florida, it may be around 15-25 percent in the early stages. Ruoff just knows it's not going to be zero.

Both Florida stores will have expanded outdoor sections, awnings, and fans to take advantage of favorable weather year-round. Turning Point will also keep its fireplace intact.

"You get a couple of cool days. Maybe you turn it on," Ruoff chuckles. "It's an architectural element. It's what makes the dining room comfortable."

During franchise discussions, one of the first questions centers around a potential recession. Ruoff answers these queries by pointing to Turning Point's track record of performing through economic downturns. During the Great Recession, stores kept operating in New Jersey when investment banks Bear Stearns and Lehman Brothers shut down. Restaurants actually became busier because of the company's value proposition. That still exists today, even with inflation; Turning Point's average check is only \$18. As far as making things financially doable, Ruoff says the SBA is still lending money and the commercial real estate market should get easier as more spaces move onto the market during the recession.

"We're excited to talk to folks," Ruoff says. "We're still doubling down in the franchise world, but we're going to continue company growth. So we're really going to practice what we preach. We're just not franchise-based. We look at things through the lens of an operator first, and if we like it, chances are that our franchisees are going to like our decisions too because they make sense."

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