



OUTLOOK

The Top 10 Restau

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The chain caved in. from thes Finally, th light and bought t Sun Cap

Lesson:

"We deliver the restaurant to them turnkey," said Ben. BayHill is the restaurant operator's landlord, but the operator owns the FF&E. BayHill provides 100 percent financing.

The company has no real maximum deal size, but they typically won't go under \$1.0 million, said David, and they work regularly with the five-unit restaurant operator, as well as the 100-unit company.

"The operators who are not the biggest in the system sometimes don't have access to build-to-suit services," Ben explained. Now they have access to the competitive pricing, same as the larger operators. "We're also providing advice and guidance to franchisees on how real estate works. That's our biggest value add—expertise on the real estate process." That includes understanding what the sticking points are in a deal, and bringing transparency to the transaction.

"We're looking for multi-unit relationships and deals," said David. "We are actually looking primarily at a build-to-hold strategy, rather than a build-to-flip. We look to the long term in these relationships."

For more information on BayHill Realty Capital, contact Ben Elder, Partner, at (650) 731-2733 or by email at belder@bayhillrc.com.

Burns Joins William Blair

Veteran restaurant finance executive Greg Burns, formerly with AIG Commercial Asset Finance, has joined global investment bank William Blair & Co. as Managing Director in the firm's Debt Capital Markets Investment Banking group.

"I had worked with Blair on prior transactions so it was a natural transition for me to continue collaborating with the team. As an 80-year old firm with over 1,200 employees, the firm's scale and scope was a major factor in my decision."

With over 20 years of sector experience, Burns led AIG's restaurant finance and single-tenant real estate finance platforms. At Blair he will focus on providing financial advisory and financing placement for chains, franchisors and franchisees.

"It is an especially robust market with unparalleled financing options and structures, especially for real estate assets," he said. William Blair will work with clients in terms of understanding their real estate ownership preference, growth plans and timeframe for exit.

"This is an interesting inflection point in regards to real estate ownership given valuations and liquidity. The desire to own single-tenant real estate as an investment is reflected in the strong demand from REITs, 1031 buyers and others for sale/leasebacks and new development for both fee and leasehold sites. The Red Lobster deal and pending Bob Evans sale are indicative of transaction sizes that were considered impossible in the past. Economics and terms however can vary significantly among buyers," stated Burns. "When dealing with portfolios, consideration must also be given to a wholesale or retail execution and the potential trade-off between proceeds and timeline."

For more information, contact Greg Burns, managing director, at (612) 940-0960 or by email at gburns@williamblair.com.

Cap Grow Launches Healthy/Organic Vertical

More fast casual concepts are popping up that are focused on marrying taste and health, and a long-time financial advisory firm wants to help those concepts expand.

Capital Growth Advisors, an investment banking firm known to the industry as CapGrow, gives strategic advice on financing, mergers and acquisitions and more to multi-unit restaurant owners. It's principals, Phil McDonough and Reid Sherard spent significant time in restaurant finance before launching CapGrow years ago. McDonough's wife, Kris, recently joined the team to grow their new vertical: advisory to natural/organic restaurants.

No stranger to the world of finance herself, Kris has more than 25 years of experience in alternative investments, financial markets, capital raising, business development and strategy. A few years ago, as she says, "with some of my own health challenges, I saw the impact of food on health."

With more information than ever available to the public, there "is a secular change" in the public's attitude about eating. She herself converted her family's diet based on her own research. "It's not easy," she said. "How do you switch to healthier food and make it taste good?"

And it was even harder when the family traveled, trying to find the restaurant that could meet their dietary expectations. "I was seeing a void," she said. And when you see a void, Kris added, its then that investors deploy capital.

She says entrepreneurs who lead this effort go through a very long growth curve, "and you aren't seeing them backed by the regular investors. Reid and Phil have a large rolodex of operators and contacts where we can marry capital where there is that void." Two outside advisors will bring their expertise to the table to help the concepts with growth, as well.

William Von Epps will advise on operations and franchise strategies. He's held senior positions in both domestic and international operations over a 40-year career for companies such as Papa John's, Yorkshire Global Restaurants and more.

Mac McCabe has expertise in organic restaurants, and will advise on supply chain and other issues unique to organic/healthy brands. McCabe co-founded the first natural/organic fast casual chain, O'Naturals, Inc., and served as its CEO for over 10 years, in addition to senior positions with other health food organizations.

"There are a host of challenges in running a concept that is so different from conventional brands," said Kris.

They are looking at concepts that might have three to four units, and "have exhausted their friends and family (capital) raise," said Phil. "They have to start thinking about lending, real estate development and how does that look three to five years from now." And as Reid pointed out, the CapGrow team can bring all of that experience to bear.

While this is a new for the group, CapGrow is still doing business as usual with their restaurant clients: financial advisory and mergers and acquisition consulting.

For more information on CapGrow, contact Reid Sherard at (734) 997-0813, or by email at reids@capgrow.net.