



ENTERPRISE

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Steaking its claim: Texadelphia learns the finer points of growing a winning franchise business

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Before he died, musician Warren Zevon gave his fans some advice on living well: "Enjoy every sandwich."

Since 1981, Texadelphia restaurants have been giving Austinites something tasty to enjoy. Under the guidance of Mark Turner, who bought the Central Texas franchising rights for Texadelphia in 1997, the restaurant has expanded to eight locations. It offers a varied menu and catering services.

The first Texadelphia was much different from today's growing franchise. Founded by Joel Stanley in 1981 near the intersection of U.S. Hwy. 183 and Burnet Road, the first Texadelphia offered patrons an innovative Texas-style take on the Philly cheesesteak, which Stanley enjoyed in his native Philadelphia.

In 1985, the restaurant moved to 2422 Guadalupe St., where it fast became a fixture on 'the Drag' and a magnet for University of Texas students and faculty.

"It took off due to its price, feel of the place and the quality of the food. People raved about it. A cult following built up from word of mouth among students, staff and faculty at UT," Turner says.

Turner himself became a fan in the late 80s when he came down from Dallas to visit friends.

In Dallas, he worked for a major advertising agency and managed the Whataburger account, which exposed him to the restaurant business. In 1993, he moved to Austin, and had started his own advertising agency by 1995.

In 1997, he approached Joel Stanley about franchising Texadelphia. The timing was perfect. Stanley had recently sold franchising rights to entrepreneurs in Houston and Dallas, but no one had approached him about Austin yet.

Turner quickly acquired the franchising rights. Since he had an advertising agency to run, he hired Patti-Lynn Walker to manage the restaurants.

However, he quickly found retail space was scarce in Austin. It took 6 months to find a location. Finally in 1998, the first franchised Texadelphia opened in North Austin at 9828 Great Hills Trail, where it was warmly received.

"We had great, instant awareness from Texas Exes up there and others grateful that we were open," Turner says.

In 1999, Turner bought the Guadalupe location and by year's end, he was operating six stores. But a few hurdles lay ahead.

"We wanted to grow quickly to make our corporate expenses balance out and run more efficiently. I was signing leases on retail centers where they weren't even going to break ground for more than a year just so I could get into the space," Turner says.

But Turner quickly learned that he couldn't grow Texadelphia too fast. While the new restaurants initially attracted

bedroom communities to his restaurants for lunch and dinner.

Major highway construction projects in Austin and Round Rock also hampered growth. The Texadelphia at Lakeline, which opened in December 1999, survived the construction of U.S. Highway 183. But the Round Rock Texadelphia was not so lucky, as roadwork made it difficult for the location to attract Dell employees on the other side of the highway. It closed in 2003.

In the past few years, like most Central Texas businesses, Texadelphia felt the impact of the economic slowdown. But as things are coming back into balance, Texadelphia now stands at eight locations in Austin -- soon to be nine when a new restaurant opens at 35th and Guadalupe streets this summer -- and one in Killeen.

Over the years, Texadelphia has sold a lot of cheesesteaks. Sales grew 63 percent annually from 1999 to 2004.

But even as sales grew, management discovered that when customers came in, they usually ordered the same thing each time.

Along with franchises in other cities, Texadelphia rolled out a line of five signature cheesesteak sandwiches it recommends if customers don't want to build their own. Today, the Signature Cheesesteak sandwich line represents 20-40 percent of cheesesteak sales.

Another local innovation was to begin offering catering services in 2001.

"We met a demand. You can't order from the same person every day. People get tired of the same thing. It's been a blast to offer an alternative," says Patti-Lynn Walker, chief operating officer of the Harbour Restaurant Group.

Response was so favorable, Walker and Turner decided to open a kitchen devoted to catering operations in November 2003. Catering sales grew 270 percent from 2003-2004.

"They've found a niche. They hit a step above a typical sandwich shop by providing an experience," says Richie Jackson, executive vice president and CEO of the Texas Restaurant Association.

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