

RESTAURANTS

Classmates turn contest idea into chain called Punk's

By Erin Killian
Staff Reporter

When three classmates developed a quick-service backyard cookout concept for a class at the Cornell University School of Hotel Administration in the fall of 2005, they competed against 25 teams at a faux fair.

Industry professionals awarded Monopoly money to the ideas they would potentially invest in, and students Sheila Laderberg, Dave McCabe and Jeffrey Sloan swept the competition. They won \$2.45 million of the \$5 million in fake money distributed.

While, unfortunately, the money wasn't real, the idea was. The trio is now raising \$1.2 million to open a chain of restaurants in D.C. based on that concept — a neighborhood restaurant with counter service that sells cedar-plank salmon, marinated chicken and grilled portobello caps.

Laderberg, McCabe and Sloan pooled \$300,000 of their own money, and are now looking to raise an additional \$900,000 from friends and family to start Punk's Backyard Grill. They expect to close the round of funding by June and open their first location by fall — that is, once they find the real estate.

They have hired Restaurants Brokers & Developers broker Joe Spinelli to find a 3,000-square-foot site with a rent in the \$50- to \$60-per-square-foot range. They have also hired attorneys, developed a Web site and assessed renderings drawn up by designers at Scottsdale, Ariz.-based Kathy



JOANNE S. LAWTON

CLASS ACTION: Dave McCabe, left, and Sheila Laderberg (along with classmate Jeffrey Sloan) hope to cook up some backyard grub for customers with their Punk's Backyard Grill.

Diamond Design Associates.

Punk's Backyard Grill will compete in the fast-casual segment of the market. Fast casual means it will have counter service as opposed to table service and an average per-person check between \$8 and \$12.

The fast-casual market is the fastest-growing restaurant market in the country, according to Chicago-based restaurant research company Technomic. The industry grew to \$12 billion in 2006, up 15 percent

from a year ago. While growing in popularity, it only represents 8 percent of the \$175 billion quick-service industry.

"A lot of quick-service restaurants are evolving their brand toward fast casual, because it has a higher price point and it's attractive to the customer," says Darren Tristano, executive vice president of Technomic.

National fast-casual chains such as Potbelly Sandwich Works, Panera Bread, Cosi and Chipotle have a leg up in D.C. Those

brands have the market advantage, says Ronn Yudd, president of Gaithersburg-based Points of Profit Leadership, which consults with restaurant owners.

"I don't know if Washington is the greatest place to begin a concept," Yudd says. "The reward is a 5 percent profit margin on most restaurants and 5 to 12 percent for fast casual. That's not a lot of money, my friend. It's all about sales, sales, sales and volume. If I knew that equation, I would not try to compete in this market unless my daddy owned the building."

Even so, the Punk's founders say they are confident about their concept based on their market research, including the numbers they pulled for a menu cost analysis.

Now they are going full tilt to launch their business. Laderberg has left her job as manager of the Marvelous Market on Capitol Hill to work on Punk's full time.

They are using their past hospitality experience to gain credibility with investors. Laderberg came to Cornell with three years of operational experience at the Inn at Sugar Hill Farm and the Blue Light Grill in Charlottesville, Va. McCabe worked in operations at a Marriott property called Wentworth by the Sea in Portsmouth, N.H. Sloan is a lawyer who runs a consulting company in San Francisco called Sloan Consulting.

It was Sloan who came up with the quirky name. The Houston native has an uncle nicknamed Punk.