

FRANCHISE CHATTER

Exclusive Q&A with Bob Watson, CEO of 5 & Diner (“We’ve developed a new prototype that is less expensive to build but can serve the same number of customers.”)

by Ambrosio on December 14, 2011

Founded in 1989 as a single restaurant in Phoenix, AZ, [5 & Diner](#) has grown over the years to 12 locations in five states. Known for its 50’s flashback theme, top-quality food at an affordable price, and award-winning burgers and shakes, 5 & Diner is entering a new stage of growth as it looks to establish the brand name throughout the Northeast and Mid-Atlantic regions by attracting new franchisees with a fresh prototype, revamped menu and new leadership.

To help fuel franchise growth, 5 & Diner is launching a new prototype designed to lower development costs and introduce a non-freestanding development option. Typical development costs range from \$450,000-\$750,000 and the average unit sales volume is more than \$1.1 million.

In 2008, 5 & Diner was purchased by Bob and Laurie Watson of LPM Holding Company, Inc., a Massachusetts-based food service operating company that is the largest independent corporate dining and catering company in the Northeast. Bob Watson, a former franchisee, is now the company’s CEO.



Bob (CEO) and Laurie Watson, husband and wife who purchased 5 & Diner in 2008

Franchise Chatter (FC): Can you tell us how 5 & Diner got its start?

Bob Watson (BW): 5 & Diner was founded in 1989 in the Phoenix, AZ area. The original founder wanted to create a truly authentic diner experience. He started by opening a few restaurants in the Phoenix market and then started the 5 & Diner franchise program a few years later.

FC: For those unfamiliar, please tell us about your food? What is unique about your menu and environment compared to other fast casual restaurants?

BW: 5 & Diner operates in the Family Dining segment of the restaurant industry. This means we offer a sit-down dining experience, with table service, but we don't sell alcohol – which Casual Dining restaurants do offer. What makes 5 & Diner unique is that we're a truly authentic "diner" experience. Our entire restaurant is designed to replicate the classic diners that were so popular in the U.S. in the 50's and 60's. Jukeboxes, stainless steel, bright lights and open seating is what you'll see when you walk in. Our wait staff uniforms are straight out of the 50's and all the servers wear nametags with throwback names on them.

The menu offers classic American comfort food for breakfast, lunch and dinner. We serve everything from meatloaf and shakes to omelets, salads and burgers. Some of our popular dishes have names like Mrs. Cleaver's Pot Roast, the Big Bopper Burger and Cadillac Meatloaf.



FC: What is the #1 thing that sets 5 & Diner apart from other franchise opportunities?

BW: Without question, the authentic diner experience is the unique feature of the 5 & Diner restaurant. Many of our restaurants host classic car nights, sock-hops and other 50's and 60's-themed events that hold true to the concept. While other family dining concepts offer a similar menu, none do it in a format like 5 & Diner.

FC: Can you describe the ideal franchisee for a 5 & Diner restaurant?

BW: The ideal franchisee is one of two types. First, we are looking for experienced owners and operators of one or more restaurants in the fast casual, casual dining, full-service or fine casual dining field. The second type of ideal franchisee is someone with a love for diners who wants to operate a local business in their community and is willing to work in the business every day to make it a success. In both of these cases, the 5 & Diner franchisee needs to be passionate about the diner experience and focused on providing a great customer experience.



FC: What is your success model for building strong relationships with your franchisees?

BW: With 25 years of experience in the corporate dining management business, we understand that customer service is the single most important thing to deliver. The basic premise is the same when it comes to corporate feeding and retail restaurants: Good food, good service and good

people will get you everywhere. I know that if you're good at what you do, people will come back. It's that simple. I've also learned that each franchisee is an individual with his or her own hopes and wishes. Building strong relationships takes work, but everyone should be working toward the same hopes and expectations for the company.

FC: What is the ideal neighborhood and territory for a 5 & Diner restaurant? In what regions of the country do you see the strongest demand for your restaurants?

BW: Our real estate model calls for locations in suburban environments with a high density of homes, shopping and other dining options. With our start in Arizona, we want to continue to build out that market and also focus on the Northeast corridor from Boston to Philadelphia, as this is where the diners of the past had their highest concentration. We are also targeting markets like Raleigh, Charlotte, Atlanta, Orlando and Tampa because there are a lot of transplants in those areas from the Northeast region.

FC: What specific steps do your most successful franchisees take in order to build and grow their respective businesses?



BW: Due to the nature of our business, it is critical to deliver on our promise of going back to a simpler time – both for customers and franchisees. We encourage our franchisees to get involved in their community and host events like car shows and sock-hops to help generate business, in addition to running a good, clean restaurant.

FC: What are some of the things you are doing to help your franchisees become

profitable?

BW: We spend a lot of time looking at the menu and making sure the operations support profitable delivery of the brand promise. We also have developed a new prototype that is less expensive to build than a free-standing unit, but still has the operational capability to serve the same number of customers as a free-standing unit. We feel this will be a huge part of our growth over the next several years.



FC: What are your goals for 5 & Diner in the next few years and how do you plan to grow your business?

BW: Our main goal is to bring 5 & Diner to more communities! We really feel there is strong passion and affinity for diners that will capture the attention of franchisees and customers alike. All you have to do is see the number of references to diners in pop culture – from

TV shows and movies to commercials and art – to know that Americans always have and always will love diners.

FC: What advice can you give prospective franchisees on how to evaluate the overwhelming number of franchise opportunities available to them?

BW: For existing restaurant owners and operators, they usually know how to evaluate a concept. They ask themselves if the operations make sense, if the business makes money and if the concept stands out from the crowded field of other dining options. We feel that 5 & Diner offers all of that. For someone new to the franchise world, looking to open their own business, they should ask themselves these three questions: Does the concept make money? Is the business sustainable or just a fad? Can I see myself doing this?

FC: Finally, what advice can you offer new franchisees on how to increase their chances for success in the restaurant business?

BW: I'll go back to what I said before: focus on the customer, deliver good value, pay attention to the details, and don't forget to have fun!

