



New burger chain Smashburger cooks up \$15M

Execs detail growth plans for DV

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New burger joint Smashburger has received a multi-million dollar boost from an investment firm in an effort to expand its business.

Quiznos founder and chairman Richard Schaden and his private equity firm Consumer Capital Partners injected \$15 million into Denver-based Smashburger, which Consumer Capital Partners created in mid-2007.

Currently, Smashburger operates four quick-casual restaurants in the Denver area. The company serves gourmet-style, certified Angus beef and chicken sandwiches, which diners can customize with various choices of buns, toppings, condiments and more.

This financial backing will be used to ramp up Smashburger's growth. Consumer Capital Partners plans to open between 15 and 20 locations in four new markets this year. In the near term, Smashburger intends to open about 500 company-owned restaurants in 30 markets, and will launch a limited number of locations with "highly qualified" joint venture and franchise partners.

For further insight on the company's growth plans, DailyVista spoke with two [Smashburger](#) executives, Tom Ryan, managing partner and chief concept officer, and Dave Prokupek, managing partner and chief investment officer.

"We identified a niche opportunity in the marketplace. A tremendous number of people are looking for better burgers, and we quickly realized that between all the options...there wasn't the right equation between food quality, price and speed and convenience," Ryan said.

Prokupek said that in light of this funding round, Smashburger is focused on three primary areas of growth and expansion.

"We're looking to be the number one, number two player in this category," he said. "Our first plan is to get national in the next couple of years. The other thing we're focused on is to really come up with a leading partnership structure with how we operate the restaurants."

Lastly, Prokupek said that the company is focusing on creating a corporate culture similar to early-day Starbucks and Whole Foods in terms of employee's professional and financial growth.

Smashburger has its sights set on several regions and metro locations throughout the country, Prokupek said.

“For our near term expansion plans, for the next twelve months, we are looking very aggressively in the overall Texas marketplace, the Midwest corridor. We very much like the Kansas, Tulsa, Oklahoma, St. Louis areas,” he said.

Other potential growth areas include the southeastern portion of the United States, as well as the Seattle and Portland, Ore., areas, Prokupek said.

“What a lot of those places have in common is good education, good income, the economy is fairly diversified and not overly-tied to housing and things that are in a slump right now,” he said. “We are really looking to get to the cream of the crop locations, so wherever we go, the first locations we have in the city are the crème de la crème.”

To get consumers excited about new Smashburger locations, Ryan said the company benefits from a mix of direct marketing, buzz marketing and word of mouth.

“We have a rigorous grand opening model that includes sending a menu that highlights our differentiators. We send one-sixth to one-tenth each week in the trade area until we surround the two mile radius,” he said.

Additionally, Ryan said that Smashburger utilizes the help of street teams to help generate awareness on a one-to-one level with consumers. Additionally, the company has picked up several “Best of...” accolades from publications in the Denver area.

“Because we’re new and because we’re so differentiated, we’ve picked up a lot of accolades from the local press,” Ryan said. “We’ve caught kind of a buzz, and that combo of trade area awareness, multiple sites and some notice from publications has been effective in getting the word out.”

Ryan said that he doesn’t see Smashburger going beyond print and billboard advertisements right now, and that word-of-mouth has proven to be the strongest driver of traffic to Smashburger locations.

Right now the company is working with New York-based Coltrin & Associates for communications needs. Prokupek said that as Smashburger continues on its growth streak, the company may consider working with additional firms.

“As we grow, no one has a monopoly on good ideas, so we’re open to how we think and how we go about things,” he said.