

Smashburger

BETH EWEN

FAST AND SERIOUS

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FRANCHISE TIMES RANKS THE SMARTEST-GROWING BRANDS

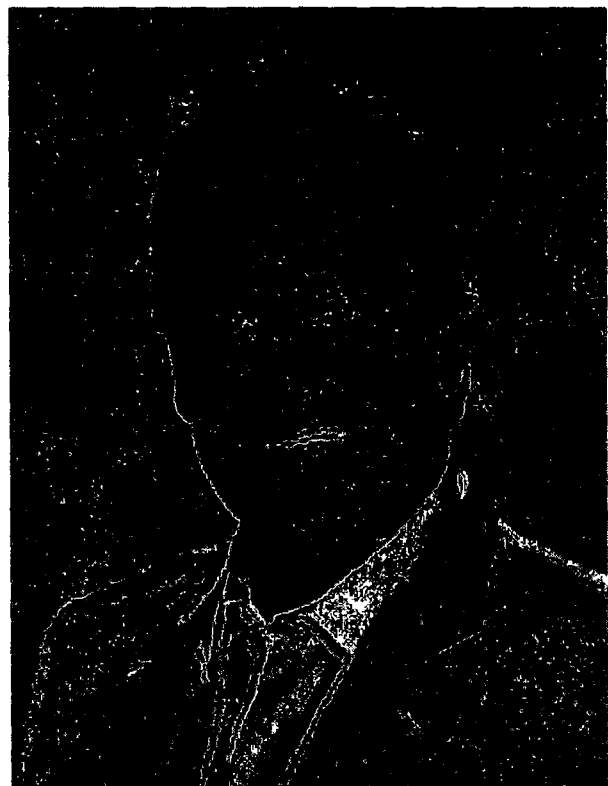
Fast-casual burger restaurants
www.smashburger.com

2 Scott Crane was heading up the second largest Yum Brands franchisee in 2007 when he got a call to check out Smashburger. They had one restaurant. I was like, 'Well, thank you, but I'm not interested in one,' Crane recalls, but the founders convinced him to make the leap. All my friends that I knew thought I was crazy. Everybody here thought I was a genius,' says Crane, who was Smashburger's president until last November when he ascended to the CEO spot.

Genius might be right after all. Today Smashburger ranks No. 2 on the Franchise Times Fast and Serious list, has 250 stores, half franchised and half corporate owned, and is a pioneer fighting for dominance in the highly contested better burger space, itself part of the red-hot fast-casual sector. News is swirling around the brand—Crane replaced Dave Prokupek in November after a high-profile shake-up. Prokupek was also a managing partner for Consumer Capital Partners, the private equity firm that is also Smashburger's largest investor.

Crane plays down news reports that Smashburger needs a new equity partner, although he allows they're always looking for new money at the right price. He points to the company's first senior debt facility, \$35 million from Golub Capital last June, as a sign the company has arrived. It's much cheaper capital, he says about the Golub deal, compared to private equity, and they'll use \$15 million of it to open 29 corporate stores in 2014, plus 40 to 50 franchises. We had to be a certain size to stand on our own as Smashburger and get a senior debt facility. It puts you on the stage, that you're becoming a real-size company.

It also means the days of 107 percent growth (in units from 2010-12) are over. But Crane expects 30 to 35 percent in 2014, and he's fine with that, especially with all the room he believes is ahead in the still tiny fast-casual sector. The white space is so big, he says, I would not begin to quantify that, but I think it's exciting.

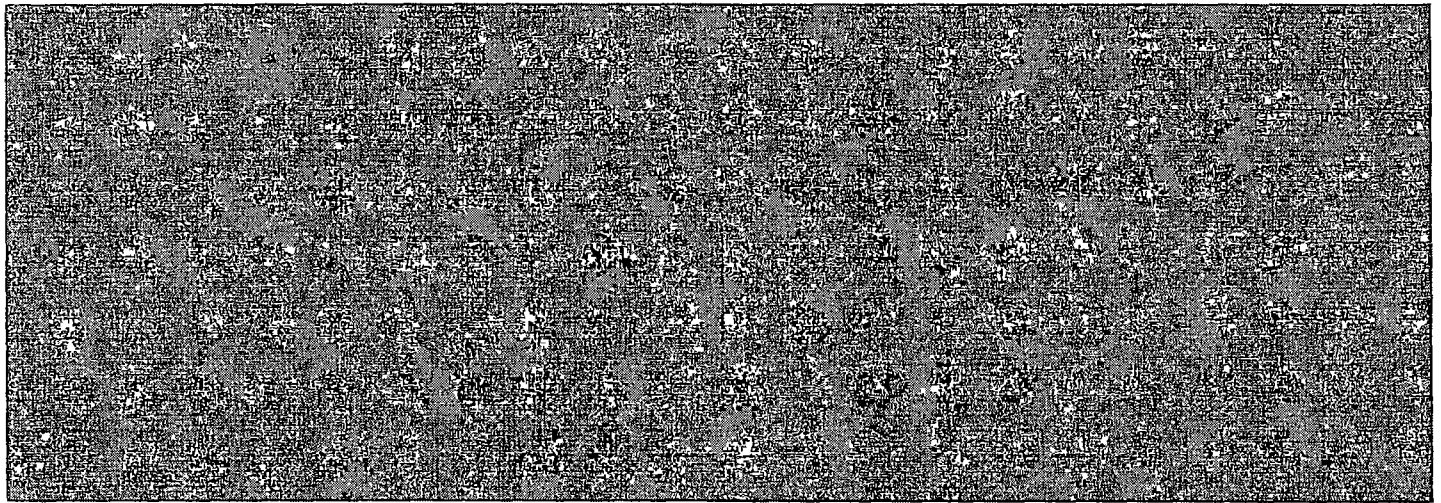


Scott Crane

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