

# Fran Trends



## Franchises Respond to Sluggish Economy

Franchise Systems Poised for a Slowdown

Industry: Articles Franchise

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As entrepreneurs, when things slow down economically the quest begins to find an opportunity that is positioned to endure the tighter times with the least amount of pain.

Marko Grunhagen is the Associate Editor of the Journal of Small Business Management and he says the time is right to find a business model that works when the picture is not real rosy. And overall he sees franchising as a vehicle that is positioned well for times like these. "Right now we are going through a fairly big crisis in our economy and franchising overall is well positioned to deal with this crisis," Grunhagen says.

"As an overall state of franchising I think there are opportunities for consumers." But Grunhagen warns that any existing or prospective franchisee should expect for their franchise experience to hit some turbulence. "Be prepared to go through the economic ups and down," Grunhagen warns. "It is better to buy something that looks like it can weather ups and downs."

## BAKER BROS

Weathering the storms in business is a practice that Kenneth Reimer knows all too well. The 69-year old Reimer was instrumental in the turnaround of Tony Roma's in the 80's and 90's. And Reimer says downturns like we are currently experiencing affect everyone. But he says the key is being positioned to handle the good and the bad. "It affects us as it does all retailers, people have less disposable income today than they had yesterday," Reimer says. "People have to eat and so that is somewhat comfortable, folks don't have to buy a new car or trench coat."

These days Reimer is putting his considerable experience to work on a new restaurant venture. Reimer has partnered with fellow Roma's veteran Tom Dahl to found Baker Bros ([www.bakerbroswdeli.com](http://www.bakerbroswdeli.com)), a neighborhood-style American deli that is finding traction even in economic times that are not the best. And Reimer believes the reasons why Baker Bros is finding success are simple. "The cost is low. We think we are one of the best vehicles available for this kind of economic or any kind of economic times. Quality will stand up in the end as long as it is done well with great service and a value proposition," Reimer says.

Reimer is hedging his bets that the Baker Bros concept will continue to separate it from the competition and prove profitable even when national profits are down. "We have a very strong control over labor component, quick casual doesn't require a big front of house staff, we don't require a chef, we serve the highest quality food products in our sector," Reimer says. "But we do it with a very streamlined system, developed by (partner) Tom Dahl. We have wonderful control over our labor costs. It is very efficient."

And when a business is pinching pennies and looking to eliminate waste, a franchise opportunity with an efficient set up is all the more attractive. Reimer has positioned Baker Bros where turning the key on a 130 seat Baker Bros would run about \$500,000. And Reimer is proud of what the franchisee gets for their investment. "We built in where you could have 130 seat restaurants, and I mean a nice restaurant, we only bake low labor content, high quality food. We think we are one of the best vehicles available for this kind of economic, or any kind of economic times," Reimer says.

And as for these economic times, the veteran restaurateur is confident things will improve and is excited about where Baker Bros is positioned when they do. "We've been through plenty of recessions and have gotten through with ingenuity and hard work. After everything has stabilized, we will grow and gain again. We are going to hang in there and we will do well."

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