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Roosters gathering ever-larger flock as wings joint expands

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Forgive Roosters Inc. if it struts.

The Dublin restaurant chain more than survived the recession, doubling in size since 2007, when the economic malaise set in. And the company shows no signs of slowing the pace: Two new wing joints opened this year and at least two more are coming by early 2013, including the first newly built eatery in the chain's 23-year history.

"The economy wasn't good, but we tended to do well because our price is lower," said Dan Ponton, president and managing partner.

The chain counted 11 company-owned restaurants in Central Ohio and Dayton in 2007, when it opened its first franchised operation in Circleville. It's now up to 14 franchised casual eating spots, with a 15th expected to open in Springfield this year. The company's 14th company-owned restaurant is planned for early 2013 in Pickerington.

The expansion has taken Roosters to the Cincinnati and Canton areas, as well as into Indiana, Kentucky and West Virginia.

Roosters' home office is in Central Ohio but it was founded in Dayton in 1989 by Bob and Corrine Frick. They are no longer involved in operations but remain part of the ownership group with Ponton.

Ponton declined to specify the company's annual revenue, but said same-store sales have increased every year and have been up double-digit percentages in each of the last four years.

Newest coops

A standard order of 10 wings costs a diner under $8 at Roosters, and it has a $6.99 steak sandwich on the menu. The chain can maintain its low-price strategy because of several long-held cost-savings initiatives, including no corporate office (Ponton works out of his home) and a commitment to putting its restaurants into buildings abandoned by other eateries.

"Real estate is a big reason why we've been able to expand," Ponton said. "We kinda wait for things, and buildings are falling into our laps."

The recession shook loose plenty of buildings from dining chains that shuttered or moved operations. With a trained eye and a memory for restaurant chain design, patrons can see that Bob Evans, Denny's or Ponderosa once preceded Roosters in some of its spots. Its newest additions include a reclaimed Ruby Tuesdays restaurant and a defunct T.G.I. Friday's.

Indeed, Columbus-based Bob Evans Farms Inc. continues to be a key partner for Roosters, Ponton said. It has sold six of its closed sites to the chicken wing chain, including the Grove City and Henderson Road restaurants in Central Ohio and a Huber Heights site that recently opened.

The restaurant going into Pickerington, however, represents the first break with that used-building tradition – it will be new from the ground up.

"In 20 years, we couldn't find a cost that made sense for us (to build new)," Ponton said.

A remodeling for Roosters averages $750,000 and previous new-build opportunities presented to the chain would have cost more than $1 million, Ponton said. He estimated the company saves at least $300,000 to $400,000 per restaurant by shopping for used real estate.

But developer Equity Inc. sold Roosters a building at a Kohl's-anchored shopping center on Route 256 near the Pickerington-Reynoldsburg line. The 6,000-square-foot restaurant will include a patio and enjoy high visibility from heavily traveled Route 256 and Stonecreek Drive.

"We think there is a huge hole in the market right there," said Phil Drake, Equity vice president of restaurant and retail services.

He estimated 50,000 live or work within a five-minute drive of the site.

"(Ponton is) loyal to his customers," Drake said. "He did well in the recession because he didn't have to change anything."

That discipline and success drew Equity to Roosters. The Pickerington project is the first between the companies in more than 10 years of discussions, and Drake hopes it will persuade the chain to consider more new buildings.

Franchising future

If pricing and loyalty have kept the chain sound, Ponton attributes Roosters growth to the decision to bring franchising in-house in 2008. Those duties had been spun off to an outside group in 2006, but Ponton acknowledged the arrangement didn't work. He declined to elaborate. In the end, the company wanted a more controlled approach that wouldn't strain franchisees.

Ponton promoted Steve Ferguson, then GM of the company's Grove City restaurant, to head of franchising. The company rarely hires outsiders for its restaurant manager and corporate jobs, Ponton explained, preferring to promote employees.

Roosters may be looking for franchisees, but isn't actively marketing that fact. It has six franchisees and is in no rush to get bigger for growth's sake.

"We're very selective," Ponton said.

The company charges $25,000 per restaurant and a 3.25 percent royalty with no advertising fee, making it an attractive prospect. The minimum restaurant commitment is three sites.

Columbus and Dayton are company-owned markets, and all others are franchised. The list of franchise rejections includes groups in Atlanta, Phoenix and Florida. Ponton said the company even fielded inquiries about bringing the chain to England and Japan. That won't happen.

"We're just not structured to support that," he said.

Pittsburgh and Indianapolis are on the company's wish list, but efforts will continue to add operations in Cincinnati and West Virginia. Toledo and Cleveland are major Ohio markets still available for new franchisees.

Dan Eaton covers retail, restaurants, manufacturing, automotive and the advertising/PR industry for Business First.

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