

Jackmont Hospitality Takes Flight

A master plan to build a chain of restaurant franchises has this Atlanta-based food empire soaring

By Alan Hughes

IF YOU WITNESS THE THROGS OF BUSINESS AND RECREATIONAL TRAVELERS AT the Hartsfield-Jackson Atlanta International Airport, you'll understand why it ranks as the busiest passenger airport in the world—a position it's held since 1998.

On an average day, more than 240,000 passengers board or disembark from an average of nearly 2,700 arriving or departing planes. Every bit a megamall as much as it is an airport, Hartsfield-Jackson—with its more than 260 retail stores, convenience outlets, and eating and drinking establishments—contributes more than \$32.5 billion to the metro Atlanta economy. The South may have a reputation for being more relaxed and slower-paced, but this airport clearly marches to a quicker beat.

In this setting, it's no surprise that the highest grossing T.G.I. Friday's in the U.S. has operated here at Concourse B since 1996. Servers efficiently take orders, serve meals, bring out the check, and usher guests in and out—turning tables. Most diners are concerned about time since they want to catch their flights. Faster turnover equals more business. With revenues projected to reach \$8.2 million this year, the 3,300-square-foot casual dining location is small but well-managed. A second store, opened in Concourse E in 2006, is expected to add an additional \$5.3 million in sales for 2011.

Though strong performers, even these bustling locations were affected by the economy as business travel dipped. For their owner and operator, Jackmont Hospitality Inc. (No. 71 on the **BE INDUSTRIAL/SERVICE COMPANIES** list with \$50 million in revenues), it meant three consecutive quarters of slightly lower revenues. “Business at the airports fell off 6% to 8%, and 4% to 5% on the street [not at an airport], so it was nothing significant,” says Daniel J. Halpern, Jackmont's CEO. Since opening its first location in 1996, Jackmont has expanded and now boasts 10 T.G.I. Friday's locations and has another two in the works. Now that the worst of the recession is hopefully over and done with, Halpern has his sights set on further expansion.

LOCATION, LOCATION, LOCATION

Jackmont Hospitality's business model is simple. It's based on building stores in urban areas where there are few services and, ideally, unmet demand. The company looks for a dense population in high-traffic areas as well as other metrics, such as homeownership rates and the length of time residents have lived in the community. But the team also kicks the tires, so to speak. “You kind of start off doing more intellectual research,” says Halpern. “But it always ends up with just getting in the car and driving around—at lunchtime, or Saturday night at midnight. Just to see what's going on in the area.”

That approach has helped the company maintain sales in spite of lean times. “We have been fortunate in that we are almost always beating our comp sales,” says Brenda Branch, vice president of operations, describing the restaurant chain's year-to-year sales performance. The company has the rights to open T.G.I. Friday's locations in the metropolitan areas of Washington, D.C.; Maryland; and Philadelphia, in addition to Georgia.

Halpern points to the company's newest location in District Heights, Maryland, that opened in March as a perfect fit for the company's model. Located at a major intersection—Pennsylvania Avenue and Silver Hill Road, just a couple of miles from the Suitland Federal Center complex of several government agencies (and their 11,000 or so employees)—it's easy to get to. “And there's not another casual dining restaurant within a 3-mile radius,” Halpern says. He also notes that it's outperforming most of the company's other locations when they were at this stage.

A LITTLE HELP FROM A LEGEND

The company's beginnings were as humble as those of many others—but Jackmont's include a helping hand from a legendary mayor. While studying at Cornell University's School of Hotel Administration, Halpern met Brooke Jackson Edmond, daughter of the former Atlanta Mayor Maynard Jackson. Upon graduation, Halpern went to work at The Gourmet Cos. (No. 20 on the **BE INDUSTRIAL/SERVICE COMPANIES** list with \$199 million in revenues). Later he decided that he and Jackson Edmond should go into business together. “I was another 31-year-old that wanted to be an entrepreneur. I wasn't quite sure what I was going to do, but I knew it was going to be in the food service space,” he recalls. “Maynard was about to leave office and we figured we could get him involved to help us a little bit.”

With the mayor on board, the three launched Jackmont (the company's distinctive name hails from the nickname given to the family resort of Jackson's parents). Halpern says of those early years, “We started out with a desk and a phone at the Maynard Jackson Youth Foundation, and then began figuring out what we were going to do.”

During the '90s, the business model for airports shifted. Initially places with a few convenience stands, airports were transformed into shopping mall-like places complete with chain restaurants, retail outlets, and other services. So when the Jackmont team learned that food and beverage contracts were coming up for rebid at the airport, they wanted in. ►

Concessions International, owned by H.J. Russell & Co. (No. 15 on the **BE INDUSTRIAL/SERVICE COMPANIES** list with \$268.71 million in revenues), bid on the entire block of concessions with Jackmont in as a subtenant on what would be the first T.G.I. Friday's location there. But that required money, and that's where Jackson stepped in. "We couldn't make the initial capitalization happen, without somebody who had something to borrow against," recalls Jackson Edmond, the company's senior vice president and founding principal. "We went and spoke to him on that premise, and he thought it sounded like a good idea."

TRAGEDY STRIKES

By 2003, Jackmont was a solid, profitable business, and Halpern was thinking about expanding. "We were still trying to figure out if we were going to stay in the airport space or migrate out to doing restaurants on the street," he recalls. "I don't think any of us wanted to have all our eggs in one basket, which meant being involved in the public sector, and we wanted to have a little bit more autonomy."

Before they could make any moves, though, tragedy struck. Jackson, the man who had helped the company access financing and who could pick up the phone and reach out to virtually any

decision-maker, died in June 2003. The loss of one of the leading champions of black business sent shockwaves throughout the business community—in Atlanta and across the country.

Shortly after Jackson's death, in a strange twist of timing, Carlson Restaurants, the parent company of T.G.I. Friday's, offered to sell Jackmont four additional locations. But it wasn't without risk. The purchase price came to nearly \$11.5 million—a lot of money for a company in Jackmont's position.

The offer came at a sensitive time. "That was a big test for us," says Halpern. "I'd be lying to you if, after Maynard died, I said people didn't think we'd be out of business. This man gave us an opportunity, got us in business, and got us to this point."

For his daughter, Jackson's death was, of course, a deep and personal loss, but she was confident that the business would continue. "He was hands-on when it came to strategic planning, or assisting us with important connections, or helping us to pull together some initial financing," says Jackson Edmond. "But he wasn't part of the day-to-day operations."

In light of the company's strong financials, ideal locations, and track record that showed that the Jackmont team knew how to run the business, the financing came through and the deal was completed in December 2003. "We weren't going to squander his efforts and let the naysayers be correct," says Halpern. Since

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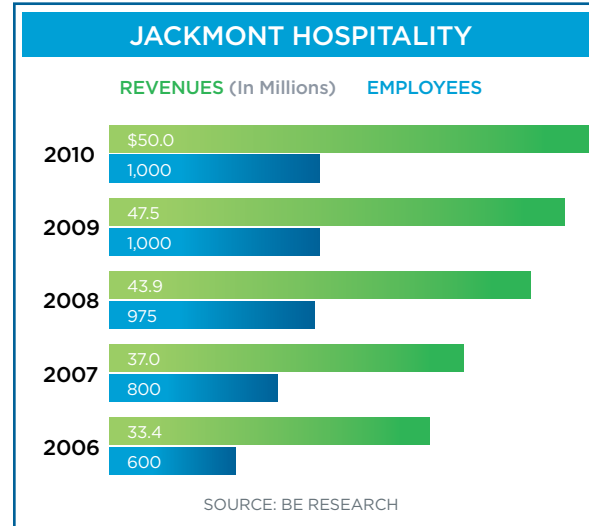
then, the majority of Jackmont's focus has been on building Friday's on the street, though a location at Miami International Airport is scheduled to open this month.

BACK TO SCHOOL?

In addition to its franchise business, Jackmont has existing contracts to provide food services to Morehouse College and Spelman College through joint ventures with Sodexo and Aramark, the food and facilities management giants. Though only about 1% of the company's total revenues, food services is an area management is considering expanding. "The Friday's business has been our bread and butter for a number of years, but we look at the education market as an opportunity," says Branch.

For the time being, however, the company will continue to focus on its restaurant locations in urban areas. "They have a solid leadership group with a proven track record that knows how to drive restaurant businesses," says Nick Shepherd, president and CEO of Carlson Restaurants. "They've mastered running urban locations where there's high volume and a good mix of bar business as well as restaurant, in very competitive markets where they focus on driving high-quality service because they know how to attract and retain great talent."

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