

PIZZA SUPREMO

GOING AGAINST EVERY FRANCHISE CONVENTION, PIZZA WORLD IS NOT ONLY CHANGING THE WAY PEOPLE THINK ABOUT PIZZA BUT ALSO CHANGING HOW FRANCHISEE'S THINK ABOUT FRANCHISING, AS ARMANDO DIANA REPORTS.



WHAT BEGAN IN 1991 AS A 750-SQUARE-FOOT restaurant buried in a Maplewood, Mo., strip mall has become a new wave force in the franchising business thanks to a dedicated, hardworking man with a simple plan for success.

Eric Wortham, founder and president of Pizza World, believes franchisees should keep most of their money rather than send it to the franchisor in royalties. He said that approach encourages them to re-invest the money into the franchise rather than have to close the doors because they can't make it work.

"I'm not looking to rob anyone with high franchise fees," Wortham says. "I think the franchisee should keep most the money they make in their own pockets."

Like rising dough, Pizza World franchises are increasing throughout the United States and Wortham has prospects for international expansion. He said he has received inquiries from countries as far away as Saudi Arabia and China. But first, he wants to expand the franchise across the country. He started Pizza World USA Franchise Corporation three years ago and has 20 new locations to show for his efforts in Georgia, Illinois, Michigan, Iowa, Missouri and his newest location in Pennsylvania that is scheduled to open in March.

Another 50 to 100 opportunities are pending and he expects to grow his franchises by another 10 to 15 next year. There are numerous secrets of his success but none of these bigger than the 2.75 percent royalty fee, which is far below industry averages that come in between 5 and 8 percent.

"I'd rather get 2.75 percent from 200 stores that stay in business because they are making money than 5 percent from a handful of stores with high store closing ratio because the owners can't make any money," Wortham said.

There are no additional marketing funds like other franchisors charge and he doesn't view the franchisee as the source of unfettered income. The 2.75 percent fee covers training, marketing

manuals, operation manuals, store setup, ongoing support and continuous updates and menu changes.

"It makes them more successful and, in turn, I become more successful because we'll open more locations," Wortham says. "Their success is my success."

Bucking the trend even more, is a \$15,500 franchising fee and Wortham figures it will take between \$120,000 to \$295,000 to get a Pizza World up and running. These figures represent a typical carryout/delivery unit to full sit down restaurant, which also can include a buffet. Compare that to typical franchise fees that can get as high as \$500,000 plus most franchisors want their franchisees to have an additional \$400,000 on hand to keep them liquid through the typically rough start up period.

Further, Pizza World collects no marketing fund or cooperative contribution fund. The company allows each franchisee to spend his own marketing dollars in his exclusive territory to better maximize restaurant traffic.

Wortham says other franchisors try to figure out how he is able to stay in business with such low returns but Wortham is driven by his early struggles and firmly believes making the franchisee successful is all it takes to ensure overall success. He mentors his franchisees and has developed a personal relationship with all of them.

"If they struggle or fail, I take it personally," he says. "These franchisees are like family and I'm always available to them."

FINDING THE RIGHT MIX

Most franchisors look at a prospect's financial capabilities when selecting suitable franchisees, but Wortham looks at the person and tries to determine if they have a heart for the business. He says they need to be dedicated, hands on and hard working and able to be an independent thinker not afraid to take chances.

Even before he opened his first store he bought used kitchen equipment, cleaned up, fixed and sold it so he could buy higher-





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end equipment for his restaurant. He looks for people with that type of hard charging mental and common sense approach to business.

“A used sink will do the same thing that a brand new sink will do,” Wortham says. “We never cut corners on the quality of our foods but know how to get the most out of our equipment.”

However, that first year he was still in a bad location and getting traffic into his restaurant was the challenge. Once people found him they fell in love with his pizzas and returned. He knew he was onto something big and was soon thinking about franchising.

It would be close to 13 years later before he would take the plunge into franchising and, along with the decision came the fears of whether the franchisees would deliver an experience consistent with Pizza World’s standards.

Having a background in marketing and sales helped Wortham develop a comprehensive training program designed to help ease the franchisee into his or her new role. Each franchisee goes to the Pizza World complex in Granite City, Ill., for a week of training. They then go back

to their store location and work with those associated with building out the store and preparing for an opening launch.

A few weeks before the launch, the franchisee returns to Granite City for another week of training where each participant receives hands-on experience operating the entire store complete with food ordering and banking. A trainer from Pizza World then goes into the field to the franchisee’s location and spends a week onsite training and helping.

“In order to have a successful franchise you need to make sure everything the customer experiences is consistent,” he said. “If our franchisees are going to invest the money and time, I want to make sure we are there for them at all times.”

To ensure compliance one of the corporate representatives and Wortham regularly visit each location and do a walk through. He also reviews reports from specially chosen food vendors that all franchisees use. Another big difference is Pizza World allows its franchisees to buy directly from approved food providers and does not mark up the food like other franchisors or make them buy from their own highly inflated commissaries.

Wortham says some franchise companies give a discount on royalties as long as a franchisee buys their highly over-priced food. This is a technique some franchise companies use to make the potential franchisee believe they are getting a great deal. The franchisor makes up more than the difference in the over-priced food. Wortham allows the franchisees to set their own prices and says he will never mandate franchisees sell pizzas at a set low price just to increase royalty sales for the franchisor. Even though this may increase volume of sales, it shrinks the bottom line for the franchisee because of the high



Pictured: A delicious array of fresh ingredients comprise the tantalizing menu offerings at Pizza World.



Pictured: Pizza World has 20 locations, with another 50-100 opportunities pending.



food cost percentages on a very low ticketed item, which puts less money into the franchisee's pockets but more money into the franchisor's. Some franchise companies like these business practices because it makes the franchisee buy more food from their commissaries and also increases the royalty base.

In addition, Wortham created an easy step-by-step manual that sports over 1,500 product shots depicting how to make all products. He believes a visual manual makes it more user friendly and anyone can learn how to make their specialty gourmet pizzas, subs and salads.

IT'S THE FOOD, STUPID

Attention to detail to create gourmet pizzas with specialty toppings from around the world, with an emphasis on fresh, wholesome ingredients, is what separates Pizza World from other pizza places. It uses its own specially made sauce, fresh vegetables, and makes its own dough from scratch on site every day. Those ingredients combine to make a pizza remembered.

"Other places use canned goods and watered down tomato paste seasoned to their standards, but we offer only the freshest ingredients," Wortham said.

In addition, the company offers a full range of complementary products including subs, calzones, specialty breads, and a choice of several tempting salads as well as traditional pizzas with a choice of over thirty toppings. This straight forward concept

is the direct opposite of many current food systems stagnating under large inventories, heavy food cost burdens and a large employee base.

The ease of preparation of the gourmet pizzas, coupled with an efficient, functional and cost-effective environment, gives Pizza World the leading edge in this exciting new food market. Pizza World also offers a fine dining experience delivered to the customer's door or enjoyed right in the store, exceptional quality, freshness, choice and value all within a highly efficient delivery system

Some menu items include a 12-topping pizza whose extra large pizza weighs in at five pounds and costs \$19.95. Other popular items include calzones, starting with fresh homemade dough stuffed with mozzarella & ricotta cheese, its own pizza sauce and the customer's choice of toppings, brushed with a light olive glaze, and sprinkled with Pizza World's own specialty spices.



There are also the oven baked sub sandwiches which sell at a rate of about 100 per day at some locations. These sub sandwiches can feed the heartiest of appetites and the sub buns are baked fresh daily. The customer can choose from meatball, fresh veggie, hot ham, spicy Italian, sliced turkey, turkey club, tasty roast beef, chicken Caesar or Pizza World combo.


Specialty breads include garlic and cheese that start with fresh baked bread, topped with garlic butter or, for the cheese lover, there is the garlic bread with cheese, sprinkled with Pizza World's special seasoning. Customers can also try bread sticks that are coated with garlic butter and loaded with parmesan cheese.

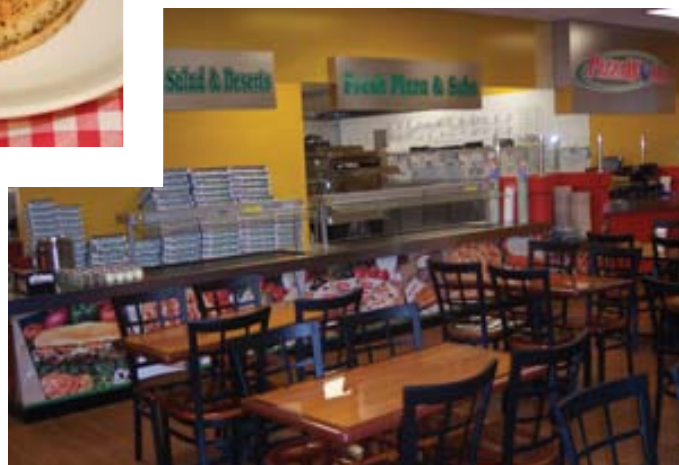
For the health conscious there are five specialty garden salads to choose from that include a base of fresh romaine lettuce and are topped with several choices of dressings: Italian vinaigrette, Caesar, parmesan ranch or raspberry vinaigrette. The fresh garden salad is lavished with mushrooms, carrots, tomatoes, cucumbers, artichoke hearts and freshly grated parmesan cheese. Customers can also choose the Deluxe Antipasto with Genoa salami, pepperoni, mozzarella and parmesan cheese.

Plus there are always the traditional pizzas like pepperoni, Italian meatballs, homemade Italian sausage, pork sausage, Canadian bacon, beef, salami, bacon, ham, mushrooms, tomatoes, black olives, spinach red onions, banana and green bell peppers, jalapenos, fresh cilantro and basil. Pizza World boasts up to 30 toppings.

BRINGING IT ALL TOGETHER

Pizza World strives to offer high quality product to customers each and every time they place an order. The company has even taken a green approach to its business by opting to use unbleached and recyclable packaging for all of its products. Wortham says the company also stresses community involvement and is active in the schools and other community events.

Through all of this Pizza World USA is driven to help change the franchising landscape by focusing on the franchisee and ensuring a top quality product. 



Pictured: Pizza World President Eric Wortham gives customers what they want – a fine dining experience.