



Simply Successful

by Paul Knowles

A limited menu but unlimited enjoyment.

If a company's goal is to keep it simple and also keep it successful at the same time, then that company had better be doing it right.

"Simple and successful" isn't the corporate model of New York Fries but it could be. A business model could not be much more focused than this company's corporate plan they make and market fries and hot dogs, along with non-alcoholic beverages. That's it.

And they have limited their locations but choice: New York Fries stores only exist in enclosed, larger regional malls with good food courts.

And they're doing it right.

Despite the name, New York Fries was essentially created by two Canadians, who still own the company, brothers Jay and Hal Gould. The corporate legend holds that, in 1983, the Goulds learned about "the best french fries" in the world while reading the New York Times. They were made and sold at a french fry stand at the South Street Seaport.

Jay visited the outlet, sampled their wares, and to steal a much-overused cliché, liked the fries so much, he and Hal bought the Canadian rights.

At the time, it was not a company as much as a french fry outlet, but Gould was to come back to Canada and change all that. They opened the first Canadian store in August, 1984, in Scarborough Town Centre.

That original location is still in business. In fact, only a handful of New York Fries outlets have ever closed, even though, today, there are 185 New York Fries stores across Canada (as well as stores in Korea, Australia and the United Arab Emirates). Oddly enough, the original South Street Seaport french fry stand is long gone, and there are no New York Fries stores in the United States.

The original name lives on, though, as Gould's company has opened four South Street Burger Company, a chain founded two and a half years ago. These shops the fifth location has been contracted, and that new restaurant is in the process of being built at time of writing sell the famous fries, but also offer a broader menu.

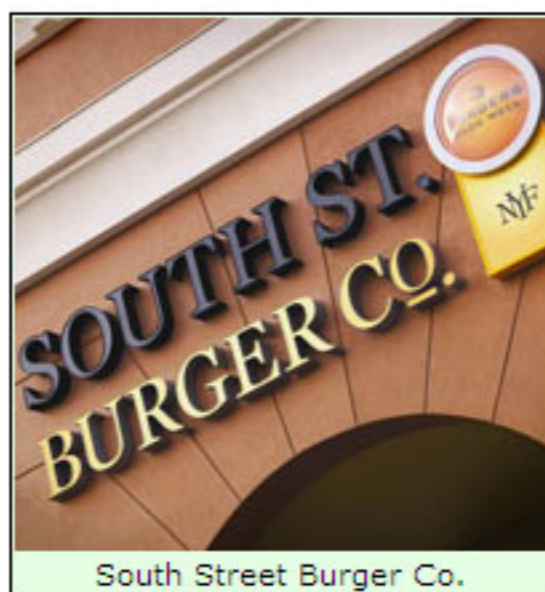
The South Street restaurants all in the Greater Toronto Area (the most westerly is at Winston Churchill Boulevard and the 401; the most northerly in Newmarket) are all owned by the same New York Fries corporation. Ten of the 185 Canadian New York Fries stores are also corporate owned and operated. The remainder are owned and operated by franchise owners, many of them with multiple outlets only about 50 owners are responsible for running the 175 franchised operations across the country.

So what is the secret to the success of such a simple, yet ubiquitous business? "Quality", says Warren Price, who is executive vice president of New York Fries and the South Street Burger Company. He's not afraid to boost his fries and hot dogs. "We sell a premium product. We make it best."

This is not an idle boast. Price recalls a dramatic situation when the company put significant money behind that message. "We were the first Canadian Quick Service Restaurant to eliminate trans fats," he says. That was decided and carried out in 2004, and at significant expense, says Price. It was "incredibly expensive" to switch to a patented trans fat free sunflower oil.

But it was the right thing to do, he says. "It speaks to our focus on quality." The change was consistent with the ongoing attention to detail that sees all New York Fries made fresh and hand cut, with no heat lamps. "We provide the best product we possibly can," says Price. "We make real food, with the best quality ingredients, and our customers realize it."

When it comes to ingredients, New York Fries and South Street Burger Company rely on Flanagan's Foodservice. Flanagan's supplies all the South Street restaurants, and all the New York Fries stores within Flanagan's coverage area in Ontario and Quebec. That includes about half the 185 New York Fries outlets.



South Street Burger Co.

Price says the connection with Flanagan's has a long history, and a bright future. "It's a long-term relationship," he says. "And it's where we want to be, because of the kind of service we receive."

New York Fries outlets obtain all their food service supplies through Flagan's, including the absolutely fundamental items such as potatoes, hot dogs and beverages in other words, the entire menu. "Everything," says Price, "from potatoes and sunflower oil to all our beverages."

Price makes it very clear that his company expects totally top quality products from their supplier. He points out that the complete list of ingredients of New York Fries french fries is: "potatoes and sunflower oil." So the potatoes and oil had better be good. From Flagan's, he says, they always are.

Asked how New York Fries attracts franchisees, Price laughs and explains that this is simply not the problem. In fact, there is a healthy list of franchisees-in-waiting, including many of the current franchise owners who would love to pick up another store or more. "New York Fries has never really needed to market franchises aggressively."

New York Fries has seen steady growth since its founding in Canada in 1984. It has seen an increase from one to 185 stores (plus the South Street restaurants). But Price says their has never been a period of explosive expansion: "It has never been a rocket ship. Growth has always come at a fairly steady pace."

But right now, growth has to come primarily from increasing sales at each existing outlet. Why? Because New York Fries' menu for success calls for new franchises only in regional, enclosed shopping malls, with food courts. And the truth is, they basically have them all covered.

Except for the Vaughan Mills mall, there has not been a major new mall built in Canada since 1989, says Price. Of course, New York Fries has a store in the Vaughan centre; and the company is already under contract to open in a new mall in Calgary, in 2010.

Apart from that, new outlets for New York Fries in Canada seem unlikely, based on available real estate, says Price. "We have done about all the big regional malls that have good food courts," he says. "There is not a lot of real estate of us to go into... There's no new grass for us to cut!"

And occupying only the right real estate is key to the company's plan for success. "We're not just selling french fries," says Price. "We want our operators to make a good return on their investment." So they are not going to opt for lesser locations; instead, they are focusing on increasing sales at the existing, already successful, outlets.

"We know the day to day"

The executive vice president points out that the New York Fries corporate office has a good idea of how running a New York Fries store works, day to day, because they operate 10 of the stores as corporate entities, as well as all the South Street restaurants. "We know the day to day issues the same way our franchisees do," he says.

It stands to reason that the corporately-owned operations send more to the corporate bottom line than do the franchise operations, and Price says that is a good thing. "It means that our corporate piece of the business is as important as our franchisees." In other words, since the parent company is also an operator, it becomes, in a sense, its own franchise holder. If the relationship between New York Fries and its franchisees is not ideal, the company will be the first to know.

It seems, though, that the relationship with franchise holders is just fine, because many of the franchise owners are first in line to open other New York Fries stores, if locations become available or existing franchises come up for sale. "They're buying more franchises," says Price, "because they're successful."

He pauses. "And our guys," he emphasizes, "are successful."

There is no question that New York Fries outlets are popular. Anyone who has visited the food court in a shopping mall knows the almost irresistible lure of the checkerboard containers and the perfect fries.

People's affection for french fries is a given, says Price with a smile, and his company is simply dedicated to making the most enjoyable, and the healthiest, fries possible. At those times "when you want a treat," he says, "make the order count."