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No Plan B, Togo's Franchisee Expands in California

Nicholas Upton

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Restaurants Editor Nicholas Upton asks what makes multi-unit operators tick—and presents their edited answers in his Multi-Unit Mindset column in each issue. To suggest a subject, email nupton@franchisetimes.com.

When did you first think about owning a Togo's?

While I was in college, I saw a location and asked my mom to buy it for me, but she said I needed to go to college. I was in front of their stores counting their customers and thinking, I bet they each spend about \$10.

How did you finally get into the brand?

I've always had a small-business mindset from my mom. I grew up working in her convenience store. When I got into corporate life, you were conscripted to these timelines, come in at a certain time and leave at a certain time. I remember my first job, I told my mom, 'They keep telling me what to do.' I just couldn't see the rest of my life doing that and knew I had to do something else. I cashed out basically everything I owned to open my first Togo's and never looked back.



"To be a multi-unit operator, believe in the people. Hire good people and have a good process and it will all fall into place."

— Letha Tran, Togo's franchisee

How did you grow to five locations?

I got an opportunity to open my second one in Morgan Hill, California, probably an hour and a half away. So that was my second location; that was a little scary. Then a year later, I'm realizing I'm pretty good at this and I'm loving it. I ended up buying my third location in Redwood City, California. A couple years later corporate was selling their stores and I got a couple more.

During the pandemic we saw some good opportunities where other restaurants were closing and we saw potential given our to-go model. I'm in planning for No. 6 now and hopefully we'll be opening this summer.

How did growing change your goals?

My dream was to always have one store and run my own business. I never expected to be a multi-unit franchisee, but I went to this franchise meeting and everyone had 100 or 50 franchises. I thought, 'Maybe it's possible I have two.' So, I learned how to leverage money and get loans. I didn't have a background where people would lend to me at good rates. I remember trying to apply for a loan and the interest rates were crazy, they wanted 12 or 14 percent. The more I've been in the business, I've been getting much better rates.

That changes the work-life balance, too. What did you see?

My life now is just so much more flexible. When I was running one store, I was working 14-hour shifts sometimes to make sure I hit my numbers. I didn't have a plan B. It was just plan A and work my butt off. Now that I have a network of good managers and good people that work for me, I'm a little more hands-off. I'm more there as a mentor, looking at the numbers and being auditor and making sure things are running properly.

Building that team is not easy. Any advice how to do it?

Basically, I try to hire people that share my philosophies, like the customer comes first no matter what. Then I try to take care of my employees and have some growth opportunities for them. My manager, Reuben, who's been with me five years now, with the sixth store, he's going to try to manage over two stores. He's very excited about the opportunity. It's little things like that. He wants to take on more roles and advance in his career, everyone does.

With the sixth store, how do you rationalize going into a second-generation spot where someone else failed?

I'm not looking, but when I see an opportunity and recognize it, I can't pass them up. Even friends and family were like, are you sure you want to open during COVID? They were saying this is kind of crazy, but things will go back to normal.

I got a better deal, it's already built out. It's more a remodel than a full-blown construction. For example, to do a full buildout it might be \$400,000 to \$600,000; this was \$200,000, it's a big savings. Corporate has their own real estate department, too, so if they see a site that won't be successful, they don't want to be in a failing restaurant either.

What's your best advice for franchisees looking to grow or folks thinking about jumping out of the corporate world?

Anything that is worth anything is hard work. People see me and think it's easy—it's not easy. It took a whole lot of work but it gets easier. I get a lot of people who say, I have some money, where should I put it. And I say no, this is not a business that you just invest in, I don't think. I need to be in the stores, I need to be in the stores every day.

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Nicholas Upton

Restaurants editor at Franchise Times

Nick knows the ins and outs of the restaurant business like no one else and can analyze an SEC filing, a bankruptcy case and a franchise disclosure document, too.