



Co-Branding: Seasons Eatings from HoneyBaked Ham and Bruster's Ice Cream

The co-locating deal is expected to boost off-season sales for the chains' franchisees.

By David Farkas, Senior Editor -- Chain Leader, 3/24/2009 8:05:00 AM



Most people would call it co-branding. But not Jim Squire.

"We like to couch it as co-development," says [HoneyBaked Ham Co. and Café's](#) director of franchise development of the deal that puts the specialty food retailer and [Bruster's Real Ice Cream](#) under one roof. "It's two brands operating within the same space."

The recent agreement allows a franchisee to operate both businesses out of one location. The concepts will have separate signage and entrances, though they will share a back-of-the-house area. Both companies expect the first such units to open this summer by HoneyBaked Ham franchisees in Shelby, N.C., and Charlottesville, Va.

The advantages of the combination, Squire claims, will be better use of real estate and increased sales. "We think one and one equals three," he says, adding the synergy between the concepts will boost sales higher than if HoneyBaked Ham and Bruster's units were owned separately.

Today, a [HoneyBaked Ham unit](#) averages \$618,000 a year, according to the Atlanta-based company's Franchise Disclosure Document, with most sales rung up between Thanksgiving and Easter. Ice cream stores, like Bridgewater, Pa.-based Bruster's, which operates and franchises 260 units, typically do the bulk of their business between April and September. Bruster's does not disclose annual unit volumes.

"I tell franchisees the worst thing about operating a Bruster's is the boredom from November to May," says Bruster's founder Bruce Reid.

Managing Cash Effectively

Therein lies the rationale for co-development: It affords the operators of both concepts better cash management. "One challenge [franchisees] have when they open one of our stores is that they've got to be good cash managers because of the low season [May to September]," Squire explains. "Whether you open in June or January, because it's now one business, you will be hitting during prime time. You flatten out the cash curves."

It's one business in theory only. Franchisees will actually be franchising two businesses, paying franchise fees and royalties to both HoneyBaked Ham and Bruster's. Both companies say they are discounting franchise fee, charging \$20,000 apiece for a first unit. Squire adds that investment costs are also lower for the 2,400-square-foot co-branded unit, which will run about \$400,000, exclusive of fees and other soft costs.

That figure compares to a total investment of \$600,000 if the concepts were opened separately, Squire calculates.

Employees will wear the uniforms of the concept they are currently working in. From 10 a.m to 6 p.m., they will don HoneyBaked Ham duds; from late afternoon to close they wear a Bruster's uniform. Bruster's hours typically extend from 3 p.m. to about 9 p.m.

Simple Tasks

[Restaurant consultant Dennis Lombardi of Columbus, Ohio-based WD Partners](#) questions whether employees could quickly master the skills required in both concepts. "The more co-mingling of concepts, the more difficult it is because you're training one staff on different sets of tasks and functions," he says.

Squire and Reid insist both concepts are simple to operate. "It only takes six hours to train an employee," Reid contends. Squire adds that HoneyBaked Ham hourly workers do no cooking in the unit: "The only back-of-the-house task is glazing the spiral-cut, fully cooked hams."