



## Loop Pizza: One hot Grill

By Steve Coomes • 08 Mar 2007

While necessity is the mother of invention for some, it was desperation that spurred Mike and Terry Schneider to create The Loop Pizza Grill.

The Schneiders' Jacksonville, Fla., restaurant-tavern, Applejack's, was so successful they opened a second unit in the early 1980s. But Applejack's No. 2 posted soggy sales from the start, and in just four months, the Schneiders were drowning in debt.



"We closed that one and emptied out all the equipment, but the bank still wanted the note paid every month," said Mike Schneider, chief executive officer of The Loop. He and Terry are now divorced, but they remain business partners; she is chief concept developer. "We looked at our options, one of which was bankruptcy, but that wasn't attractive. So we figured our only way out of this was to come up with another concept that would generate enough revenue to pay the banknote."

As parents of three children, the Schneiders brainstormed on how they could serve families like theirs. Schneider said their starting point was simple: "We asked ourselves what foods we liked, and then we asked if these were things families with children the same age as ours would like. We put that on paper and started developing the idea."



The result was a limited-service concept that blended gourmet pizzas, burgers, sandwiches and salads. Wanting to serve customers the same way they did at Applejack's — face to face — they decided against pizza delivery and a drive-thru window.

When the Loop opened in 1981, business started off slowly. But two months after the doors opened, an article in a local newspaper rated its pizza the best in town. That evening, there was a line out the door that flowed into the street. Ever since, the Loop's sales have spiraled upward, Schneider said.

### The drive to differentiate

The Loop is named after the turning point for trains headed into and out of Downtown Chicago, the city where Terry grew up eating great food, most notably pizza.

The early '80s saw two perpendicular food trends in America: a boom in high-end restaurants and a proliferation of fast-food shops. The Schneiders knew people

wanted speedy service as much as high-quality food, so they positioned The Loop to span the gap by serving above-average food quickly.

Plastic and paper dinnerware weren't options; only china and silverware would do. The Loop's prices would be higher than fast food operations, but not so high that customers wouldn't perceive a value compared to casual-dining restaurants. (Today, the chain's per-person check average is \$9.50.)

Nearly 26 years later, when The Loop asks its customers to compare its concept to others, they don't say Fuddruckers or California Pizza Kitchen, "We see Applebee's listed more than any other competitor," Schneider said. "We've positioned ourselves as a restaurant that offers variety that's not easily found at other restaurants like ours."

Though pizza is in the name, sales of thin-crust pies represent only 25 percent of the 30-unit chain's sales. Grilled sandwiches (including fish, chicken and hamburgers) and salads get equal shares of sales and are supported by soups, wraps and a host of side items and kids' meals.

### **Family focus**

Loop research has found its clientele is decidedly female. John Olson, a franchisee of three Loops said 68 percent of customers at his stores (two in Cary, N.C. and one in Jacksonville) are women.

"Most guys will probably admit their wife makes the decision on where to eat when they take their family out," Olson said. "There's no doubt that taking care of women is key for us."

Female customers also have offered a couple of Loop franchisees some of their most valuable advice. Olson said one customer said his stores needed stools so kids could reach the sinks and wash their hands. Another told him he wasn't equipped to handle Cary's large baby population.

"She said, 'You only have four high chairs. You're never going to make it,'" he recalled. "That afternoon I ordered 14 more. We learned quickly that we have a lot of families here who are very kid-involved."

Rob Zeigler, a single-unit franchisee in Mount Pleasant, S.C., said his restaurant's Kid's Night is a huge success.

"I'm a parent, so I understand the importance of a having a kind of a place to go to where kids can get anything on the kids' menu for 99 cents," he said. Kids' Night is every Tuesday, he added. "When the spring heats up, we're going to do some face painting and bring in some clowns and balloons."

Trey Kirwin, an operations and field supervisor for the chain, said part of The Loop's long-term marketing plan is to become a community institution people rely on for support. Part of the company's strategy, he said, is to find operators who love people and will become a fixture in their dining rooms.



"Ultimately, that's how we encourage our loyal customers to become word-of-mouth ambassadors for us," Kirwin said. "Once we get into these neighborhoods, we become part of the community, schools and churches, and we get a lot of return business based on that."

### **Strokes for the staff**

Schneider said The Loop enjoys a low rate of employee turnover and credited those long stays to a culture of respect for the staff. A good operator, he said, should strive to care for his employees as much as his customers if he wants them to stick around long.

Among the company's benefits: college tuition reimbursement for good grades; a full-week's vacation after a year's employment; and free counseling and chaplaincy services for employees in crisis.

Olson has a counter employee who, at her five-year service mark, earned three weeks vacation, and Joanne Wells, a general manager in Jacksonville, got a special surprise after 25 years with the company: a nine-day, expenses-paid trip to Italy.

"I think my feet went about four feet off the ground when they told me," said Wells, who was studying for a computer science degree when she became a cook at The Loop. "I've stayed this long because I really enjoy what I'm doing. "They've always been fair, good people to work for. They care about their employees, and that turns into employees who stay longer."

### **Go for growth**

Though 50 Loop restaurants are in the development pipeline for the next few years, Schneider said the chain hasn't even begun soliciting franchisees actively. That, he added, will begin in several months when he's satisfied The Loop is ready for a real coming out party.



"We're now trying to identify the gap between where we are and where we want to be as far as best practices in our segment," he said. "We're not out there marketing for growth, rather we're looking to grow internally and improve ourselves. By the fall of this year, we think we'll be ready to say, 'We've got something you need to look at.'"

Selecting franchisees will be a deliberate and careful project, Schneider insists. He wants people who share his and Terry's values about customers and employees, and he wants to manage The Loop's growth to ensure it doesn't spiral out of control.

"If the system and the food are compelling, it will grow," he said. "Whether that's 300 units in the Southeastern U.S. or whether it goes from the Pacific to the Atlantic, time will tell. I do know that having thousands of locations stretched coast to coast is not our driving motivator."

At 57, Schneider believes that growing the company should be a fun ride, not a stressful rush towards the twilight of his career. It's been fun expanding The Loop to

30 stores, he said, so there's no reason why adding a few hundred more shouldn't be just as enjoyable.

"We're ready for the journey as long as we feel we're enjoying it and see it as meaningful," he said.