

Thompson Hospitality Buys Restaurant Chain

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Highlight: Food service co. sees move as recipe for growth

Thompson Hospitality Inc. (No. 22 on the BE INDUSTRIAL/SERVICE 100 list with \$188 million in sales) has purchased all six locations of Austin Grill, a Tex-Mex restaurant chain in the Baltimore and Washington, D.C. areas, in an effort to diversify its strategy and boost sales. Although the terms of the deal weren't disclosed, the company expected the acquisition to increase sales to approximately \$216 million by the end of 2006. Herndon, Virginia-based Thompson Hospitality, which operates dining facilities on college campuses as well as at corporations such as Microsoft Corp. and American Express Co., says it plans to open between three and five new Austin Grill locations by mid-2008, increasing the chain's revenues from \$16 million to at least \$30 million. The company may extend its expansion into markets such as Atlanta, Chicago, Detroit, Denver, and Los Angeles. "I think that's the next evolution for minority entrepreneurs, to control brands," says Thompson Hospitality President and Chairman Warren M. Thompson. The acquisition, which brings Thompson Hospitality back to the restaurant business, gives it a stake in a growing industry. Nearly half of all the money Americans spend on food is spent eating out, according to the National Restaurant Association. Eateries were expected to rake in a record \$511 billion in 2006, up 5.1% from 2005. With full control over Austin Grill, from menus to the signs that hang above the doors, Thompson says he plans to develop a smaller version of the restaurant for college campuses, malls, and airports. The strategy could work well. "What you see now in the industry is the realization among operators that you can create a portfolio of different restaurant concepts that at different points in time will outperform," says Hudson Riehle, senior vice president of research for the National Restaurant Association.