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business

Getting back to basics

Not long after selling off Chipotle, McDonald's is shedding Boston Market as part of its plan to focus on its burger business.

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McDonald's Corp., the world's largest restaurant company, said Monday that it will sell its Golden-based Boston Market chain to an international private-investment firm so it can focus on its core brand.

Sun Capital Partners is expected to acquire Boston Market in the coming weeks for an undisclosed amount, Oak Brook, Ill.-based McDonald's said in a statement.

Sun Capital referred calls about the acquisition to McDonald's representatives, who declined to give specifics about the pending deal.

The sale marks the second time in less than a year that McDonald's will have divested its interest in a non-core brand; the company completely spun off Denver-based Chipotle Mexican Grill in October. It also follows similar moves by Wendy's and Cracker Barrel owner CBRL Group.

Public restaurant companies are under pressure from their shareholders to trim the fat, even if the fat is profitable in the long term, said Ron Paul, president of Chicago-based Technomic Inc., a restaurant marketing-research and consulting firm.

Chipotle, for instance, was a moneymaker when McDonald's spun it off, said Arjun Sen, president of Centennial-based Restaurant Marketing Group.

"Managing Chipotle and McDonald's are two different skills, and if you want to focus on one, you have to let go of the other," Sen said.

Industry experts said the move by McDonald's also is an attempt by the fast-food giant to shed any distractions so it can focus on its burger business. McDonald's announced in January that it was considering its options for Boston Market.

"It's been known for quite some time that they were interested in getting rid of Boston Market, even before January," Paul said. "There really is no big upside for them to hang on to that chain. As far as analysts are concerned, it's a distraction - even if it's a minor distraction - because they're doing so well with their core brand."

Lisa Howard, McDonald's director of corporate media relations, called the sale part of the company's Plan To Win - a strategy implemented in 2004 to revitalize the company's faltering image and stock price.

The plan involves being more selective about opening new McDonald's locations, rather than opening as many as possible, Howard said.

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Underperforming locations have been closed as part of the plan, she added. Other locations, meanwhile, are getting modern makeovers and wireless Internet connections.

McDonald's has seen its share price more than quadruple since it launched the plan. The price was \$12.12 a share in March 2003. The stock gained 94 cents to close at \$49.46 Monday.

"It's working really well, and we're staying focused on it because it's been successful, and it's not overly ambitious," Howard said of the plan. McDonald's has posted 50 consecutive months of positive same-store sales worldwide, she added.

There's no word yet whether Boston Market will close or open locations as a result of the sale or whether the concept will be tinkered with.

"The deal hasn't even gone through yet. It's too early to tell," said Jody Berger, Boston Market spokeswoman.

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Change of focus | Some restaurant chains, under pressure from shareholders, have recently sold off their non-core assets or taken them public to focus on their main businesses. Among them:

McDONALD'S

Spun off part of Chipotle Mexican Grill in an initial public offering in January 2006 and divested itself of the company in October. It has now sold off its

Boston Market chain.

WENDY'S

The burger chain spun off its Tim Horton's coffee and doughnut chain in an IPO in September 2006, then completed its spinoff of burrito chain Baja Fresh in November 2006.

CRACKER BARREL

CBRL Group, owner of Cracker Barrel Old Country Store restaurants, completed the sale of its Logan's Roadhouse restaurant subsidiary to a private-equity firm in December 2006.

Boston Market

History: Founded in 1985 as Boston Chicken; became Boston Market in 1995

Headquarters: Golden

Locations: 630 in 28 states

Employees: More than 14,000

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