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Quality, Quickly

One of the region's fastest-growing restaurant chains invests heavily in research and testing ideas and concepts. The strategy is working.

by: [Mark Gordon](#) | Managing Editor

A few days after Nick Reader took a sizable career risk he headed to Publix. Not to grab something from the beer and wine aisle to calm his nerves. Instead he drove from Tampa to the Publix headquarters in Lakeland to meet with the grocery giant's top executives.

Reader, in 2008, had just left a high-profile job, CFO of the Tampa Bay Buccaneers. His new gig: leading the development and growth of a new restaurant business launched by Outback Steakhouse co-founder Bob Basham.

At the front of the lineup was PDQ, which technically stands for people dedicated to quality though many say pretty darn quick. The concept is a hybrid of fast casual, with fresh and daily made food and sauces and no walk-in freezers, and fast food — but without burgers. The menu focuses on fried and grilled chicken tenders and sandwiches, fries and hand-spun milkshakes. (Restaurant Business magazine, which ranked PDQ No. 1 on its 2014 Future 50 list of up-and-coming chains, says “if Chick-fil-A and In-N-Out Burger had a love child, it might look like PDQ.”)

One of the first things Reader says he did after Basham hired him was write a letter to Publix executives. Reader wanted to learn how Publix stays atop a cutthroat competitive industry with tight margins and high produce turnover rates. He also wanted to hear about how Publix structured its popular employee stock ownership plan.

He learned a lot from his Publix run. “They are like rock stars to me,” says Reader. “I think they are one of the best run companies in the country.”

Reader, 42, has some best-run goals of his own with PDQ. Two big ones: Manage a rapid growth plan in new stores and markets and help oversee menu additions that expands the chain's comfort zone on comfort food.

PDQ opened its first store in 2011 on South Dale Mabry Highway in Tampa. The high traffic location is a little more than a mile from the first Outback. PDQ is now up to 56 stores, with locations in eight states, including Florida, Texas, New Jersey and Nevada. It plans to open 15 stores in 2017, and another 15 stores in 2018. New markets this year and next year include Oklahoma, Chicago, Phoenix, Utah and Maryland.

“I didn't get into this to do one or two restaurants,” says Basham, 70. “There's a bunch of places where I think PDQ could be really successful.”

PDQ officials decline to disclose average store or companywide revenue figures. Industry consulting firm Technomic projects the firm did about \$100 million in sales in 2015, up 250% from \$28.5 million in 2013.

New York City private equity firm Alliance Consumer Growth, with previous stakes in Shake Shack and [Krave Jerky](#), among other brands, made a minority investment in PDQ in 2014. Others who have backed PDQ include former University of Florida football star Tim Tebow, an investor in some PDQs in North Florida and Georgia; Outback co-founder Tim Gannon; and Tampa-based real estate firm DeBartolo Development.

One more sign of growth: PDQ recently hired its first executive in charge of human resources. The vice president of talent management and training, Rich Lenderman previously held executive human resources posts at Yum! Brands and Chili's parent Brinker International.

The model works

Basham and Reader, in separate interviews, are both quick to point out the growth to new locations and markets is based primarily on having the right people internally to do it. In that way, the model mirrors what Basham and his partners did at Outback, turning top managers into millionaires by growing to new markets. (PDQ managers aren't co-proprietors, like the Outback model, mostly due to changes in tax laws, say company officials.)

“It's people driven,” says Reader. “If we have the right talent, we will grow with them.”

It's also data driven. The company has a 10-point scale of metrics to judge managers, a deep-dive into the profit and loss sheets. The goal is to find a manager's strengths first, Reader says, then coach and train on weaknesses. When a manager gets to a certain level, then he or she could be given an opportunity to open a new store. “That's the model that still works,” says Basham.

Another challenge PDQ grapples with, says Basham, is real estate — finding the locations and building them properly.

Part of the PDQ model is to invest heavily in the stores, front and back. Its restaurants, usually around 4,300 square feet, cost around \$3 million to build, including land cost. The concept inside is to have a bright, airy and chic ambience, more fast-casual than fast-food joint.

And there's more: Employees hold umbrellas to walk customers to their cars when it rains. There is no “squawk box” for order taking in the drive-thru; it's person-to-person ordering. And in the dining room, there's a large half-circle stainless steel sink — with lavender soap — for washing hands.

Exceeded expectations

PDQ spent two years in research and development mode before it served its first sandwich. The company bought a restaurant called Tenders in Charlotte, N.C., in 2009. It overhauled the menu and concept, spending more than \$2 million in the process.

Then the first few PDQs blew even Basham and Reader away. “The results we saw were very good,” Reader says. “It far exceeded what we thought we could do.”

Now, more than five years in, the chain seeks to do more with its menu additions. The list includes new seasonal sandwiches, such as the Southern Pimento Chicken, with Tillamook cheddar and homemade pimento cheese, served with sea-salt potato chips. There's also a Grilled Hawaiian Chicken sandwich and a BBQ Bacon Ranch sandwich. Another twist comes in rice and vegetable bowls. Options include: Thai Peanut, Smokehouse BBQ and Southern Buffalo.

PDQ executives are pragmatic about the menu additions. “It's an evolution, more than a revolution,” Basham says. “We don't like to blow things up every 90 days.”

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Like the founding of the company, the menu requires significant research. The top executives, for example, take a yearly trip to a different part of the country to try new places, chains and independents. Last year Basham, Reader and some others hit Southern California. They scoured Yelp for ideas, and went on a lunch and dinner fact-finding mission.

After that, chefs and other executives tried out concepts in the company's test kitchen at its headquarters, which doubles as an employee restaurant. That's where some items, like a Chicken Philly sandwich — which Reader says he loved — didn't make the first cut. “When you are changing a menu item,” says Reader, “you have to be very careful.”

Reader, winner of the 2016 EY Emerging Entrepreneur of the Year Award, traces his leadership and operations philosophy to two sources — one is growing up poor, in and around Chicago. A high school football player, Reader recalls moving several times with his mom after being evicted.

He's also an admitted bean counter at heart, constantly searching for insights into returns on investments. He's worked hard, he says, with prodding from others at PDQ, to see the value in branding and marketing campaigns. Reader worked at PricewaterhouseCoopers in Tampa prior to the Buccaneers, where client accounts he worked on included Outback Steakhouse, the Tampa Bay Lightning and the New York Yankees.

A passionate University of Florida alum, Reader credits the Fisher School of Accounting at the UF Warrington College of Business for honing his data brain. “Accounting is the backbone of business,” says Reader in a UF Warrington Wire blog post on his EY award. “It lets you know the score of the game you're playing. If you don't understand the scorekeeping, you really can't judge success.”

The fast pace of growth at PDQ has taught Reader another important lesson, one he tries to impart to employees regularly: Don't let great be enemy of good.

“We want to be great at the things we really care about,” says Reader, citing quality food, great customer service and happy and motivated employees, among other factors. “And that means we might be mediocre at some things, which is OK.”

Eat Right

Nick Reader has hired lots of people, managers and executives especially, in his roles at PricewaterhouseCoopers, the Tampa Bay Buccaneers finance department, and most recently, Tampa-based fast casual restaurant chain PDQ.

One of his favorite interview techniques is to take the candidate out to lunch or dinner. Before the meal comes, Reader secretly finds the server and asks him or her to screw up the order, maybe even several times. (Reader promises a way better-than-average tip.) Reader wants to get a read on the candidate's personality by seeing how he or she reacts under pressure. It works, too. Several people, otherwise qualified for a position, have been no-gos based on their overreaction.

Says Reader: "You learn a lot about someone when things are messed up."