

RESTAURANT

BUSINESS



FUTURE 50

PDQ



If Chick-fil-A and In-N-Out Burger had a love child, it might look like PDQ—an acronym that most folks associate with Pretty Darn Quick but, in this case, stands for People Dedicated to Quality. The double entendre is apt.

Quality refers to the fresh fried or grilled chicken tenders, fresh-cut french fries, made-to-order chicken and turkey sandwiches, hand-tossed salads, housemade sauces and dressings, fresh-squeezed lemonade, fresh-baked cookies, and handspun milkshakes. The menu is limited to ensure “flawless execution,” in the words of co-founder Bob Basham; the only freezer in the place is there for ice cubes.

Basham was one of the original founders of Outback Steakhouse (and served on the board of its parent, Bloomin’ Brands, until 2013). During his tenure, he became convinced of the potential for a concept that did for chicken what In-N-Out did for the burger. One that was fast, fresh, consistent, iconic—and growth-oriented.

“Obviously Chick-fil-A owned the chicken market, but we believed it could be done at a better level of quality and service,” says Basham, who teamed up with Nick Reader, the CEO of his private investment firm, MVP Holdings, to launch PDQ. They bought a two-unit chain called Tenders in Charlotte, N.C., in 2009, and spent two years and several million dollars retooling the menu, presentation, trade dress and service model to open the first PDQ in Tampa, Fla., in 2011.

Now, there are 22 units in five states, with 13 more on the books for the rest of 2014, through a combination of company-owned, joint-venture and selective franchise development. Along the way, PDQ has attracted the interest of some heavyweight investor-partners, including former NFL quarterback Tim Tebow, fellow Outback founder Tim Gannon and DeBartolo Development, best known for its high-profile retail projects in Florida.

“We’re successful because we have great people, who believe in what we’re doing and can embrace the level of quality we are trying to achieve,” says Basham, who is far more inclined to open units where his best people want to live than look for partners in places where he wants to open restaurants. “There are plenty of markets where PDQ would be very successful, but that’s not how we approach growth. We’re more interested in quality growth than in fast growth.”

Yet, PDQ already has outgrown its original headquarters and moved into a new \$11.5 million Tampa office building with a fully operational restaurant and test kitchen and plenty of room to staff up. It also is venturing beyond chicken, announcing last month the rollout of a new better-burger and salad concept with a similarly subjective name: WTF. It stands for Wow. That’s Fresh and is slated to open this fall in Brandon, Fla.

With its tenders-focused menu, PDQ counts kids and families among its biggest fans, but the salads and sandwiches also bring in office and blue-collar workers, college students and more—“everyone from grandkids to grandparents,” says Basham. Though limited, the menu supports occasions from snacks to dinner, driving an average check of about \$7.25 per person and unit volumes of \$2.5 million. Drive-thrus account for as much as 40 percent of sales, depending on the location, and there’s a robust catering program.

The 4,300-sq.-ft. units, which reportedly cost about \$3 million to build, including land, are designed for curb appeal. Drive-thrus have picture windows through which customers can glimpse prep staff punching out french fries with a hand-operated machine. With about 75 employees per store, PDQ promises a level of hospitality designed to out-service quick service. The digital menu boards are at counter height to encourage eye contact between customer and server. And instead of a speaker at the drive-thru, there's a person taking orders. "Squawk boxes are not conducive to hospitality," says Basham. When it gets busy, another employee comes out with a handheld to take orders.

In fact, everything about PDQ is designed to exceed customers' expectations about a fast, affordable dining experience. And so far, the strategy has been Pretty Darn Successful.

Location	Tampa, Fla.
2013 Systemwide Sales (\$000)	\$28,500,000*
YOY Sales Change	280.0%
2013 U.S. Units	18
YOY Unit Change	260.0%
2013 Average Unit Volume (\$000)	\$2,500,000*
Future 50 Year	2014
Franchising	Yes