

NEW ORLEANS City BUSINESS

Grabbing a slice

By: Christian Moises, News Editor | September 14, 2009 | 0



From left: Naked Pizza executives Randy Crochet, Robbie Vitrano, Jeff Leach and Brock Fillingier grab a quick bite to eat. (Photo by Frank Aymami)

New Orleans' first restaurant promoting digestive health opened as World's Healthiest Pizza in September 2006. Its first boxes explained in colorful detail how its macrobiotic ingredients clean the digestive tract.

That was the company's first major mistake, co-owner Randy Crochet said.

"People don't want to eat pizza if it says it's healthy," Crochet said. "You'll always get that segment of Whole Foods people who get it and eat it, but those aren't the people we want to capture. We want the ones who are eating Domino's, Pizza Hut, Papa John's and the others."

With that in mind, Crochet and partner Jeff Leach decided they would go from being the "healthiest" to just Naked Pizza in March. That required a whole new approach to business, something health-conscious food retailers nationwide are discovering.

Patrick Murphy, an assistant professor of management at DePaul University, said finding something that differentiates the company from its competitors is key.

"This is a nontraditional venture entering a very traditional established industry," Murphy said about Naked Pizza. "Theirs is the prebiotic and probiotic healthy eating. That gets them into another industry as well, which is the wellness industry."

Murphy and a team of eight students working on their master's degree in business administration at DePaul worked with Crochet and Leach through an Idea Village program in March to help Naked Pizza become organized and start its expansion.

"They're not reinventing anything," Murphy said. "The people have to buy into it and say, 'Hey, it is worth my while to eat better, it doesn't cost much more and it tastes the same.' That's not that big of a hurdle to cross."

Customer acceptance is the main ingredient in expanding a health-conscious food franchise.

Catherine Wilbert, founder of Wellness Innovation, faced the same hurdle with her chain of Vitality nutritional stores. There were six stores at the chain's peak, but only two remain.

"Once upon a time, people thought if it's good for you that it can't possibly taste good. Our goal was to make healthy taste good," said Wilbert, who started selling prepared food at her supplements and smoothie chain in 2003.

One of the main problems with expanding Vitality was that franchise owners could not assemble a work force of nutrition-minded employees, a difficulty that grew after Hurricane Katrina, she said.

"It became obvious how difficult it was to get people in those positions. It's not like opening a franchise of a coffee shop or a restaurant. It's overwhelming, particularly in this market, because there's not enough people with the health food experience."

While there's still the opportunity to buy a Vitality franchise, Wilbert is licensing the concept to businesses that want to add healthy offerings at their location.

Slidell Athletic Club has added a Vitality outlet, and Lakeview Regional Medical Center is opening a location within the hospital.

"That's one of the avenues we're looking at," Wilbert said. "It's not so much about the stand-alone store but partnering with like-minded people."

Crochet's plan involves making similar connections, or finding businesses that operate under a "health halo" as consumers look for healthier options to eat.

"We have a window of opportunity of the awakening of the American public. The (Obama) administration is bringing it to life. We like to say we need to have a moment in fast food that's akin to what Al Gore did for global warming. Whether you like it or not, he shined a big light on it," Crochet said.

From the start, Crochet said the Naked Pizza concept has been a social mission: to change the way people eat fast food and have them get the sense that something is going on that's bigger than just buying food.

The company has attracted hundreds of people interested in opening a location, Crochet said. He and Leach have narrowed their options to about 30 potential franchisees, including former Pizza Hut executives, triathletes with healthy eating habits and developers proposing up to 200 locations.

Driving the interest is the undisclosed financial backing of billionaire Dallas Mavericks owner Mark Cuban, who earlier this year said he was looking for a business to invest in and help grow. Within five minutes of submitting their plan, Cuban called Crochet and Leach.

"I can surmise that he just saw a company that is going to be the next thing in franchising," Crochet said. "How are people going to approach food in five or 10 years? How is food going to evolve? He saw that we weren't just two pizza guys."

With Cuban's endorsement in hand, the team is in the final stages of securing a deal with a major investment firm in the Northeast with plans to open Naked Pizza stores in five Northeastern states. Crochet would not disclose the firm, but said a deal should be reached soon.

"We're not shy about what we want to do," he said. "This is going to be the next mega-brand in pizza."



Kraft Group to help propel Naked Pizza expansion

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New Orleans-based Naked Pizza has picked up another partner to help promote and grow its healthy pizza concept.

The Kraft Group, led by founder, chairman and CEO Robert Kraft and president Jonathan Kraft, is the second business heavyweight to back Naked Pizza after billionaire Dallas Mavericks owner Mark Cuban invested in the company in May.

Working with the Foxborough, Mass.-based company will help the company reach the investors they're targeting.

"We wanted to get engaged money and these guys are going to talk about us, promote us. They believe in it," said co-owner Randy Crochet. "We've been clear from the beginning that all money is not the same. To invest, our partners must share our priorities and fully embrace the mission of Naked Pizza."

The Kraft Group, which has business dealing in paper and packaging manufacturing and the distribution, sports and entertainment, real estate development, private equity investing and philanthropy, has reserved five Northeast states to open stores in, and Crochet said there are plans to get their product into suites at Gillette Stadium, home of the New England Patriots.

"Those are the business guys who will be able to taste our product," Crochet said. "You surround yourself with business guys and sell to business guys. I don't want someone who's been in the pizza business for 40 years. Nothing we do resembles what they did."

A big part of wanting to work with The Kraft Group, Crochet said, involved selling franchises, which means the two companies will partner to create Naked Pizza North American Franchise Co.

The new Naked Pizza-Kraft Family team will work iFranchise, which works with franchisers including Krispy Kreme, McDonald's, Subway and Taco Bell, and DLA Piper, which will provide legal counsel.

Unlike traditional franchise models, Naked Pizza will select regional developers based on criteria that includes their cultural fit and commitment to the company's principles. With franchise documentations expected to be completed in October, many U.S. markets have been preliminarily reserved, including the entire state of Texas.

Naked Pizza will hold an invitation-only summit in New Orleans to finalize developer contracts and engage additional partners in mid-November.

To read more about how Naked Pizza plans to expand its health-conscious fast food concept, click [here](#).

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