



## From Cinnabon to Private Equity: 5 Questions for Geoff Hill

Posted on: July 15th, 2009



Geoff Hill has agreed to join Roark Capital Partners as a vice president, once he steps down as president of Cinnabon at year-end. Cinnabon is a unit of Focus Brands, a Roark portfolio company where Hill previously ran sales and development. We've got 5 Questions for him, including one that is obviously more important than the other four:

### **1. Your focus will be on franchising. What are the signs of a strong franchise brand, and warning signs of a weak one?**

The first sign we look for at Roark is how the brand itself is performing at the unit level. The term we use is ULE, or unit-level economics. It's obviously important that the franchisor and company itself is doing well, but the only way to know if it's a viable concept is if money is being made at the individual units.

A lot of time I see people get caught up by a name, and good EBITDA at the corporate level. You need to dig down further, because if the units are struggling, then that corporate EBITDA will eventually come down as well.

### **2. Franchisees have had a difficult time securing equipment loans and other lines of credit over the past year. Has lending begun to loosen up?**

In certain segments, yes. Money is out there to some degree for restaurants, for example. For Focus Brands it's been very tight, although in the last 30 days I've seen a little more activity from non-traditional sources. We're all closely watching what happens with CIT, because they've been active in franchising for a long, long time.

### **3. We've seen some large franchise chains of recognized brands, like Dunkin' Donuts, file for bankruptcy recently. Do you expect private equity to turn its attentions to these distressed companies?**

I think we could, and we'll be looking for them.

Some of the troubles of the franchisees related to declining markets, but some also is because the franchisees recapped when times were good. I don't have any specific knowledge of the Dunkin' Donuts situations, but if you recapped and took money out to expand and got highly leveraged...

that is now coming home to roost.

**4. You've been affiliated with Roark for years, but as an operator on the outside. Why switch sides of the table?**

I am the outsider, you're right about that. I've worked with Neal Aronson, Roark's founder, and Steve Romaniello, now a managing director who was our COO at Focus Brands, for a long time and thought it would be interesting to switch to something I've not done before in my career.

When we started out at Focus Brands, we had just one brand, Carvel. Then we bought Cinnabon and then we bought Schlotzsky's and, more recently, Moe's. Those were obviously Roark's deals, but we were engaged to help on due diligence and to give input. Each of those acquisitions gave me a chance to look at different types of brands, and to look at things from an acquisition and integration standpoint.

Steve and myself are people who've actually been there, and I think we're a good complement to what's already a group of very talented people.

**5. Speaking of Carvel, which is the better ice cream cake: Fudgie the Whale or Cookie Puss?**

For me, it's Cookie Puss. I like Fudgie a lot, but my memory of growing up in Buffalo was me and my brother drawing straws to see who got Cookie Puss' nose, which is an ice cream cone. There's only one, and we were too competitive to let the loser have a bite.