



# BIG, BOLD MOVES!

**Going 100 mph  
100% of the time**

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**L**uis Iburguengoytia embraces bold moves. The 46-year-old president of Chaac Foods is fresh off the signing of a new mega deal with Bojangles, finalizing an agreement in early May to open 40 new Bojangles over the next 7 years, including 20 in Georgia, 5 in Tennessee, and 15 in the Orlando area. But that was just part of the deal. The company also acquired 40 existing corporate-owned Bojangles locations in Georgia, South Carolina, and Tennessee.

The result is a multi-brand company with more than 160 locations: 118 Pizza Huts, 40 Bojangles, and 8 airport locations in Dallas.

Born and raised in Mexico, Iburguengoytia learned the ropes of franchising during his time at Sun Holdings, one of the largest franchisees in the U.S. Starting his career as manager of a Golden Corral restaurant in 1998, he quickly worked his way up to COO at Sun Holdings. He spent the next two decades guiding Sun Holdings through dozens of restaurant builds and acquisitions. As COO at Sun Holdings, he oversaw more than 950 stores with more than 14,000 employees.

In 2006, Iburguengoytia founded Four Leaf Ventures and began operating restaurants in the two main airports in Dallas. He opened a Bennigan's, then followed with Ling & Louie's, CRU Wine Bar, The Salt Lick BBQ, Bruegger's Bagels, GNC, Twisted Root, Cafe Izmir, Panda Express, Applebee's, Rodeo Bar, and Cantina Laredo.

Since 2019 Iburguengoytia has headed up Irving, Texas-based Chaac Foods and its growing portfolio of QSR and casual dining brands. Chaac Foods (named after the Mayan rain deity) has teamed up with private equity firm Gauge Capital to create a management team with experience, expertise, and a proven track record for success.

What's next for Iburguengoytia and Chaac Foods? "I have a 200/200 goal for 2021," he says. "That's 200 stores and \$200 million."

Sounds like more bold moves are in the works.

## **PERSONAL**

**First job:** Production engineer at John Deere in Saltillo, Mexico.

**Formative influences/events:** When I realized how much this business could



## LUIS IBARGUENGOYTIA, 46 CEO

**Company:** Chaac Foods

**Units:** 118 Pizza Huts, 40 Bojangles, 8 airport locations (Ling & Louie's, 2 CRU Wine Bar, The Salt Lick BBQ, Bruegger's Bagels, Twisted Root Burgers, Panda Express, Applebee's)

**Family:** Married 22 years to Lesslie Ibarquengoytia, 2 kids

**Years in franchising:** 22

**Years in current position:** 2

change people's lives.

**Key accomplishments:** Running a \$100 million operation before my 29th birthday. Taking my own company to over \$200 million in sales.

**Biggest current challenge:** Influence large groups of people for a positive change in their lives.

**Next big goal:** Be recognized as a "The" company leader on changing people's lives.

**First turning point in your career:** Quit my engineering job to get an entry-level job in the restaurant industry.

**Best business decision:** Sell or get out of businesses that are not working for you. Not everything is made for everybody.

**Hardest lesson learned:** Get everything in writing.

**Work week:** Monday to Sunday, start to finish.

**Exercise/workout:** At least 3 times a week in a cross-training circuit with no rest for about 20 minutes.

**Best advice you ever got:** You miss 100% of the shots that you don't take. You have to try!

**What is your passion in business?** To run a business with integrity.

**How do you balance life and work?** Be present in the moments that you are allowed to be with your family. This business demands a lot of our time, that is just the nature of the business. But when you are with your family you should be present 100%.

**Guilty pleasure:** Playing golf.

**Favorite book:** *If It Ain't Broke... Break It!: And Other Unconventional Wisdom for a Changing Business World* by Robert J. Kriegel and Louis Palter.

**Favorite movie:** "Gladiator."

**What do most people not know about you?** That I am a sentimentalist.

**Pet peeve:** Dishonesty.

**What did you want to be when you grew up?** Loved by my family.

**Last vacation:** Cabo San Lucas, Mexico.

**Person I'd most like to have lunch with:** Barack Obama.

### MANAGEMENT

**Business philosophy:** Don't make excuses.

**Management method or style:** Pacesetting management style.

**How do others describe you?** Hardworking, energetic, loyal, intelligent, intense, good sense of humor, self-awareness, positive, trustworthy.

**One thing I'm looking to do better:** I could develop more patience for people who are not used to going at 100 miles an hour 100% of the time.

**How I give my team room to innovate and experiment:** I adhere to the philosophy that there are many paths that lead to the same destination. I give my team room to succeed and fail (within reason). If a team member's approach to resolving an issue is thought out logically and pursued diligently, I really have no complaints if we do not achieve our goal, as long as we all learn

from the experience and improve ourselves personally and as an organization. By the same token, we review our successes critically and learn from them as well.

**How close are you to operations?** I am extremely close to operations. I cut my professional teeth as COO of more than 900 restaurants operating more than a dozen brand names in more than 8 states. I started as a manager of a single store and advanced rapidly. The good news is that an exceptionally talented group of operating officers work with me, allowing me to focus on my efforts as the CEO.

**What are the two most important things you rely on from your franchisor?** Consistent brand messaging and brand support.

**What I need from vendors:** Reliability and a best effort in pricing and product.

**Have you changed your marketing strategy in response to the economy? How?** Because we are a franchisee, most of the marketing is controlled and/or performed by the franchisor. However, we have used local advertising and person-to-person contact to increase business in our market area. We also use third-party delivery services, which essentially perform marketing services on our behalf.

**How is social media affecting your business?** Social media is a dual-edged sword. It gives individuals enormous power to help or harm you. Certainly, a strong social media presence can promote the brand and increase business. However, too many individuals use it to hurt the brand unfairly or disproportionately to their perceived injury.

**How do you hire and fire?** Our hiring process is done through an online portal and job notices. It is fairly simple for our hourly, non-management employees. Our management employees are interviewed and, depending on the position, we conduct background checks and verify previous employment and work experiences. Our termination of employment procedure is more involved. For one thing, we spend valuable resources training our employees because they constitute the most valuable part of the company. Therefore, we use counseling efforts and take a multi-step approach before terminating an employee.

**How do you train and retain?** We train our hourly employees in-house, giving them significant responsibility and close supervision. We find that when challenged, our employees almost always rise to the challenge and build self-confidence. We have

paid retention bonuses, offered other benefits, and shown flexibility in work schedules and pay and job promotions. Most important, we try to make every employee feel valued and appreciated.

**How do you deal with problem employees?** No employee is a problem. Some employees may have personal or professional challenges that we seek to resolve through honest conversation and critical feedback. Understand first and then be sure that you are understood.

**Fastest way into my doghouse:** Breach of trust because of dishonesty, especially lying to me. A lack of ability and general circumstances may prevent you from accomplishing your goals, but they never interfere with your integrity.

#### COVID-19

**What are the biggest impacts of Covid-19 on your business?** Elimination of dine-in, the acceleration of the trend in deliveries, and the continuing increase in takeout business.

**How have you responded?** Developed third-party delivery partnerships and enhanced takeout services such as curbside pickup.

**What changes do you think will be permanent?** Dine-in will decrease, as will early morning and lunch dayparts because of the changes to office versus work-from-home schedules. For our Pizza Huts, home deliveries through third parties and online ordering where customers can pick up their order within minutes of their arrival.

#### BOTTOMLINE

**Annual revenue:** Annualized sales of \$185 million.

**2021 goals:** 200/200: 200 stores and \$200 million.

**Growth meter: How do you measure your growth?** Number of positions created that made a life-changing event for people who believed in me.

**Vision meter: Where do you want to be in 5 years? 10 years?** 500/500: at least 500 stores and \$500 million in sales. In 10 years, helping others achieve their dreams and change their lives.

**Do you have brands in different segments? Why/why not?** We operate multiple brands and seek to acquire more depending on available opportunities. Ideally, we would want to develop in the geographic areas where we operate currently, but we are capable of operating anywhere in the country.

**How is the economy in your regions affecting you, your employees, your customers?** The economy is in good shape in our geographic regions. We think the stimulus monies are providing the increase in spending, and the vaccination rates are creating an air of confidence among our customers.

**Are you experiencing economic growth in your markets?** Our restaurants have experienced extraordinary growth. The last report that I reviewed indicated that Chaac Foods ranks as one of the best Pizza Hut franchisees in terms of year-over-year sales



and operational performance.

**How do changes in the economy affect the way you do business?** Some of the changes over the past year were temporary as the country tried to address the issues associated with the Covid-19 pandemic. The longer-term changes reflect accelerated industry trends such as ordering using phone apps, third-party delivery partnerships, curbside pickups, and a dynamic change in daypart dining because of the work-from-home movement.

**How do you forecast for your business?** Using historic numbers and trends to analyze the current situation and comparing them with similar scenarios in our past.

**What are the best sources for capital expansion?** Internally generated cash flow that gives us the ability to close transactions quickly and negotiate better loan terms because we do not necessarily need the

lender's money to acquire a new business.

**Experience with private equity, local banks, national banks, other institutions? Why/why not?** Chaac Foods consists of a deeply experienced restaurant operator (my group) and a highly respected private equity partner in Gauge Capital. We enjoy strong relationships with both local and national bankers and have not sought out other institutions or alternative financing.

**What are you doing to take care of your employees?** During the pandemic we insisted all employees and restaurants follow the safety protocols and encouraged them to get tested for the virus and self-quarantine if they had any possible exposure. Later, we gently encouraged our employees to get vaccinated. We still require face masks at all times and provide our employees with clean masks.

**How are you handling rising employee costs (payroll, minimum wage, health-care, etc.)?** We address the rising costs as an inevitable fact. Instead of resisting or ignoring it, we actively address it in various ways by paying more and offering more and better employee benefits. By the same token, we find ways to increase our employees' productivity through better workplace policies and increased reliance on technology.

**What laws and regulations are affecting your business and how are you dealing with this?** The laws and regulations that arose under the Covid pandemic affected our business immediately and significantly, although they have diminished over time. The biggest challenges are the employment and labor laws that seem to be changing weekly at the federal, state, and even local levels: minimum wages, paid time off, enhanced FMLA, constant changes in hiring practices, compliance standards, and so on. We use the resources of our outside experts and in-house professionals to stay abreast of this rapidly changing landscape.

**How do you reward/recognize top-performing employees?** We conduct regular performance reviews and offer a generous bonus structure for our management team. We also promote the names of our hourly and salaried employees in our company online newsletter, and we keep an eye out for the employees with the desire and ability to deliver outstanding performance and service.

**What kind of exit strategy do you have in place?** Because we are playing the long game, an exit strategy is not on our radar screen. ■