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Ernest goes to franchising

Adman starts Steak Around food delivery

Washington Business Journal - by [Karen M. Lundegaard](#) Staff Reporter
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Ernest and Vern have moved to Northern Virginia, sort of.

John Cherry, creator of the mega-pitchman/movie star Ernest P. Worrell, is founder and majority owner of a new franchise company based in Herndon.

Why did the adman, who has made 4,000 commercials and nine movies starring his country bumpkin creation (played by actor Jim Varney), decide to start **Steak Around**, a food delivery business?

"I was making all my clients rich," Cherry said. "I thought maybe I'd try to make our ourselves rich."

"Our ourselves" is Cherry, partner Fred McGaughlin and a number of investors who paid \$1 million total for a 13.5 percent stake in Steak Around.

The concept is Domino's Pizza meets Outback Steakhouse. Ready-to-eat steak, salmon and chicken dinners are delivered in about 30 minutes to homes and offices. Prices range from a \$4.95 cheeseburger and chips to a \$14.95 filet mignon dinner, replete with baked potato and salad.

"We wanted to have quality food delivered that wasn't pizza and wasn't Chinese," McGaughlin said.

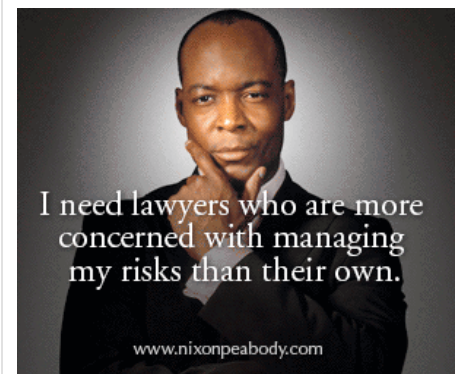
Steak Around, which has four stores up and running, has big expansion plans: 1,000 outlets within seven years, according to McGaughlin, who runs the company.

Cherry, the company's chairman who works out of Nashville, Tenn., is busy writing and directing movies, including "Ernest Goes to Africa" and "Stormin' Ernest." He said he'll fly to town occasionally to rubber-stamp local executives' decisions.

Cherry and McGaughlin have tried similar concepts elsewhere -- Cherry in Alabama and McGaughlin in the Florida panhandle.

"It didn't work," Cherry said of his operation. So he moved it to Washington. His reasoning? "Let's move it to the city that really doesn't work."

McGaughlin, whose one-store operation was called Steak Express, said there are two main reasons the Washington area was chosen as headquarters for Steak Around:



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demographics and bad weather.

"This area has the best demographics in the world for delivery," he said.

Two franchisees have acquired development rights for some 46 stores. Tom and Mark Spengler of Fairfax, who opened the area's first Boston Market, recently opened a Steak Around at 6808 Old Dominion Drive in McLean. The brothers also own a Tysons Corner location and have plans for 17 stores in Fairfax County.

Development rights also have been sold for Montgomery, Prince George's and Baltimore counties, with 29 stores planned for those areas. The first Maryland Steak Around is scheduled to open July 15 at Twinbrook Road and Rockville Pike.

That franchise is held by Joe Spinelli, Joe Sheahin and Lenny Romano.

Initial franchisee fees are \$25,000, with a royalty of 4 percent of sales. Advertising fees are 2 percent of sales, a figure that will increase by 0.25 percent each year to a maximum of 5 percent.

Steak Around stores should generate sales of \$754,000 in the first 12 months, according to documents supplied by the company. Pretax and depreciation profit should be 10 percent of sales.

Three company-owned stores are scheduled to open over the next four months: at 1322 U St. in D.C. June 1; in Old Town Alexandria Aug. 1; and on Wilson Boulevard near the Courthouse Metro station in Arlington Sept. 15.

A rival company, Atlanta-based Steak Out, has 88 stores, most in the South. Its closest store is in Annapolis.

Steak Around and Steak Out are tapping into two trends: the growing appetite for red meat and the increasing number of two-income families who don't have time to cook.

"A lot of people don't have the time or the energy or even the skill to make dinner every day," said Caitlin Storhaug, spokeswoman for the D.C.-based National Restaurant Association.

In 1955, Americans spent 25 percent of the food dollar on restaurants or delivery. That number had jumped to 43 percent in 1994, the most recent year for which statistics are available, "and it's increasing steadily," Storhaug said.

Steak Around commercials starring Ernest and the never-seen Vern are running on area cable stations. A "Keep your seat for red meat" campaign should begin within a month.

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