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THE MIDDLE MARKET 50

McAlister's Deli continues steady growth, more stores planned

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During the last 30 years, the Saxton Group morphed into the largest franchisee for Atlanta-based McAlister's Deli, boasting 65 units across Texas, Oklahoma, Kansas and Missouri. It plans to add 10 more locations this year.

Saxton opened its first McAlister's in 1999 in Tyler. It moved its headquarters to Dallas in 2004.

Last year, North Texas' 45th-largest middle market company logged \$124.2 million in yearly revenue, a more than 20 percent increase since 2013.

Chairman and CEO Kelly Saxton, along with his sons – Chief Business Officer Adam Saxton, and Chief Operating Officer Matt Saxton – all co-owners, plan to continue growing profitability by expanding their existing markets. This year they also will build the company's first stores in Iowa and Nebraska.

Matt and Adam discussed Saxton's growth strategy in depth:

Why did you get involved in McAlister's?

Adam: We were McAlister's customers, and we enjoyed the brand. We recognized that they provide a great variety of food in an environment where people could stay as long as they liked and relax, or eat and run on the go. We liked the way that it felt like you were getting the same amount of service you would get at a full-service restaurant, but in a casual, easy-going environment.

How do you differentiate McAlister's from



Kelly Saxton, co-owner, chairman and CEO of Saxton Group

other deli concepts? Matt: There are very few brands, especially in the fast casual segment, that allow you to have (McAlister's) level of service at the table.

Adam: We also have a menu of American regional favorites. While you can get sandwiches anywhere, we go out and find favorites (like a New Orleans muffaletta, and bring some of those tastes to different parts of the country where they wouldn't necessarily have (them).

What is your development strategy?

Adam: One of our initial growth (drivers) in Texas was to open in college towns. Everywhere we have a market for development of McAlister's, usually one of the first places we go is to the college market. We hire local brokers in every market and look for trade areas that are at the intersection of where daytime population, strong hous-

ing and retail come together. We look for trade areas of about 50,000 people, with about 35,000 in daytime population, and 300,000 square feet of retail in the immediate area.

Would you diversify into other brands or do you plan to stay with McAlister's?

Adam: If I thought there were just no more places to open McAlister's, then we might consider opening something else. For example, we have the exclusive rights to develop Dallas-Fort Worth for McAlister's. Today, there are about 25 restaurants here, and I think there's room for 50 within an hour (of Saxton's corporate headquarters).

What do your yearly growth plans look like?

Adam: Our current development agreement with McAlister's is for 40 additional locations between now and 2022. It's not unusual to exceed that growth pattern, and we plan to keep up at the pace of seven to 10 units per year over the next several years. At least 100 units is our vision. And as soon as we get to 100, we'll have to pick another goal.

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SAXTON GROUP

Headquarters: Dallas

Top local executive: Kelly Saxton, co-owner, chairman and CEO

Employees: 2,900

2015 revenue: \$124.2 million

3-year revenue growth: 20.23 percent