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Business Leaders Get It.

| GROWING |
YOUR BUSINESS



Pie guys

*Vial and McClure's
Zeeks Pizza chain
is growing in the
Puget Sound by
franchising outlets*

BUSINESS JOURNAL PHOTO | Dan Schlatter

PIZZA PALS: Zeeks Pizza co-founders, Doug McClure, with the glass, and Tom Vial, with the pizza, and president Dan Black with the pizza box pictured at the West Seattle Zeeks.

Even after 17 years, Tom Vial isn't tired of pizza.

On a blustery spring day in his office, near Seattle Center, the co-founder of Zeeks Pizza admits he's had pizza three of his last four meals. He figures the small Seattle restaurant chain will make a half million pies this year at the soon-to-be-nine Zeeks restaurants scattered around Seattle and the Eastside.

Vial and Zeeks other co-founder, Doug McClure, got into pizza back in the early '90s. The two friends were on a ski trip in Montana when they came across a Pizza Hut with a line going out the door.

"It was ten below zero — one of the coldest days of that winter, and here people were standing outside a Pizza Hut," Vial said.

Vial and McClure were intrigued. Both were working at Anderson Consulting as computer system analysts, and both were restless to try something new.

"We had no background in restaurants, but we had a lot of entrepreneurial energy and a little money in

the bank," Vial said.

The duo moved to Montana to set up shop but soon discovered liquor licenses were privately owned and very expensive to purchase. Within two months, they moved back to Seattle determined to try their concept in their hometown. If customers would

queue up for a Pizza Hut pizza, what might they do for the much better pie Vial and McClure believed they could make. So the two men borrowed \$15,000 from each set of parents and went shopping for a location for their pizzeria.

"Starbucks kept taking all the really good retail locations," Vial said. "Every time we'd find a spot, there'd soon be a sign 'Starbucks coming soon.'"

Eventually they settled on a tiny 580-square-foot space by Seattle Pacific University,

on Queen Anne.

In developing their pizza recipe, Vial and McClure met with John Croce at Pacific Food Importers, whom Vial describes as "the godfather of the Italian food industry in Seattle."

They told Croce they wanted to use only top quality ingredients. Croce

LESSONS LEARNED

Here are a few tips for success from Tom Vial, co-founder of Zeeks Pizza.

—Beer drinking and wind surfing are good for business. Businesses are built on relationships, both internal and external; this requires substantial activity outside the office. The Zeeks guys like drinking beer in Belltown and wind surfing in the Gorge.

—All growth businesses reach a point where the force-of-will, touch-every-aspect approach of an entrepreneur is no longer sufficient to drive the business forward. Some business formalization is required. It can be done without compromising the entrepreneurial spirit and energy of the company.

—The people of Seattle appreciate good food and are willing to pay for it.

—JEANNE LANG JONES

Revenue growing to \$10M in 2010

ZEEKS | From 15

suggested whole-milk Danish mozzarella from Wisconsin, extra virgin olive oil, and fresh tomatoes for starters.

"We became students of pizza," Vial said. "We got cookbooks for Christmas and became Ph.D.s of pizza. ... We got a sense of what flavors would go together."

They developed nontraditional toppings for their pies, which at that time was unusual for a pizzeria, Vial said. Their biggest challenge, however, was the dough. They ultimately settled on a recipe using no fat and four types of flour.

Their first day, Sept. 15, 1993, Zeeks sold \$440 of pizza.

Originally, Vial and McClure planned to sell individual pizza slices and take-and-bake pizza. They soon discovered no one wanted take-and-bake; they wanted pizza delivered. So McClure started delivering Zeeks pizzas, zipping through the hilly neighborhood on his skateboard.

A favorable review by Seattle Times restaurant critic John Hinterberger, describing Zeeks pizza as "a slice of heaven," doubled sales overnight.

Vial and McClure opened a second Zeeks on Phinney Ridge, followed by a pizzeria in Belltown in 1998. Both were funded out of cash flow. In 2000, they expanded again, buying two Guido's pizza shops in Green Lake and Ravenna for \$650,000.

At that point, McClure and Vial had

tapped out their cash. If they were going to continue to grow, Zeeks would need to expand through franchising. They readily found franchisees who wanted to offer their pizza on the Eastside.

There are now Zeeks pizza in Kirkland and Issaquah, and soon in Bellevue, in addition to the company's six restaurants in Seattle and West Seattle.

The economic downturn has made it easier to find better locations at cheaper rents, said Dan Black, a venture capitalist who is McClure's brother-in-law and president of Zeeks.

Black joined Zeeks in 2006 after a stint as chief operating officer of Screenlife, the company behind the DVD movie trivia board game "Scene It." Vial and McClure brought Black in to help with marketing and managing so they could focus on the food end of the business.

"The capital allocation was a little inefficient," Black said. "They needed brand identity and cohesion."

Revenue has grown steadily from \$5.9 million in 2008 to \$7.7 million in 2009, with revenue of \$10.1 million projected for 2010.

Black expects Zeeks will be able to grow to between 25 to 30 stores over the next five to seven years through expansion and franchising.

The chain could grow faster if they were willing to take in equity partners, but the three men prefer a slower pace.

"We are all in a good place — we've made our mark and we don't feel the need to make a big splash," Black said. "We have all achieved a good work/life balance."



BUSINESS JOURNAL PHOTO | Dan Schlatter

PIZZA PREPARED: Jenn Gibson has worked at Zeeks Pizza in West Seattle since it opened a year ago.