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## **Papa John tends to fledgling cafe**

Schnatter: Taking baby steps first



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Two years after he stepped down as chief executive officer of Papa John's International, Louisville businessman John Schnatter has a new idea.

Schnatter recently bought a minority stake in Calistoga Bakery Cafe, which serves gourmet coffee, sandwiches and soups. The Florida-based company has one location, but there are plans to add three stores in Florida and one in Lexington by year's end.

In an interview, Schnatter compared the concept to the Panera Bread chain, but said it will have "much higher" sales volume and better food and service.

"We have to get the next four open to see if we've got something," he said of Calistoga. "If the first 10 do what the first one has done, we're off to the races."

Schnatter still serves as board chairman of Louisville-based Papa John's and owns about 28 percent of its stock. He yielded the CEO post to Nigel Travis in April 2005.

Lance Tucker, who represents Schnatter's business interests, said Calistoga and Papa John's are separate and there have been no formal discussions about using the Papa John's restaurant network to expand Calistoga Bakery Cafe.

Chris Sternberg, a spokesman for Papa John's, said there are no concerns that Schnatter's interest in the cafe concept will conflict with his role on the board.

Calistoga is owned by Mark Bates, a Florida real estate developer. Schnatter lives in Anchorage and has a home in Naples, Fla., where Calistoga opened three years ago. Schnatter said he owns "a big chunk" of the start-up company, but not a majority. He said other members of the company's development team have ties to P.F. Chang's China Bistro, Ruth's Chris Steak House and "Panera type" fast-casual restaurant chains.

Schnatter said he now spends about 10 percent of his time working on Papa John's issues. The rest is split among Calistoga, a variety of causes in the Louisville area, and real estate ventures from Louisville to Florida to Utah.

"I like to have things to do," Schnatter said yesterday. "I like to build houses, I like to build restaurants. I have to work, I have to imagine."

Each of the planned Calistoga Bakery Cafe restaurants will have 4,500 to 6,000 square feet of space, and require close to \$1 million in start-up costs -- far larger and more expensive than a typical Papa John's. They also will do most of their business between 7 a.m. and 1 p.m., compared to a pizza-delivery chain that runs until midnight or later. Schnatter said the daily sales at a Calistoga could rival an entire week of sales at a Papa John's.

The company's Web site, [www.calistogacafe.com](http://www.calistogacafe.com), offers a menu with items ranging from cappuccino and fruit smoothies to soups, salads and sandwiches with artisan breads. A Turkey Artichoke Pressata sandwich sells for \$6.99. The Bangkok Chicken Salad is \$6.79.

Panera Bread Co. has 1,100 locations nationally and reported revenue of \$240 million for the quarter ended March 27, up 24 percent from a year ago.

From its base in suburban St. Louis, the company already competes with bakery concepts such as Atlanta Bread Co. and Au Bon Pain. Mark Crowley, a Panera spokesman, said the company typically doesn't comment on rivals.

If the next wave of Calistoga restaurants does well, Schnatter said the brand would expand to other markets. In Louisville, he said the company would consider downtown, the Hurstbourne Parkway retail corridor and sites near The Summit shopping center. Schnatter said there is no shortage of capital at Calistoga, and for the time being all new restaurants will be owned by the company, not franchisees.

"What we're trying to do is make sure the concept works," he said. "Right now we're dark, and everyone wants to go from dark to bright. But you have to grow in baby steps."