

## PE Player Sopra Brands Looking for the Right Concepts

**David Leoncavallo** saw franchises grow, especially those in which he had helped bring in talented senior management. And as the founder of executive recruitment firm **FranSearch**, he had an opportunity to build a huge network of contacts who were successful in the industry. But after he grew **FranSearch** to a certain point, he wanted to move on and start another challenge.

"I decided to take my business relationships, and instead of matching people with companies, I would match companies with investors," he said. He partnered with long-time friend and business acquaintance **Brian Charlesworth** to launch **Sopra Brands**, a private equity firm that is focusing on the franchise sector.

According to Leoncavallo, the firm has \$1 billion to invest and is looking for franchises with \$3 million to \$25 million in EBITDA. Sopra will look at any franchise sector, and will buy 30 to 40 percent of the company, on up to 100 percent, he said. Their main deals have come in at about 80 percent ownership.

He likes businesses where the owner wants to stay involved, for the most part. "If they want out, there is usually something wrong," he said. Although, they do like to take an active role and help make the company better.

And, with that in mind, he also wants to make this a "social" PE firm, as well. "We actually take the ad fund and we cut a check to whoever the franchisee wants to give it to," he said. "We really want them to give back locally, to get in the trenches of their local community. Let's all do the right thing."

Franchise industry veteran **Keith Gerson**, who has led brands such as PuroClean, Mrs. Fields, AlphaGraphics and ChemDry is Sopra's chief operating officer and runs the portfolio of brands Sopra has currently. They are smaller concepts right now, such as Earth Fruits Yogurt, but it is Leoncavallo's goal to have 5,000 franchise locations, within all their brands, at the end of five years.

"That's a hefty goal, and I have to move and deploy capital," he said. For more information on Sopra Brands, contact David Leoncavallo, president and managing partner at (801)503-9210, or by e-mail at david@soprabrands.com.

## GE Finances Jack in the Box Franchisee

**GE Capital, Franchise Finance** recently provided \$13.2 million to **J&D Restaurant Group, Inc.** for the purchase of 37 Jack in the Box units throughout Central and East Texas. Funding was provided through GE Capital's bank affiliate, GE Capital Financial Inc.

J&D Restaurant Group was established in 2010 in Dallas, Texas. GE Capital, Franchise Finance is a lender for the franchise finance market via direct sales and portfolio acquisition. They specialize in financing mid-market operators with multiple stores in the restaurant and hospitality industries. For more information, call 866-GET-GEFF (438-4333).

## Susquehanna Commercial Finance Is Financing Franchises

**Susquehanna Commercial Finance** entered the franchise lending space earlier this year, and is focused on providing conventional loans nationally, and SBA loans within the footprint of the Susquehanna Bank, which is based in Malvern, Penn. Leading the development of SCF's franchise product is **Brian Colburn**. Colburn has extensive experience within franchise finance, most recently working as director of business development for Mount Pleasant Capital Corporation, and as managing director of franchise finance for Butler Capital (now United Business Capital Lending).

SCF was familiar with franchise loans before they brought Colburn on to head up the new initiative. "They had purchased portfolios, and had some experience analyzing them on the credit side," he said. With the loans performing well, SCF wanted to start originating them.

Colburn knows some franchisors are frustrated because there seems to be a lack of capital. "All those franchises that perform well and have been in business five years, those are the ones that are still struggling, too," he said. "I think I can help them."

Their target is the company over 250 units, but less than 1,000, that has been in business at least five years with good financial statements and low closure rates. Deal size ranges from \$25,000 on up to \$1.5 million per transaction. Conventional financing can be used for a new location, purchasing an existing location, equipment, remodels or refinancing, said Colburn. And they are generally financing franchisees with at least one unit open already.

"We've made the process relatively fast," he reported, "depending on the complexity of the deal. We have a one to two-week process to get approval into place. And we have bank rates." He expects Susquehanna to do about \$10 million to \$20 million in volume for 2011.

Colburn knows his experience is helping franchisees already. "It's a big help that I understand franchise finance," he said. "I understand what makes lenders comfortable and uncomfortable, and I can communicate quickly what we can and can't do. It's nice for franchisors to know that upfront."

For more information on Susquehanna Commercial Finance, contact Brian Colburn at (443) 966-1792, or by e-mail at brian.colburn@susquehanna.net.

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