

He bought the Fuddruckers business. What's his plan for reviving the brand?

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As the pandemic took hold and started rocking Luby's already shaky financial footing, Nicholas Perkins' interest was piqued.

He'd always been a fan of its Fuddruckers hamburger chain and wanted to know what would become of the brand he loved so much. He reached out to Chris Pappas, who was then Luby's CEO, and expressed interest in buying it. That was the first step in what Perkins described as a "robust and competitive"



bidding process that spanned nearly a year and involved more than 100 companies. It resulted in an agreement reached last month for Perkins' Black Titan Franchise Systems to buy the business in a deal valued at \$18.5 million.

When the deal closes, expected sometime in late September, Perkins, who already operates several of the burger restaurants as a franchisee, will control 92 Fuddruckers, including 13 company-owned stores and the franchise revenue from 79 locations. He will also be able to expand the chain's footprint by franchising more locations.

The deal with Perkins was part of Luby's liquidation effort, which came after shareholders voted overwhelmingly in November in favor of a plan to dissolve the

business, allowing the company to sell off assets and distribute proceeds among investors. (In a separate deal, it agreed last month to sell the Luby's brand and 32 of its Texas restaurants to Calvin Gin, a member of the family that founded Chicago-based catering business Flying Food Group.)



In a statement, Pappas said Fuddruckers "will be in great hands" under Perkins' leadership. "Nicholas knows everything about his business, from the backdoor of the kitchen to the restaurant's front door."

For Perkins, who is also a Church's Chicken franchisee and owner of food contract services company Perkins Management Services, nostalgia for the Fuddruckers brand was the initial lure.

He said he grew up eating Fuddruckers' burgers and recalled fondly the higher-grade beef and fresh-baked buns. Then, he said, there was opportunity — there's still room in the market for a legacy brand he credits with creating the gourmet hamburger sector. "I still have not been able to have a better burger outside of Fuddruckers," he said. "So I had faith this company could survive."

Fuddruckers was ahead of its time when it hit the scene in the 1980s, said David Littwitz, a Houston restaurant broker and consultant. Part of a movement that took hold when sandwich chain Subway took off, he said, people latched onto the idea of the bread being made fresh in front of them — as Fuddruckers does.

With the right marketing he thinks the brand has potential. "That's an idea that still resonates, I think, with people."

Finding value

Perkins picked up an asset that, though troubled, still has value.

Revenues from Luby's company-owned Fuddruckers dropped 62 percent after the pandemic hit, falling to \$4.6 million in the quarter ended Nov. 18, 2020, from \$11.9 million in the quarter ended March 2020. Revenues from Fuddruckers' franchises fell 54 percent to \$530,000 from \$1.2 million over the same period. The company stopped reporting Fuddruckers financials as a separate line item after the November report.

Profits, too, disappeared in the pandemic. Luby's reported a loss of \$412,000 in November for its company-owned Fuddruckers segment, down from a profit of \$527,000 in March. Fuddruckers' assets were valued at \$26.5 million, including \$6.9 million attributed to the brand name as of August last year. Fuddruckers franchise operations were valued at another \$9 million.

"It sounds like they got a good purchase price on it," Littwitz said of the \$18.5 million value of the sale.

Perkins, 40, is a North Carolina native and lives in Charlotte. He also spends time in Washington, D.C., where his food contract services company Perkins Management Services is based. The company, which he started in 2005 at age 24, primarily serves historically Black colleges and universities.

As an undergraduate at North Carolina's Fayetteville State University he worked in the cafeteria and "absolutely fell in love with the business." After graduating, he worked for a food services management company for a few years before starting his own.

Perkins also works as an adjunct professor at Howard University, where he teaches entrepreneurship.



In his free time he's "a pink tie guy," sponsoring events for Susan G. Komen, a national nonprofit organization devoted to fundraising for breast cancer research. He also serves on the board of the National Urban League, a nonprofit that advocates for economic and social justice for African Americans.

Perkins' social advocacy and entrepreneurship are melded in a week-long internship program that coaches students in entrepreneurship that he offers in D.C. He said he planned to expand that program into Texas.

"We will look to get Fuddruckers deeply involved in the local community in Houston and in Texas," he said.

Keeping Fuddruckers headquartered in Houston was an easy decision for Perkins, he said. There's a sizable Fuddruckers footprint in the region, he knew he wanted to tap local employees and the Perkins side of his family is from Texas.

"And I like Texas."

Once the sale closes, likely by Sept. 30, Perkins will look to hire 14 people at his Houston

headquarters. "I think with a new, reinvigorated management team, with a strategic plan ... we are going to be able to put our brand on offense," Perkins said. "And not be so much on the defense like we have been in recent years."

He said his team will focus on building the company's brand and restoring it to its 500-store heyday.

"I absolutely am going to be focused around growth."