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Paradise found



Barbara Spetz, manager of the Paradise Bakery and Café at downtown Phoenix's Collier Center, mixes a roasted chicken Caesar salad.

Restaurant chain poised for major expansion

BY LYNN DUCEY
lducey@bizjournals.com

Paradise Bakery and Café is cooking up an aggressive nationwide expansion that will almost double the company's size by the end of next year.

Paradise Bakery, which just finished consolidating into new headquarters in North Scottsdale, specializes in baked goods, homemade soups, fresh salads and sandwiches. The company now operates 46 stores in 10 states, including sites in Phoenix, Salt Lake City and Denver.

The expansion calls for opening 20 stores in the next six months and 14 to 20 more by the end of next year, executives say.

Ten of those stores will open in metro Phoenix and one in Tucson by the end of 2007.

"We've been in business for 30 years, and we made a conscious decision to really grow this

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PARADISE: Rapid growth plans call for up to 40 new sites by end of 2008

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market five years ago and become the dominant player," said David Birzon, the company's new president.

In addition to those 11 Arizona stores, locations expected to open by the end of this year include three each in Utah and Colorado, two in Indiana, and one each in Texas and Oregon.

Those in the Valley will be company-owned, while some of the other new outlets will be franchise operations, including those in Colorado, Birzon said.

"Denver is a good-sized franchise market, and by the end of 2007, we should have nine stores in the Denver market," he said.

The company does not plan to expand its franchising efforts and is working with existing partners for some of the new locations, he added.

"We don't franchise in the Phoenix market, and we never will," Birzon said.

While he declined to discuss specific financials for the privately held company, he said he expects sales within the metro Phoenix market to top \$60 million in 2007.

Companywide, he expects sales to top \$100 million by the end of the first or second quarter of 2008 as a result of the expansion.

Paradise Bakery opened its first Valley store in 1988 at Paradise Valley Mall. The company opened a large restaurant at The Shops at Gainey Village in Scottsdale in 2000, marking the beginning of the firm's effort to focus on retail and mixed-use centers.

Mall locations represent "an integral part of our business," Birzon said. "But if we were to stay mall-based, we wouldn't be



Jesus Castro prepares sandwiches at Paradise Bakery's downtown location in Collier Center.

able to keep up with the pace of growth in Phoenix or elsewhere."

Birzon was named company president recently after serving as chief operating officer since 2004. He started with the company in 1989 at the Aspen, Colo., store and moved up through the ranks.

"He's really done a phenomenal job, and he's earned the position," said Dan Patterson, company founder.

Patterson, his younger brother, Mark, and friend Carter Holmes started the company in a shop at the Long Beach, Calif., marina in 1976. Since then, the firm's headquarters has moved several times: first from Southern to Northern California, and then to Aspen and eventually opened a Phoenix office in 1988, executives said.

While most of the company's management functions have been housed in the Valley for

PARADISE BAKERY & CAFÉ

President: David Birzon
Founded: 1976, in Long Beach, Calif.
Founders: Dan and Mark Patterson, Carter Holmes
Stores: 46 in 10 states, with plans to open 34 to 40 additional locations by the end of 2008
Headquarters: Perimeter Center, 8561 E. Anderson Drive, Scottsdale
Employees: 2,500
Web: www.paradisebakery.com



several years, its headquarters now are located at North Scottsdale's Perimeter Center. "One of our goals was to be a premier Phoenix-based company. Phoenix has been so great to us, and we want to be part of the community," Birzon said.

Missouri-based Panera Bread, which offers a menu similar to Paradise Bakery's, recently purchased a 51 percent stake in the company for \$22 million. Panera has an option to purchase the company at the end of next year, Birzon said.

"We were not for sale. But they came to Phoenix and saw that we are a big, strong regional brand with a very loyal following," he said.

Patterson said if Panera exercises its option to purchase the company, Paradise will become a division of Panera but will retain its brand name.

"Paradise will be Paradise and headquartered here in Phoenix. Paradise is not going away," he said.