

Crunch time for your mouth

*A restaurant serves cereal and sells the Saturday morning experience. **CARYN ROUSSEAU** met the company co-founders for breakfast to talk expansion.*

CHICAGO—Usually when a trend gets the kind of buzz that Cereality restaurants received two years ago, the idea explodes and it's just a matter of months before it becomes an also-mentioned on one of VH1's string of "remember when" shows.

But not Cereality, thanks to shrewd co-founders David Roth and Rick Bacher, who have refined their business plan in the three years since the opening of their first restaurants—kitsch storefronts that serve custom combos of 30 cereals and 40 toppings. Now they're ready for their next move. Coming later this year: franchises.

"What you're going to see from this point forward is a limited number of big company-owned stores in certain cities," Roth said last week, sitting in his Chicago financial district store amid the din of the breakfast rush.

"Then the whole country blanketed with Cerealities. We'll be in malls. We'll be in airports. We'll be in downtown urban corridors and big in the suburbs."

With more than 6,000 franchise requests since the first shop opened at Arizona State University, Cereality won't be hurting to fill the demand, Roth said. Interest has come from every state, Canada and the United Kingdom.



A bowl of mixed cereal and patented SLOOP, a combination straw and spoon served at Cereality. (AP Photo/Charles Rex Arbogast)



Cereologist™ Kim Pappas prepares a hot cereal order at Cereality in Chicago. (AP Photo/Charles Rex Arbogast)

CAPTAINS OF THE CRUNCH

Bacher and Roth opened their first Cereality on the ASU campus in August 2003. Since then they have opened just two other locations—Philadelphia and Chicago. What followed those first spots was a media blitz lauding their unique idea—and for the entrepreneurs, thousands of e-mails and phone calls from wannabe investors.

But Bacher and Roth waited, wanting to expand wise, not fast. That meant building a strong brand and not being opportunistic, Roth said.

"Just because the world said 'this is cool, we want to be a part of it,' doesn't mean that we should be going out and throwing Cerealities up all over the place," Roth said. "We want to build the company smart and we want to build the company with real backbone."

The pair had thriving careers as marketing consultants before Cereality and they weren't going to throw those away for an idea that would last for a few trendy years, Roth said.

"We're more inspired by the whole notion of iPod," Roth said. "What Steve Jobs did. He created not just an iPod. He created a lifestyle. We always knew we were going to be a national brand. We never thought we would open up a cereal restaurant somewhere and leave it at that."



Captains of industry meet Captain Crunch. Venture capitalist Al Wiegman takes his cereal order to go. (AP Photo/Charles Rex Arbogast)



The Birds and the Bees perform at an open-mic night at Cereality in Philadelphia. (AP Photo/Mark Stehle)

FLAKING, ERR... BREAKING OUT

Cereality does more than sell bowls of Cheerios mixed with Reese's Puffs and banana slices. Late this summer the company plans to open its first franchisee training facility—the "Always Saturday Morning™ Boot Camp"—in the Chicago suburb of Evanston.

Also in development: Cereality's growing corporate business. The company makes custom cereal bars and boxes for weddings, TV shows (Anderson Cooper), retail stores (Old Navy), Broadway shows (Harry Connick Jr.'s hit "The Pajama Game") and offers catering.



Cereality Sprinter hits the road — bringing the "All cereal. All day. All ways.™" promise to customers everywhere. (Photo: Cereality)

This summer expect to see two full-scale Cereality stores on wheels driving around the country—an attempt to reach another prime market: the suburbs, where the company can attract families wanting to eat in their pajamas and slippers.

"We serve cereal but what we sell is Saturday morning and it's a very important distinction," Roth said. "It's cereal. It's a commodity. You can get it anywhere. But when it comes through the filter of Cereality it's an experience."

CUSTOMERS

With its creative cereal mixes served up in Chinese food take out bowls, Cereality attracts lots of fans. Three of them chat with *asap*:

Tom O'Connell works as a commodities broker across the street from Cereality in Chicago. He stops in four to five times a week for breakfast. If he can't make it, one of his friends from work stops in for take out, he said. The plus for him is the fresh fruit—something he said he wouldn't add himself. "When it opened it was my Graceland," O'Connell said. "Cereal is actually my favorite food. I think people get addicted to it pretty easily."

Ishan Lal is a stock trader and he said he prefers Cereality because it's better for him than his usual breakfast. "Generally I eat bagels or McDonald's, which just kills me a little faster," Lal said, taking the lid off his steaming cinnamon-raisin oatmeal. "It's just much more health conscious."

Karin Silk is a Chicago businesswoman and said she likes the choices at Cereality. "You can concoct your own cereal. I like the ideas they gave but I had to change it up."

asap Midwest reporter **Caryn Rousseau** has *Special K*® every morning.

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