

Carb Appeal



You just knew a backlash to the Atkins-diet craze was inevitable. Finally, here it is: three startups enjoying rising sales of carb-laden products and profiting from Americans' cravings for the starches of their youth.

—JULIA BOORSTIN



House of Bread

WHILE MOST BREADMAKERS HAVE been hammered by the Atkins craze, Sheila McCann, owner of House of Bread, has prospered by educating customers on the health benefits of whole grains. McCann, 40, based in San Luis Obispo, Calif., offers a wide range of breads, from Apple Cinnamon Swirl to Pesto Artichoke Sourdough. "Bread is a staple of the American diet—it's not a fad," says McCann, who since launching her first store in 1996 has expanded to nine additional franchise locations, five of which debuted last year. Over the next six months, five more House of Bread stores are scheduled to open and, thanks to a sharp increase in sales of "super premium" breads in flavors such as Ghirardelli chocolate, McCann predicts a surge in revenue growth ahead. Meanwhile, whole-grain bread sales are growing 3% a year, a trend McCann says is sure to keep the dough rising.

CARBS PER OUNCE:

Grandma's White Bread **12 grams**

Cereality

INSPIRED BY THE UNTAPPED POTENTIAL in turning cereal from a much-loved commodity into a dining experience, David Roth and Rick Bacher launched Cereality in Arizona State University's student union building in Tempe last September. Cereality lets diners pick two cups of cereal from 33 hot and cold brands, plus one of 34 toppings—from malt balls to dried cherries—and add milk, all for less than \$3. Just a few months after launching, the business was cash-flow positive and expects to be profitable in two to three years. Now, with 65% repeat customers and Quaker as an investor, Cereality plans to roll out dozens more stores at colleges, hospitals, office buildings, and airports. "We know," says Roth, 41, "that lots of people, including businessmen, sneak an afternoon bowl of Cocoa Puffs."

Lucky Charms Cereal **22 grams**

Popcorn, Indiana

LOOKING TO CREATE A NATIONAL brand in the image of Starbucks, entrepreneurs Richard Demb and Warren Struhl stumbled upon gourmet popcorn in downtown Chicago. "The thing about popcorn is the emotional connection—from carnivals, movies, childhood," says Demb, 27. Why not, wondered Demb and Struhl, sell great popcorn on the streets? They launched their first Popcorn, Indiana, store two years ago in Manhattan and since then sales have been so hot they can't pop corn fast enough. To meet demand the company has expanded into Times Square, built a popping facility in New Jersey, and offered a full range of popcorn online and wholesale. Soon the company shingle will change to Dale & Thomas Popcorn, in honor of a historian of the city of Popcorn, Ind., Dale Humphrey, and investor Isiah Thomas, president of the Knicks basketball operations and a former Hoosier star.

Country Cheddar **4 grams**