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Team Orange

Reese Travis, CEO of Orange Leaf. PHOTO BY MAIKE SABOLICH

Former OU football player plots growth for OKC-based yogurt chain

BY APRIL WILKERSON
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OKLAHOMA CITY – Reese Travis knows a thing or two about momentum.

As an offensive lineman on the University of Oklahoma football team, he capped off his career as a member of the 2000 national championship team.

Less than a year ago, he and his business partners bought Orange Leaf, a self-serve frozen yogurt chain that was based in San Francisco, and moved its corporate headquarters to Oklahoma City. The franchise had 15 stores when they bought it on April 2, 2010. Now there are 60 around the nation, another 25 under construction and an additional 75 at some stage of financial commitment. Within the next several months, Orange Leaf also expects to open its first international store.

"The business we bought was a start-up with a lot of momentum," Travis said. "We're nowhere near where we have the desire to be as a company. Every day the team challenges ourselves on what we can do at a corporate level so our stores and franchisees can be successful. At the end of the day, they're the ones who are helping us build this business."

Orange Leaf was founded in California in 2008, and Travis' journey with the franchise started in 2009. He had gotten acquainted with the concept, and when a store opened in Edmond, he looked at buying it as an individual unit. However, a deal was never finalized, so he and his partners took a step back and considered either creating their own brand of yogurt or franchising with other groups.

Launching a new yogurt brand turned out to be unfeasible because it would take too long at a time when the industry was taking off. They looked at other chains, but couldn't find anything like Orange Leaf in terms of yogurt quality and attractive franchise fee, he said. So he and his team committed to opening two Orange Leaf stores, in Norman and Lawton, and once they finished building those, they committed to three more.

And then they decided they wanted to buy the company, which happened after about six months of negotiating. Travis said the move brought hurdles in supply chain management, as well as inventory to meet the company's growth, but they stayed the course.

"The transition was like drinking from a fire hydrant," he said. "It was pretty intense. The whole time we were saying, 'We can't pull the plug on bringing in new franchisees.' We were trying to handle the demand of people who were interested in franchising with us, but also diligently working on building up our inventory and our supply chain."

Part of what drew Travis to Orange Leaf was its franchise-friendly fee structure. The original franchise fee is $12,000, then 3.5 percent of monthly revenue for royalty, advertising and marketing. Travis said that arrangement, for the most part, is far less than what his competitors are offering.

"It does a lot of good if we can bring in a franchisee, put a system in place where they can be successful and go do another store, and another store, and another store – not where we burden them with a fee that prevents them from being able to reinvest their capital and help us grow the company."

Matt Wills, director of franchise and brand development, said one of Orange's Leaf's primary goals is to provide in-depth support to its franchisees so they have the tools they need to be successful in their markets. Orange Leaf brings each potential franchisee to Oklahoma City so the leadership can tell if it's going to be a match.

"There's a lot of trust there – it's long term, not like I'm selling a car that they will drive off the lot," Wills said. "We're looking at, initially, a 10-year commitment. We're looking for somebody who is excited about the brand as I am – excited not just to have personal success, but to be on the ground floor of a great brand. Some people who call are just interested in how Orange Leaf can help them make more money, not how we can all work together in a business that grows and has increased brand recognition and becomes something special."

And then there's the self-serve Orange Leaf product. Stores have eight yogurt machines, each with two flavors. Customers fill up their containers with as little or as much as they want, then head on to the toppings area, also self-serve. Payment is by the ounce.

"We think the self-serve model is a great business model," Travis said. "It keeps your labor low, and your customer is always happy. The dynamic in the stores is fun to see. People move around getting the yogurt flavors they want, but when they come to the toppings bar, the chaos changes to control and everyone lines up. That's really where you put the finishing touches on your work of art."

As desserts go, Orange Leaf yogurt is fairly healthy. The company posts its nutritional information online, and its calorie and fat counts are far lower than many other dessert options. Wills said it also provides a practical way to start making healthier eating decisions.

The bright orange and green decor of an Orange Leaf store carries over into the company's upbeat headquarters in north Oklahoma City, along with an in-office yogurt dispenser for staff and visitors. Several of the 14 staff members also bring a team sports background, which Travis said gives them the work ethic and camaraderie necessary to grow the company wisely.

"If we continue our growth rate, we should pass the other players in the (self-serve yogurt) market," Travis said. "Our goal is to open 300 stores in three years. If we keep up the momentum and grow at the rate that we're growing, there's no reason why we shouldn't exceed that goal."