

---

**Bruster's Real Ice Cream looks to western US, South Korea for growth opportunities, CEO says**  
by Jeff Sheban in Chicago  
May 5, 2016

**Bruster's Real Ice Cream**, a privately held chain of franchised ice cream stores, is looking to the western United States for fresh organic growth, as it also prepares to enter South Korea, said CEO Jim Sahene.

The Beaver, Pennsylvania-based chain, which operates 192 stores in 19 states mostly east of the Mississippi River, expects to open 20 franchised units this year in both its existing and new markets, said Sahene, a former **TCBY** executive who has been running the business since 2002.

Among the states targeted for expansion are Arizona, which will be a new market, and California, which the company entered in 2015 as the first state west of the Rocky Mountains, he said.

Sahene said the west and Texas in particular, with more favorable year-round weather, lend themselves to the chain's walk-up window store format. "We believe the west and Texas hold a lot of opportunity for us," he said, adding that for now the chain is "skipping the middle" of the country.

International expansion is focused on South Korea, where Bruster's opened its first store on 31 March and has signed an agreement with Seoul-based franchisee **Lee & Bruster's Inc.** to open 10 stores within five years in that country. Sahene, 56, called Korea "a tremendous ice cream market" and pointed out that **Baskin-Robbins** has more than 1,000 stores there, suggesting that Bruster's has plenty of room for growth. The company also has two franchised stores in Guyana, owned by a local operator who became familiar with the brand while living in Atlanta. The international stores are supplied with ice cream made in the US.

Bruster's was established in 1990 by Bruce Reed, 62, who remains the sole owner of the company but is not active in day-to-day management. Sahene said Reed is not planning an exit, taking the company public or seeking outside investors. "The current vision is to remain a family business," he said.

System-wide sales were USD 65m in 2015, up from USD 59m in 2014, with a projection for this year of "just over" USD 70m, Sahene said. Corporate revenue was USD 5m in 2015 and is expected to reach USD 6m this year, he added. The company has experienced 12 consecutive quarters of same-store-sales growth.

All growth has been organic, "and that's the nice thing about franchising – it doesn't take much capital to grow," Sahene explained. Bruster's has 60 employees in its western Pennsylvania headquarters and only two corporate-owned stores, both in Pennsylvania. About 90% of franchisees own a single store, he noted.

While "not actively in search mode," Bruster's has considered buying small chains or single stores that can be converted to Bruster's. One reason acquisitions are not actively pursued is the store design, he noted. Bruster's are stand-alone stores with walk up windows for ordering and ample parking lots, without indoor parlor seating.

Ohio-based **Handel's Homemade Ice Cream & Yogurt**, with 37 franchised and corporate stores in seven states, features a similar walk-up model and was the original inspiration for Bruster's founder Reed, who operated the first franchised Handel's store. Reed left Handel's in 1990 to form Bruster's. While Handel's locations "would match up nicely with us," Bruster's does not think about an acquisition, Sahene said when asked.

Bruster's works with Pittsburgh-based Eisner Law and Youngstown, Ohio-based William D. Leicht and Associates for accounting.

This article was written by Mergermarket, the leading provider of forward-looking M&A intelligence and data to M&A professionals and corporates around the world.