



IRON GRILLED SANDWICHES MUST BE STOPPED

The DQOA has remained silent up till now on the iron grilled sandwich issue. We had always hoped that ADQ and the FAC would look at the REAL NUMBERS, look at SPEED OF SERVICE issues, consider WHO OUR CUSTOMERS ARE and WHAT OUR CUSTOMERS WANT. We're excited that IDQ is looking at bringing new products but disappointed to report that ADQ and your FAC representatives will be mandating this IGS product in spite of poor test results, speed of service issues and a complete disregard for our traditional Dairy Queen customer base.

The Numbers:

In the official ADQ minutes of the April 24th-26th, 2007 FAC meeting, it was reported that the Duluth, MN DMA was selling 170 units per store per week. NONSENSE. The Duluth stores are averaging 5 – 6 a day! An informal survey of 10 Duluth operators resulted in a vote to GET RID OF IRON GRILLED SANDWICHES. This fact was known by the DULUTH FAC representative and never formally presented to the council.

The Louisville DMA was reported in the minutes to be selling 77 units per week (10/day). In a subsequent handout to the FAC that number dropped to 65/week (9/day). During a May 28th FAC conference call, ADQ rep. Eric Hughes reported that a T.V. test in the Louisville market resulted in a whopping 24% increase in iron grilled sandwiches sold. That's 2 more a day! When Eric Hughes was asked what the units sold were, he didn't have that information! (So how can he arrive at 24%?) Louisville is a strong food market for Dairy Queen. If Louisville can only boost iron grilled sandwiches to 11 a day with T.V. advertising, what will the rest of the country do?

Another chart handed out to the FAC indicated that the average brazier store was selling 8 a day. (Considering the Duluth results we would have to question the accuracy of these numbers.) They ranked just above fish sandwiches in units sold.

Here's how your 8 sandwiches breaks down:

4.6	Iron Grilled Turkey
1.2	Iron Grilled Country Club
1.4	Iron Grilled Ham & Swiss
1.0	Iron Grilled BLT

Do these numbers indicate to you that this has been a successful test?

Are the brazier operators in this system willing to invest money in equipment, inventory and risk speed of service (remember, you can only cook 2 sandwiches at a time on one grill) to sell one Ham & Swiss a day or one BLT a day? The DQOA doesn't believe that this is what brazier operators want.

At the April FAC meeting, an initial straw vote was taken on rolling out iron grilled sandwiches. The iron grilled sandwiches were voted down 9 to 3. (The 3 positive votes were Grill & Chill operators. More on that later.) One council member commented, "These numbers are bad, not enough sandwiches are being sold. Has the train left the station?" Michael Keller's response was, "It has significantly left the station." Much to no one's surprise, especially at the DQOA, after a private FAC/IDQ dinner that night

(no franchisees except FAC members, no DQOA reps allowed), the FAC came back the next day and unanimously approved iron grilled sandwiches!

Here's what convinced the FAC:

Bruschetta Grilled Chicken
Italian Ciabatta Sandwich
Iron Grilled Zesty Veggie
Iron Grilled Rachael sandwich
Breakfast Grilled Wrap
Quesadilla Grilled Wrap
Iron Grilled Cake a'la Mode
Iron Grilled Cinnamon Raison Bread w/cream cheese
Banana Panini
Apple Streusel Panini
Etc., Etc., Etc.

What in heaven's sake are we talking about? These are just a few of the "opportunities" that ADQ told the FAC that we could have in our stores if only we'd give iron grilled sandwiches a chance! And to further influence the FAC vote, you'll notice the dessert items on this list. What an opportunity for the entire system. Just think how many banana paninis we could sell.

Are the interests of franchisee profitability considered? This Iron Grilled Sandwich push is almost laughable except that it has serious negative consequences for every franchisee. So why is ADQ pushing so hard, distorting numbers and promising pie in the sky opportunities?

Three reasons why it could be:

1. An attempt to boost mediocre sales at Grill & Chill's by further blending the brazier and Grill & Chill menu.
2. An opportunity for ADQ and the USCI to sell a whole bunch of proprietary products.
3. An ADQ management (Keller?) mindset that Dairy Queen should become the next Panera Bread.

Grill & Chill – sales have been mediocre. The project goal of turning DQ into expensive buildings with high priced menu items, and high sales volume stores hasn't worked. The G & C operators are selling a whopping 18 iron grilled sandwiches a day at an average price of \$5.22 and they want the rest of the system to help them advertise these sandwiches. Notice that initially the only FAC members to vote for iron grilled sandwiches were Grill & Chill operators.

Proprietary Items – ADQ sees an opportunity for proprietary specialty breads, proprietary meats and a whole slew of proprietary condiments. If ADQ can force this into the system, they will insure that there will be no competition.

ADQ Mindset – Where are we going in this system? We can't even get the grillburger right, and we're going to introduce iron grilled sandwiches? Remember how Michael Keller said we needed Moolatte to compete with Starbucks? That didn't work. Now our new target audience for food is the female over 30 year old head of household. What happened to the fast fueler male 18-34 who loved our burgers, fries, shakes and blizzards? We are not Panera Bread. We are not Starbucks. We are not catering to the yuppie crowd that wants zesty guacamole, cucumbers, red & yellow peppers and Monterey Jack cheese on an Iron Grilled Zesty Veggie sandwich.

THIS IS URGENT... This will be voted on at the upcoming FAC meeting being held July 24-26 in Minneapolis, MN. That meeting is open to all franchisees. If you are not planning on attending, we ask that you contact your FAC representative (taking note of the date and time). Let him or her know that you're dead set against Iron Grilled Sandwiches and the direction in which this company is moving.

We have a novel idea...how about a decent hamburger at a decent price.

FAC REPRESENTATIVES' contact information:

FAC Chairpersons

Region 1	Jim Martin	O: (208) 585-6009 C: (208) 890-0015	TVDQ@earthlink.net
Region 2	Jon Boeche	C: (909) 496-9424 H: (727) 392-4053	qualitytreat@aol.com
Region 3A	Karen Horn	(620) 241-0933	rnkorn@cox.net
Region 3B	Scott Bolles	(651) 731-6878	s_bolles@msn.com
Region 4A	Larry Briggs	O: (269) 651-6779 H: (269) 651-6320	dqbug@voyager.net
Region 4B	Kevin Hitzeman	S: (219) 365-4200 C: (219) 662-6090	dqkevin@pobox.com
Region 5	Chuck Daniel	S: (304) 562-6421 S: (304) 727-6011	cvdan72@aol.com
Region 7	Mitch Sandlin	(757) 562-7178	mitchsandlin@yahoo.com
Region 8	Bill Bond	O: (502) 245-0800 C: (502) 724-4728	billbonddq@insightbb.com

Appointed

Wendell Bradley	(217) 428-6177	decdq@aol.com
Steve Cowgur	O: (602) 632-1722 S: (602) 216-0096	scowgur@cox.net
Terri Fote	S: (920) 338-1500 H: (920) 684 -5129 C: (920) 217-3610	terri.fote@comcast.net
Carolyn Shadden	S: (256) 734-8358 C: (256) 338-2822 H: (256) 739-1587	dqshadbar51@msn.com