

Submarina CEO taking sandwich shops national

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TODAY'S LOCAL NEWS

January 6, 2007

While in the Navy, the first thing Jeff Warfield wanted when he returned to San Diego was a roast beef, avocado and cheddar sub from Submarina, the company his father helped found three decades ago.

"I'd say, 'Dad, bring a sandwich to the airport for me,'" recalled Warfield, who today is president and chief executive of the San Marcos-based restaurant chain. "I loved the food."

Starting at age 11, the retired Navy flight engineer has worn nearly every hat in the company and done everything from clearing clogged drains to overseeing corporate finance and store design.

Now Warfield, who joined Submarina full time 11 years ago, hopes to taste some of the meaty profits enjoyed by the nation's No. 1 and No. 2 sandwich retailers, Subway and Quiznos. With 51 Submarina locations in San Diego, Orange and Riverside counties, Warfield feels the time is right to take his California subs concept nationwide.



2005 file photo / Union-Tribune

Jeff Warfield, president and CEO of Submarina, is taking his locally founded company's California sandwich concept nationwide. "There's opportunity here," Warfield said of owning a Submarina franchise.

The company has signed a deal to open 110 locations in the Houston area within 10 years. Submarina also is in negotiations to open franchises in Tucson; St. George, Utah; and Tampa Bay, Fla.

Subway, the largest sandwich chain, has more than 25,000 locations in 80 countries.

On a recent morning at Submarina's corporate office on San Marcos Boulevard, Warfield said he realizes the risk national expansion poses to his family and the franchisees. The 39-year-old executive is the only one of his siblings involved in the business.

"Everything I do affects the family," he said. "Their retirement asset is here, and everything they worked so hard to build over the last 30 years is in this business. It's one heck of a responsibility."

Warfield could rest comfortably; he expects that Submarina will make \$16 million in sales this year. Submarina could expand more in San Diego County, but Warfield said the local market has become saturated and that expansion here could hurt his franchisees' bottom line.

"I brought most of these people into the system, and I feel a certain sense of responsibility to secure their future as well," Warfield said. "I know the risk they take going into business."

Marketing director Diane McKinney, who started at Submarina 11 years ago, said she thinks national expansion is the right move.

“Grow or die, right?” she said. “We can be the best we can be in San Diego, but San Diego's a tough market, and there's a lot of promise in other places.”

Ben Padilla and Robert Pina have signed a deal to sell 110 Houston-area Submarina franchises in 10 years – a goal Padilla feels he can reach in five.

Padilla and Pina owned multiple Subway locations in Houston during the company's growth spurt 10 years ago. They became disillusioned with the way the company was relating to its franchise owners and pulled out, Padilla said. About 14,500 franchisees are suing Subway's parent company over the way advertising dollars are spent.

Padilla said they looked at several regional sandwich retailers, including Lenny's Subs of Memphis, Tenn., and Firehouse Subs of Jacksonville, Fla., but none had the combination of quality and taste with the business model they were looking for.

“Robert and I have been offered several enticing packages to expand in Houston,” Padilla said. “Everybody wants to get in here. . . . This is the first concept that we have seen that has put all the pieces of the puzzle together.”

Submarina's highest-grossing store makes about \$177,000 in profit on \$739,000 in annual sales, Warfield said. The average annual profit is about \$62,000. Submarina franchises cost from \$199,000 to \$300,000.

“There's opportunity here,” Warfield said. “If you want to work 60 hours a week, you can pick up some extra money real quick. If you want to work 30 hours a week, then it goes out in payroll.”

“Before I sign any agreements, I want to be able to look you in the eye and say, 'Do you fully understand the risk?' ”

Submarina was founded in 1977 by Warfield's father, Les Warfield, and U.S. Postal Service co-worker Ron Vickers. After the letter carriers moved to San Diego from Reno, they found a scarcity of sandwich shops and built their own, a 700-square-foot building on Poway Road.

They had little money and even less business experience. Their wives ran the sandwich business during the day, and they took over at night after finishing their mail routes.

In a short amount of time, that first Submarina was a success. The pair sold the concept, and independent shops opened in Tierrasanta, Ramona and San Marcos.

In the early '80s, Les Warfield left his 15-year career with the post office to devote his time to running the fledgling Escondido Submarina while Vickers ran the Poway location.

“My dad felt for sure that if he could commit to Submarina full time, that he would be successful,” Jeff Warfield said. “He took a bold move – and made it.”

After graduating from Poway High School in 1985, Warfield joined the Navy and served during the Persian Gulf War. When he came home on visits, he found that the gamble his father had taken had paid off.

“When I left, my parents were driving my Toyota truck, living in a two-bedroom apartment and barely making it,” Warfield recalled. “I was concerned about them, though I was always sure of Pop.

“When I came back, next thing I know, Dad's driving a red Porsche, living in a new house and he's got all these restaurants open.”

Wanting to preserve the Submarina name, the company used a \$15,000 fee from the sale of the last independent store to obtain its franchise license.

Warfield left the Navy in 1995 and attended Nicholls State University in Louisiana. His father encouraged him to join the company and help train new managers. Between 1997 and 2000, Submarina opened an additional 35 franchises.

When he started considering expanding into other markets, Jeff Warfield was advised that Submarina needed to take a good look in the mirror. “We hired a design firm out of San Francisco to really hunker down and tell us what we were doing right and doing wrong,” he said.

Though the design firm found few problems with Submarina's food and operations, the teal logo and the hard-plastic booths had to go.

“We found out that almost 90 percent of the noncustomers that have never eaten in our restaurants thought we were a boat shop or a seafood shop,” Warfield said. “We looked like a dentist's office.”

The company, which strives for fresher ingredients and larger sandwiches than its competitors', has updated its image with warm, pastel colors, cushioned seating and a cartoonish, illustrated wall map of California.

Though Les Warfield has retired from the company and now lives in Ridgecrest, he acts as a consultant for his son, speaking with him weekly.

“All of these things he's had to absorb along the way . . .” Les Warfield said of his son. “He's learned things even my partner and I didn't know.”