

Sub mission

Former Navy man takes over family sandwich business and keeps it growing

By Pat Sherman | pat.sherman@tnews.net

Sunday, December 31, 2006

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 the company his father helped found three decades ago, Submarina.

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

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

Now Warfield is planning to sink his teeth into something even more substantial. He hopes to taste some of the meaty profits enjoyed by the country's No. 1 and No. 2 sandwich retailers, Subway and Quiznos, respectively.

With 51 Submarina locations in San Diego, Orange and Riverside counties, Warfield feels the time is right to take his California Subs concept nationwide. Last month, the company signed a deal to open 110 locations in the Houston area within 10 years.

Submarina also is in negotiations to open franchises in Tucson, Ariz., St. George, Utah, and Tampa Bay, Fla.

A family affair

On a recent morning at Submarina's corporate office on San Marcos Boulevard, Warfield beamed as he spoke of becoming a grandfather the previous weekend.

Though the 39-year-old executive is the only one of his siblings involved in the business, family is never far from his mind. He realizes the risk a national expansion poses to his family and to the families of franchisees.

"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 on the company's laurels; he expects that Submarina will rake in \$16 million this year. He could expand somewhat in San Diego County, but he said the local market has become saturated. Further expansion here could negatively affect 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 started at Submarina 11 years ago, just before Warfield left the Navy and returned to San Diego to help run the business.

"I think it's the right move," McKinney said. "Grow or die, right? 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."

McKinney said the company's founders had a smaller vision for the company.

"Jeff sees more potential," she said, "and he's willing to go after it."

Breaking into Texas

Ben Padilla and Robert 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. (Some 14,500 franchisees are suing Subway's parent company over the way advertising dollars are spent.)

Padilla and Pina have since inked a deal to sell 110 Houston Submarina franchises in 10 years — a goal Padilla feels he can reach in five.

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, nor 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 takes in about \$177,000 a year, 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?'"

Appetite and ambition

Submarina was founded in 1977 by Warfield's father, Les Warfield, and his friend Ron Vickers, who were U.S. Postal Service employees.

The men moved to San Diego from Reno, Nev., in 1976. Lamenting the scarcity of toothsome sandwich purveyors, the mail carriers built their own sub shop, a 700-square-foot building on Poway Road.

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

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

"We'd set them up and teach them how to operate them, and then they were on their own," Jeff said.

In the early '80s, Les 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 said. "He took a bold move — and made it."

Vickers followed suit within a few years.

When Jeff came home on visits from the Navy, he found the gamble his father had taken leaving the postal service had paid off.

"When I left, my parents were driving my Toyota truck, living in a two-bedroom apartment and barely making it," he 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 it received from the sale of the last independent store to obtain its franchise license.

Steering Submarina

Though Jeff boasts of being able to train a "rookie crew" to operate a Submarina in just four days, the leadership skills and business acumen needed to run a corporation take more time to acquire.

After graduating from Poway High School in 1985, Jeff joined the Navy, going on to serve in Desert Storm.

While stationed in the Persian Gulf, he received a commendation for saving a pilot's life. An F-14A Tomcat came in short during a landing and crashed on the deck of the USS Kitty Hawk.

The pilots were ejected and the cockpit skidded across the deck. One of the pilots was badly burned. Jeff was at the ready with his fire hose to douse the flames.

Jeff took an early retirement from the Navy in 1995, going on to attend Nicholls State University in Louisiana.

When he returned, his father encouraged him to join the company and help train new managers.

Between 1997 and 2000, Submarina opened an additional 35 franchises.

Image is everything

When he started considering expanding into other markets, Jeff 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,” Jeff 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, Warfield said.

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

The company has since updated its image, adding warm, pastel colors, cushioned seating and a cartoonish, illustrated wall map of California.

Role as counselor

While being interviewed for this story, Jeff stopped to take a call from a franchise owner. He gives his cell phone number to all franchisees. He said he views his role as a counselor.

“I’ve had people come into my office madder than a hornet and then walk out of here with a smile on their face because I have a tendency to put things on the table for what they are and . . . solve those problems — whether it’s the profitability of the business or an employee issue.”

In 1996, Matt Kennedy and his brother opened their La Mesa Submarina, which they purchased for about \$115,000. Should they ever have computer problems or run out of a product, Jeff and “corporate” always come through for them, Kennedy said.

Before becoming a franchisee at age 23, Kennedy was a customer at Les’ Escondido shop.

“I don’t know if Les knew my name, but he knew my sandwich,” Kennedy said. “He’d see me three or four people deep, and he’d have my sandwich when I got to the slicer.”

Following that model has made Kennedy a success in business, he said.

“I based everything I did the last 10 years off of Les and his attitude and the way he ran his business,” Kennedy said. “Customers are everything. You treat them like gold, and they’ll keep coming back.”

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

“All of these things he’s had to absorb along the way,” Les said of Jeff. “He’s learned things even my partner and I didn’t know.”

Reach reporter Pat Sherman at (760) 752-6774.