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5 Companies I Wish Were Public

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Cold Stone Creamery: ummm, ice cream

It's all in the name for Cold Stone Creamery. The ice cream purveyor literally lets its customers create unique blends from assorted toppings and scoopfuls of flavorful choices -- from the basic to the exotic. The blending occurs on, you guessed it, the store's signature cold stones.

I'll admit I like this company in part because of the way I can create my own favorite ice cream on the fly. But there also appears to be a sturdy financial underpinning to the business. Cold Stone Creamery opened its first store in Tempe, Arizona in 1988. Today, Hoover's reports the firm has 825 company-owned and franchised outlets that generated \$156 million in 2003 sales, up 77% from the year prior and more than triple 2001 sales. A brochure from our local store says the firm is committed to having 1,000 locations by the end of this year.

That growth plan is what really attracts me to the company. Indeed, some of the best growth stocks of the past 40 years have started as small niche restaurants. Consider Taco Bell, a favorite of Peter Lynch that's profiled in his investing classic, *One Up On Wall Street*. Taco Bell first was a niche player in Mexican-flavored fast food in California and then successfully repeated the concept across the country, generating huge returns for shareholders till **PepsiCo** ([NYSE: PEP](#)) bought the firm for \$40 per share. (Taco Bell is now a subsidiary of **YUM Brands** ([NYSE: YUM](#).) Among today's [tasty options](#) is niche eatery **Buffalo Wild Wings** ([Nasdaq: BWLD](#)), a *Motley Fool Hidden Gems* pick. It, too, is expanding like crazy and earning [big gains](#) in revenue and same-store sales.

Cold Stone appears to have the wherewithal to follow these successes, but will be almost totally relying on franchising to reach the same heights. Yet that shouldn't be an issue. Initial franchise fees range from \$35,000 to \$40,000 with a total investment of between \$257,335 to \$366,670. Average store sales for the prior year, however, were more than \$389,000. At that rate, the concept easily appears to be a long-term moneymaker for all but the worst franchisees.