

## **House of Bread Background**

### **Our History**

It's no accident that House of Bread looks and feels like a throwback to a kinder, gentler, simpler time and place. The desire to create this environment was developed from the reverse situation Sheila McCann found herself in after six years as a criminal trial lawyer. Ms. McCann kept reminiscing to her favorite memory: the time she spent with her Grandma baking bread on a ranch in Montana.

### **A Treat for the Senses**

Stepping into a House of Bread bakery – which already are scattered throughout the United States – is like stepping back in time to the feeling of patience, love and comfort that exists in grandma's kitchen. People love watching the bakers hand knead each loaf of bread, smelling the home-baked bread wafting toward them as soon as they enter, and tasting generous chunks of just-baked bread right off the huge sample board.

House of Bread is a respite from the daily hustle and bustle. Much of our world has become so complicated and hurried; bread brings us back to simplicity and patience. The base of most of our breads is honey, flour water, yeast and salt - the basic bread-building ingredients that have been around since the dawn of time. It takes six hours from start to finish to naturally bake bread. Most commercial bread companies add emulsifiers and dough conditioner, which eliminates the rising time. The results of rushing nature are apparent in the lack of taste and nutrition in the grocery store bread.

Just as artificial ingredients are rejected at House of Bread, so is slick advertising. McCann is a firm believer that having outstanding product quality at a fair price combined with excellent service is the best recipe for success.

Just as customers welcome the change from the fast lane upon entering House of Bread so does the founder, Sheila McCann. "Baking bread requires you to slow down and relax, which is a far cry from law." Upon leaving, Bozeman, Montana where she graduated in political science, McCann headed west to California, the land she dreamed of as little girl. She went to law school at the University of San Diego. Upon graduation, McCann easily passed the State Bar Exam and took on the often thankless task of being a public defender.

But she loved it! "I loved being a public defender for the first three years," said McCann. "I always believed that lower income people had a right to good legal representation – I looked upon it as social work. I had never felt as alive as when I was in a jury trial."

Except over time, the life of a public defender can be emotionally grueling and spiritually draining. After handling a particularly emotional case, McCann decided she wanted a

different life for herself-one in which there was no conflict and no bad facts. She had always wanted to own her own business so she signed up for business school.

While attending Harvard Business School, she wrote an outline of what she needed from the business. She wanted a business that provides a win win situation for herself and the customers. She had to support herself from the business, therefore there had to be a viable market for it and an opportunity for growth.

### **Starting Production**

Sheila poured all her savings into the business and opened her first store in San Luis Obispo, Calif. in 1996. She brought her beloved Montana wheat fields to her California bakery in the form of wheat berries, which are ground into flour. Montana wheat boasts a hearty 15% protein content, which is excellent for making bread. Consumers may believe that all flour is created equal, but the truth is, flour oxidizes and nutrients dissipate into the air. Just as fresh ground coffee tastes better, so does freshly milled flour. The breads are guaranteed for a week due to the freshly milled flour, the use of honey (a natural preservative), and the lack of any milk, eggs or oils in the breads. The House of Bread motto-Where good taste comes naturally-says it all.

Each House of Bread store bakes and sells nearly two dozen varieties of bread such as the outrageous sourdough artichoke pesto, decadent Ghiradelli triple chocolate bread or the reassuring traditional Grandma's white bread. A variety of baked goods are available for purchase along with bread, such as made-from-scratch muffins, cookies, cinnamon rolls, scones, quick breads, granola and dinner rolls. Most of the House of Bread franchises also offer gift baskets and bags, packed full of breads and baked goodies, as well as sandwiches prepared with any of the HOB breads.

### **Growing the Business**

On January 1<sup>st</sup> 1998, Sheila reflected on the past year and contemplated the coming year. Her bakery was flourishing, and there was no nationally known bread company, unlike pies, cookies, cakes. McCann thought House of Bread has an opportunity to be America's bread favorite bread and all that it would take would be to bring the product to the people.

"Franchising seemed like the ideal option," McCann said. "I had considered simply hiring managers for new locations, but I realized that a manager wouldn't care for the store the way an owner would. And the concept of our stores is based on loving bread and giving our customers lots of attention. With an owner, it is their business, so they are more likely to share this love of both bread and customers."

McCann decided against quick expansion just for growth sake, instead choosing to pick

just the right franchisees to partner with. Today, there are ten honest hard working and intelligent franchisees located in six states -- California, Nevada, Arizona, Colorado, Utah, Texas and Michigan -- with six other stores ready to open this year in Minnesota, California, Connecticut, Washington, Louisiana and Arizona.

Some people ask about the viability of bread store in the middle of the low carb craze. McCann points out, "Fad diets come and go. Yes, foods made up of chemically bleached flour combined with yet more chemicals are bad for your health and your waistline. But bread made the traditional way is truly good for people's body and soul. Truth and bread have always withstood the test of time."