

Activist blasts Buffalo Wild Wings

Marcato Capital had some choice words for the Buffalo Wild Wings board after a tepid quarter and lackluster analyst day. The hedge fund's founder and CEO Mick McGuire sent a scathing public letter and detailed presentation that questioned the company's direction.

The protégé of famous activist investor Bill Ackman blasted the company for a laundry list of concerns that he said repressed shareholder value. The list included operating too many corporate restaurants, not improving unit economics or food, and slow international growth. It also touched on executive compensation and capital allocation,

especially in secondary brands R Taco and PizzaRev and the purchase of restaurants from franchisees.

Restaurant analyst John Gordon said there were some logical arguments, but the brand (up four spots to No. 34 on this year's Top 200+ list) was strong and doesn't need to rebrand to keep shareholders happy. He also called the comparisons to radically different QSR players "irresponsible."

"You have to look at the Applebee's-only piece, and their multiple isn't that much higher," said Gordon. "That was the only apples-to-apples comparison in the whole group."

CEO Sally Smith said they've already

addressed many of the concerns. The company is set to double internationally by year end, and double again in 2017. She said the board revisits compensation every year, it's releasing a new burger line soon and she reiterated there was no need to rebrand, saying in an interview, "If you look at our G&A metrics or our operating margin metrics, we're always in the top quartile."

She said the board and Marcato—which holds a 5.2 percent stake in the company—would continue to talk. **FT**

—Nicholas Upton