

**Ding-dong! Who's calling?**

Direct selling has long been a popular form of retail. But ladies from Avon and Mary Kaye are changing with the times. **3C**

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## BUILDING A FRANCHISE

# Street Corner News a headliner

## Local partners fill a popular niche in malls

By Patrick Kempf  
Poughkeepsie Journal

Fourteen years ago, Dan McCabe and Peter LaColla formed an unlikely partnership.

McCabe, a 30-year-old attorney lawyer with a long family history in the legal profession, and LaColla, a 20-year-old hot dog and food vendor, who kept running into legal problems when selling his food outside a local night club, decided to take a chance on an idea.

Fast forward to 2001 and you find the duo heading McColla Enterprises, whose Street Corner News franchise now boasts 32 stores open or under development in 12 states and a ranking of 419 in Entrepreneur Magazine's top 500 franchises in the country.

"We have a remarkably good partnership and I can't think of a single serious argument that we've had," LaColla said. "That's probably because we work 1,300 miles apart."

LaColla, who was born in Italy and lived in Beacon when the pair met, now live in Topeka, Kansas, where Street Corner News' main offices are. McCabe handles his end of the business from his Catharine Street law offices in City of Poughkeepsie.

### Street Memories

LaColla remembers nights outside Let's Dance night club on

Academy Street in the City of Poughkeepsie all too well.

While herds of people partied the night away inside, LaColla was outside battling the conditions and trying to make a living with his hot dog stand. He would joke with his friends that he had a normal, 9-to-5 job. But when most people were waking up, LaColla was just going to sleep.

"I remember the extreme weather conditions," LaColla explained. "I sat on a kerosene heater and would catch fire from the burner that was heating the hot dogs."

Although unhurt by the fires, except for burns in his jeans, LaColla said the summer also brought problems.

"In the summer it could be unbearably hot," LaColla said. "At the end of the night I would pour the ice that was left over in the cooler over my head."

Eventual partner McCabe would occasionally pick up a "quick stop" hot dog that LaColla would hand the lawyer through the window of his car. The duo's paths would cross several more times - as lawyer and client, teacher and student, partners and friends.

At the time, McCabe was teaching a real estate course at Dutchess Community College in which LaColla was enrolled.

"There was this guy (LaColla) who would sit in the far back corner and skip classes and then come in and ace all the exams," McColla recalled.

"A while later, I taught a one-day seminar at Marist College on starting your own business and who comes in but the same kid and he



Lee Ferris, Poughkeepsie Journal

Poughkeepsie attorney Dan McCabe shows off franchise flyers. He and his partner, Pete LaColla, opened their first Street Corner News 14 years ago in Kansas. They now have 26 franchised locations across the country, with more planned.

sits in the back of the class and takes notes during my seminar."

### Stationary target

LaColla was periodically arrested by the City of Poughkeepsie police because he was breaking the vending law that said he had to keep his cart moving unless he was making a sale. So he bought a big trailer

'We went from selling newspapers to selling newsstands.'

**Dan McCabe**

describing the shift from running a store to running a franchise with his partner, Peter LaColla

to pull behind his truck and parked in the city lot across from the club. The police then arrested him for trespassing on city property, since he wasn't paying for parking, although no one was there to collect the money when he closed in the early morning hours.

LaColla sought legal help from McCabe, who successfully defended him. The case was dismissed. By now LaColla was growing tired of his hot dog stand and needed a change.

"Pete said, 'I've got to get off the streets,'" said McCabe. "That's when I recommended he do the food business inside a mall or something."

LaColla shot back a response that caught the lawyer off guard.

"He said I'll think about it only if you be my partner," McCabe said. "At that time being single and having some free time, I decided that I could get away from some of the stuffiness of law by getting into retail."

That was 1987. As the story goes, according to McCabe, "the rest is somewhat history."

But it wasn't as easy as they thought it would be in the beginning. The partner's original plan was for a street-vendor themed store named "Street Corner Cuisine" inside a mall. The store sold pretzels, hot dogs, bagels and shish kabobs.

**Galleria said no**

The idea was rejected by the Poughkeepsie Galleria because the young entrepreneurs weren't known. LaColla then decided to pack up and search for a mall that would accept his idea. LaColla found his first believer in the concept in a Topeka mall and promptly settled there.

Soon after, they realized their idea wasn't as successful as they had dreamed. They also realized there was no place inside a mall to



The Street Corner News stand in Palisades Center, Nyack, Rockland County, is part of the franchise operation that includes partner Peter LaColla, right.



**PROFILE**  
**STREET CORNER NEWS**

**Co-owners:** Peter LaColla and Daniel McCabe.

**Corporate offices:** Topeka, Kansas, and on Catharine Street in the City of Poughkeepsie.

**Founded:** 1988. Franchising since 1995.

**Stores:** 32 open or under construction in Connecticut, California, Florida, Georgia, Kansas, Minnesota, Missouri, New Jersey, New York, Pennsylvania, South Carolina and Tennessee. Regional franchisees in Crossgates Mall in Albany and Palisades Center in Nyack, Rockland County and Danbury Fair Mall in Danbury, Conn.

**Web site:** [www.street-cornernews.com](http://www.street-cornernews.com)

**Information:** For information about franchising call the International Franchise Association Educational Foundation at (202) 628-8000 or log on to the association's Web Sites at [www.farnchise.org](http://www.farnchise.org)

buy items such as newspapers, aspirin and razors -items that mall employees needed on an everyday basis.

When a small space opened up in 1988 in the West Ridge Mall in Topeka, Street Corner News was born to fill this need.

LaColla said the concepts fill a niche, "We usually are in any given mall the store that a customer is most likely to buy from and the second most visited with exception to pet stores."

The idea started to catch on a few other locations and soon McColla Enterprises expanded. Their second store was in Manhattan, Kansas, and the third was their real breakthrough. It was in the largest mall in the United States, the Mall of America in Bloomington, Minn.

That really broke us open... it gave us enormous visibility to mall developers and the retail world," said McCabe.

They turned to franchising when they had eight company-owned stores. "We began to get killed with remote store manage-

ment problems," said McCabe. The shift to franchised stores allowed them to shift store management to owners and operators. "We went from selling newspapers to selling newsstands," said McCabe.

According to Terry Hill, vice president of communications and media relations for the International Franchising Association, there are between 1,500 and 2,000 franchising companies in the United States today with 320,000 to 350,000 units in operation.

At least two levels of people are involved in the franchise system: the franchisor, who lends his trademark or trade name and a business system, and the franchisee, who pays a royalty and often an initial fee for the right to do business under the franchisor's name and system.

"If they found the right niche, pretty soon they can do some good growth," Hill said. "The important thing is not to try to grow too fast."

Poughkeepsie resident Bob Cornell runs the Street Corner News Store in the Cross Gates Mall in Albany. A long-time IBM

employee, Cornell finds escape in his business venture.

**A job of joy**

"I go up there on the weekends and get behind the counter and I totally love it," Cornell said. "They are good people to deal with - McColla has come a long way in a few years."

McColla is planning to have 30 stores operating by the end of the year and hopes to be registered in all 50 states in the near future. While they have had offers from as far away as China, the company plans on focussing on U.S. markets for the times being.

LaColla recently bought and pilots a plane to check up on stores that are open or under development and to explore possible new locations. The plane makes a daunting task a little easier.

"It's one of the best things that I ever did," LaColla said. "It feels like a privilege."

And it all began with a hot dog cart on Academy Street.