

Independent Operator Adopts Chain System

Case Study



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The Situation

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After 8 years of business, an operator begins to envision the next step – a chain franchise system based on his winning formula of food, service, and price.

- ▶ Operating a cash system.
- ▶ No documentation or written systems in place.
- ▶ Financial documents limited to tax returns.
- ▶ Unit management poorly trained and in-experienced.
- ▶ Solid bottom line; low financial payments.

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The Actions

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CA analyzed the operations; identified a number of changes to improve sales, lower food costs, and lower labor costs: Revised OS system; re-trained managers.



- ▶ Revised menu, created catering menu.
- ▶ Completed legal FDD process and filing.
- ▶ Built and launched a web site with on-line sales.
- ▶ Developed, managed a 12-month promotional plan.
- ▶ Managed branding strategy and process.

The Results

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The shift from a “cash” business model to a budget and forecast model was completed.

- ▶ Labor costs maintained in the low 20's.
- ▶ Cost-of-goods-sold maintained at 28-30%.
- ▶ Prime cost consistently below 50%
- ▶ EBITDA in the low 20's.
- ▶ Unit managers trained, experienced in chain OPS.
- ▶ Client begins search for chain unit #2.

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