

# Brinker Franchisee Battles Red Ink

Case Study\*



\*Project conducted with Technomic.

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# The Situation

## Brinker Franchisee Battles Red Ink



A franchisee of *Chili's* and *On The Border* brands finds itself near bankruptcy as the recession intensifies.

- ▶ SSS dropping 10%, -8 to -25% per unit
- ▶ Units losing money: -11% in 2008
- ▶ 2 new units cannot open due to negative cash flow
- ▶ Financing avenues blocked

# The Actions

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CA consultants conducted a *diagnostic* of corporate and unit operations to identify competitive weaknesses and profit leaks.

- ▶ Reorganized and downsized corporate group
- ▶ Focused unit managers and staff on guest experience, especially hospitality and food
- ▶ Benchmarked line item expenses
- ▶ Established new communication lines

# The Results

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The franchisee averted bankruptcy and began to turn-around SSS by improving the competitiveness of their guest experience.

- ▶ Corporate costs cut over 30%
- ▶ Unit operating costs cut 5-10 points
- ▶ All units operating at a profit
- ▶ Occupancy costs renegotiated
- ▶ Re-financing completed—new units opened

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