

# FRANCHISING

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# FRANCHISE STRATEGY



Since 2004, **Ron Ramesh** has worked within his family franchise, a multi-unit franchisee, emerging, mature franchisors and now is CEO of New Path Ventures Co. where his company leverages technology such as AI to develop franchise strategy and industry reports.



When I started working in my family's oil change franchise, I was trained on how to execute the operational standards required to succeed. I only learned about the term strategy when I joined the corporate world working for franchisors.

Essentially, like playing a sport, a strategy is what you will do to win. When you're running a business, you're focused on operational execution and may not have the time or bandwidth for implementing a strategy. However, there's a reason successful companies have a strategy (how to win) and a supporting plan (playbook), often times referred to as a strategic plan.

Regardless of the size of your single unit or multi-unit franchise, the benefits of having a strategy extend from your frontline staff through to management and shareholders. A strategy will help align

everyone in your organization on what you will do to succeed, and the supporting plan will share how you will do it.

**Here are key reasons why you want to create a strategy for your franchise:**

## 1 Clarifies Business Goals:

The outcome of a great strategy is that anyone who looks at it will know your goals and how you will achieve them. Let's say your big goal is to increase your revenue by 30%. Your frontline staff, managers and shareholders know that you must have a robust plan to achieve this goal. Now when you think about the plan (tactics) needed to grow revenue, you and your team will be able to drill down on what will be relevant to your business. In this case, you may say we have to make sure our front line completes all product knowledge training, are being assessed on key sales factors like average transaction revenue and upselling, and you're meeting as a team weekly to review financial results. This business goal now becomes the drive for your team's daily actions.

## 2 Provides a Basis for Decision-Making

You rely on having great people serving your customers, so when your frontline staff say they want more flexibility in their hours, you have to put this through the filter of "How will this affect my 30% revenue goal?" The solution you come up with might be to allow staff to trade shifts between themselves and to implement a 4-week notice of vacations during the peak revenue months of July-August.

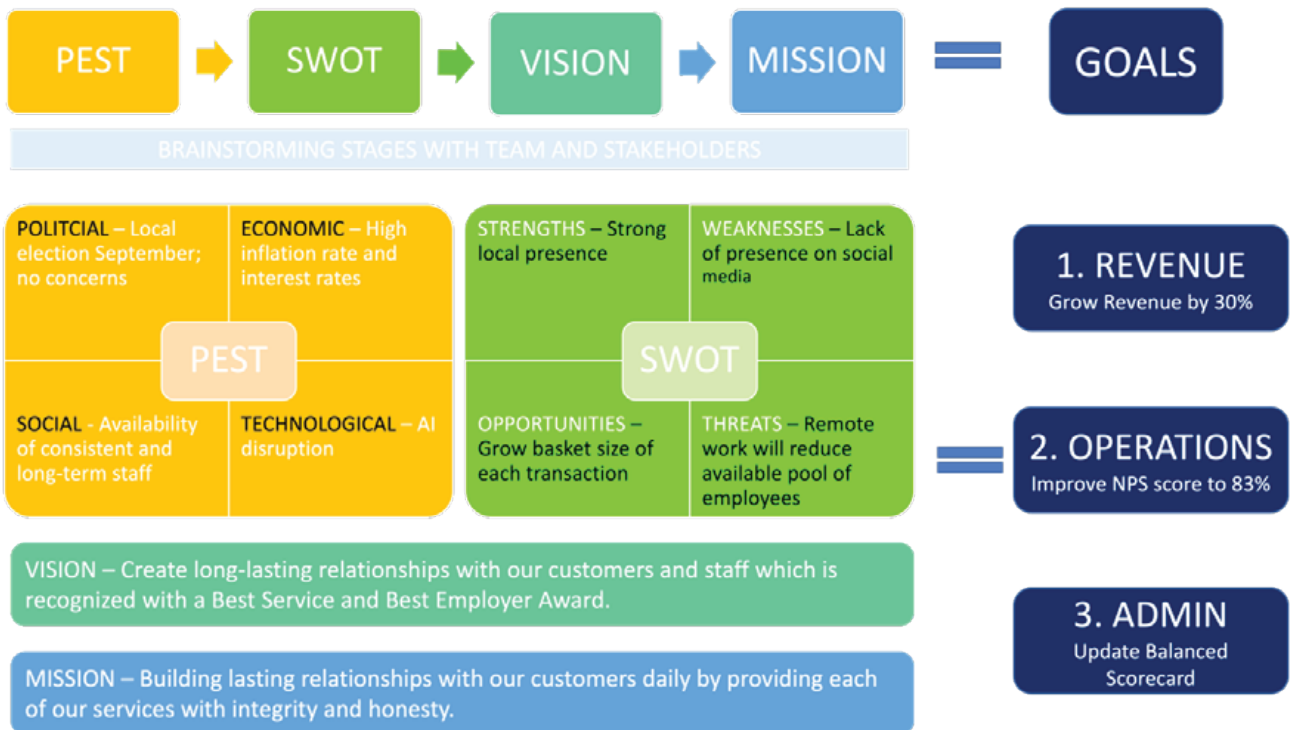
Referring back to the strategy when key things happen in the business allows you to always think about how you will achieve your goal by identifying the resources you need, the risks you face, and the existing opportunities. Armed with this information, you will begin thinking strategically!

## 3 Increases Employee Engagement

As an employee, you show up to work, complete what is asked of you and then rinse and repeat. The key to employee



## Simple example of Inputs and Outputs of a Strategic Plan



engagement is to help your employees connect what they're doing to a meaningful result. If your staff member knows the \$500, they upsold today exceeds the daily goal, they know they have done more than punch in and out of work. When everyone in your business understands the overall goals and objectives, which can be broken down into their roles, they can work together more effectively to achieve them. Communicating your strategic plan to your team ensures that everyone is working toward the same objectives and understands their role in achieving them.

### 4 Helps Secure Financing

A business plan supported with financials is a critical element to securing financing. Adding a strategic plan to this mix lets the lender/investor see that you're thinking short, mid, and long-term. The mid to long-term thinking paints a picture of a business that is thinking about winning and how it will get there. When this thinking is supported with strong tactics of achieving 30% revenue growth over the next 2 years, a lender/investor can now understand how this will be achieved.

### 5 Enables Flexibility

A strategic plan is not set in stone. It can and should be updated periodically to reflect changes in your business environment. By regularly reviewing and updating your plan, you can stay nimble and respond to changes in the market or unexpected challenges. Looking at the economic environment with rising interest rates and increasing inflation, you may have to slow your investment in new computer systems but continue to invest in your staff knowledge training as this is a key success factor in achieving your goal.

Creating a strategy is not a task done alone but requires engaging with your entire team from the front line, management, and shareholders.

**The following steps are how a strategy comes together:**

**1) INFORMATION GATHERING** – Meet with all the different staff/teams and brainstorm what is working well and what needs improvement. This can be funnelled into a PEST and SWOT analysis.

\*Political, economic, social, technological | Strengths, weaknesses, opportunities, threats

**2) CLEAR DIRECTION** – What is the vision and mission? Does it still make sense?

**3) CREATE GOALS** – Find common themes from the information gathering that need improvement or adoption. When these common themes are found, can you turn them into goals?

**4) SHARE GOALS** – share your big goals with your team and ask for feedback before building them into tactics. This is your chance to make further changes if required.

**5) TACTICS** – turn your goals into manageable objectives that filter down to each individual to let them know how their contribution fits into the big goals.

Just remember, a strategy is not done in isolation; you will involve all team members, and when it comes time to execute, each team member's efforts will align with it. You're running a team no different than any of your favourite pro teams, and a strategy helps everyone know how you will win.

Graph Source: <https://newpathventuresco.com/resources-%26-downloads/f/franchise-planning---writing-your-strategy-part-v>