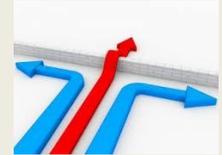




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## Case Study: Global Restaurant Chain - President and CEO

### *The First 100 Day Plan: CEO \_\_\_\_\_ Firm, USA & International*

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#### *Day 1: Introduce Myself/Communicate Personal Vision and Values/Expectations*

Key Events: Dallas Office wide meeting April 2, Video Conference with Madrid CIF team on April 4

#### **Personal Values/Expectations (The 4 C's)**

**Clarity:** Primary goal of a leader is to provide strategic clarity for his team. Leadership is about inspiring and enabling others to do their absolute best together as they strive to achieve a meaningful and rewarding shared purpose. Clarity creates focus, and focus drives results. For a retail restaurant business we must clearly define our target *consumer*, key *competitors*, and our relevant *concept* to establish a competitive point of difference and brand positioning. Our overall mission is to build a brand that connects with our customers with a relevant point of difference and does it better than anyone else.

In the immediate short term for \_\_\_\_\_, Job #1 is to have all four prototype stores meet targets by year end. For \_\_\_\_\_ Job #1 will be to achieve our new store opening and financial targets for our Spain JV and restructure the JV to our advantage. By taking these two initiatives to scale, \_\_\_\_\_ will be profitable within the next two years.

**Commitment:** Organize and prioritize human and financial capital against the strategic objectives of the team. Make sure we have the resources and organizational focus to deliver the \_\_\_\_\_ and Spain JV initiatives. Leverage resources at \_\_\_\_\_ and \_\_\_\_\_ Central America. Openly declare when resources are deficient. Continue to instill the passion and commitment to do our all to achieve our vision. It is more than just a job. We are building something that will bring a smile to our guests, empower our employees, and provide a return to our shareholders who, in turn, will want to re-invest in the business and provide growth opportunities to all of us. Last, but not least, we are committed to deliver our business strategic and financial targets. We need to build confidence that International can and will be profitable by year end 2014.

**Courage:** Make the tough decisions to get the right people in the right place to achieve the strategic objective. Believe people have enormous capacity if you give them half a chance. Presume that our people have that capacity until they prove otherwise. Think quickly but act thoughtfully. Also have the courage to take resources away from activities and projects that don't support our strategic priorities. In a real way, strategy is the art of saying what will do and what we will not do. Lastly, be courageous and relentlessly push for the resources to enable our teams to make \_\_\_\_\_ and the \_\_\_\_\_ JV a success!

**Character:** Be open, transparent, and encourage team members to share their thoughts and ideas. I do not have all the answers or the solution. I need your help, insight, and perspective. I cannot accomplish my goals alone. Furthermore, there is no “monopoly on gray matter”. Encourage debate and discussion. A point of view is worth 50 IQ points. Enjoy people who push back, who often are creative thinkers and can be valuable asset to team. While challenging one another always be honest to and respectful of others. Assume a positive intent from the actions of others. Once final decision is reached, debate stops and we align and execute. Last but not least, walk your talk. Honesty and respect will build trust – the foundation for high performing teams.

(Note that the above values are consistent with the [REDACTED] values of Respect, Excellence, Integrity and Responsibility)

## ***Days 2 -30: Deploy an information gathering and learning plan***

Will be conducting one on one interviews with \_\_\_\_\_ and \_\_\_\_\_ team members from 4/16 thru 5/3. Be prepared to discuss four questions:

1. What are the three most critical issues facing our business?
2. What do you most hope I do?
3. What do you most hope I will not do?
4. What advice do you have for me?

My objective in the first 30 days will be to create an agenda for active listening. Engage in one on one and group meetings to pose key questions on the market, company, products, financials, people, and processes. These activities will accelerate my diagnosis and help build relationships with key stakeholders.

I will not restrict my meetings to \_\_\_\_\_ or (location). When possible and appropriate, reach out to key customers, suppliers, franchisees, analysts, and consultants for their views. For example, [REDACTED], a top restaurant industry consultant, will visit our \_\_\_\_\_ stores in May. We will examine our operations, observe consumer behavior, and informally interview our guests for two days across multiple day parts. He will provide an invaluable perspective to our new concept development. In addition, we have already contracted work with the consulting group, \_\_\_\_\_, to provide further operational perspective to the (location) prototypes. Discussions with them will prove most fruitful.

Synthesize my learnings and provide feedback to team by end of first 30 days. Involve all team members to establish a shared reality, buy-in, and foundation for our strategic and tactical agendas. Use re-forecast and budget process with meetings scheduled on 4/30, 5/3(Madrid) and 5/15 as platforms to achieve the above.

Key Steps:

- 1. Ask questions/listen/observe/build relationships to:**
  - a. Understand perceptions of current situation
  - b. Identify strengths/opportunities
  - c. Define the financial engine of business unit

Key Events: \_\_\_\_\_ Market Tour (4/4), \_\_\_\_\_ business/budget review (4/5)

\_\_\_\_\_ Market Tour (4/10 & 11), \_\_\_\_\_ business review (4/10),  
Barcelona Market Tour (4/11), \_\_\_\_\_ JV Partner Meeting (4/11)  
\_\_\_\_\_ Market Tour (4/12), \_\_\_\_\_ Master Franchise Meeting (4/12)  
Budget Review (4/13), Combined Budget Review (4/16)  
One on one interviews week of 4/16-5/3  
Franchisee Calls 4/23-5/4  
Meet with \_\_\_\_\_ franchise group on 5/7. Disney Location/Levy Franchise 5/18  
/ \_\_\_\_\_ New Concept Evaluation May TBD  
Consulting meetings week of 5/7  
Re-forecast/Re-budget meetings on 4/30, 5/3(Madrid), 5/15

## 2. Identify key stakeholders

- a. Up the organization: Corporate President
- b. Across the organization: Peers/Key Functional Leaders/Key Franchise or JV Partners/  
Suppliers/Vendors
- c. Down the organization: Direct Reports/Key Players/Critical Project Leaders

Key Events: (location) Meetings on 4/18 and 4/25-4/26.  
Conference calls to key franchise partners by 5/3.  
Meeting with on May 1/Directly contact

## 3. Determine CEO Needs

- a. Expectations of top priorities
- b. Untouchables
- c. Preferred mode (email, voice mail, telephone call, video conference, face to face), manner  
(informal, agenda, PowerPoint), frequency (weekly, monthly) of communication
- d. Preferred way to handle disagreements (Private, Public, Level of Challenge)
- e. Decision making scope and level of desired input
- f. Key Control Points: Key measures of success, how are they tracked, how are they reported,  
how often are they reviewed

Key Events: One on One meeting with my direct boss on 4/18  
Follow up meeting with other Co-CEO \_\_\_\_\_ on 4/26

## ***Day 30: Embed a Strong Burning Imperative by Day 30***

One of the most important processes in the first 100 days: Strike the right balance between creating a compelling picture to lead the organization and not becoming prematurely locked into a plan of action. The objective is crafting **a strategic agenda** vs. developing a strategic plan. The strategic framework has already been established via the PC 2020 work conducted by \_\_\_\_\_ The intent is to

insure that the executional priorities, tactical plans, and accountabilities are focused to deliver the results.

Key Components:

- 1. Confront the Brutal Facts**
- 2. Declare the Burning Imperative**
- 3. Proclaim the Call to Action**

The following is the first draft based on preliminary observations. Must get \_\_\_\_\_ management team perspective and input. Key event will be all day re-budget meeting on 4/30 and 5/3(Madrid)

### **1. Confront the Brutal Facts**

- a. Use of a [REDACTED] Franchising model for international expansion has not created sufficient cash flows to cover G&A infrastructure costs, resulting in both business units posting net losses for past 5 years.**

- Selling of area development agreements are one year wonders and not sustainable
- Sustainable economics are driven by strong royalty fees from concentrated clusters of stores and then from a pipeline of new store openings
- Given that royalty stream is only 4-5% of sales, it takes a very large number of franchise restaurants to support overhead. The reality is that we have only 80 stores in all of International. Fortunately, \_\_\_\_\_ royalty stream has begun to double with each year.
- Need to create a base of corporate stores to generate more cash flow and lead concept development
- Experience with (ex employer) demonstrated that a 10 year horizon was necessary to achieve profitability
- Net: *Have not achieved the critical mass of franchise stores or a sufficient number of corporate stores to support G&A investment (Budgeted 2012 G&A: \$9.7MM in \_\_\_\_\_/\$1.9MM in \_\_\_\_\_)*

- b. \_\_\_\_\_ has a mixed track record of brand or concept portability**

- Success in USA limited to high local trade area concentration of (ethnic buyer). Current QSR concept has limited reach to general market
- International expansion in Central America outside the core and the Middle East/Asia (Bahrain, Indonesia and China) has fallen far below expectations.
- Initial \_\_\_\_\_ franchising lacked a prioritized geographic development strategy. Now focused on Spain and Italy.
- Positive momentum in Spain and Italy with an updated QSR format and Co-brand merchandising. International team had worked hard to define supply chain and

product specifications. Excellent progress defining operating layout and equipment package in Italy.

-Need to prove out JV business case. JV partner in [REDACTED] ([REDACTED]) has not properly merchandised [REDACTED] and is sub-optimizing concept.

-Negotiations to restructure the ownership and leadership of the JV are essential to our success. [REDACTED] has initiated top to top negotiation with [REDACTED] owners with objective to complete transaction by year end 2012.

- c. **Re-positioning of US business as a Fast Casual concept under the Pan-Latin positioning of “(brand promise” has generated good consumer trial with first week opening sales at \$\_\_\_K-\_\_\_K. Nonetheless, topline sales in two out of the three test stores have steadily declined to where their trailing 4 week average sales are now \$\_\_\_K. Of further concern are high prime costs that have eroded EBITDA and reduced ROI below targets.**

-(location) restaurant sales remain strong at \$\_\_\_K/week; [REDACTED]  
[REDACTED]

-Complexity of execution is yielding prime costs approaching [REDACTED]

-Need to drive topline across all three prototypes to [REDACTED], improve prime costs to 58%, and achieve unit level profit [REDACTED]

[REDACTED] 800K to conduct consumer research, restructure ops  
[REDACTED]

training programs. Processes are in place to deliver major set of learnings by mid May.

-Must take swift action to drive topline, improve margins, and increase profit flow through with revised operating platform and concept changes ASAP. Delay fourth store ([REDACTED] opening until revised system is defined to put into new restaurant.

- d. **The brand lacks a global and consistent image.** Logos, colors, icons, and menu presentation vary from market to market. We do not have a consistent brand image, operating platform, or unit economic model to sell to franchisees or expand corporately. **In sum, we have yet to define a viable global business for either franchising or corporate development.**

**2. Declare the Burning Imperative: “Make \_\_\_\_\_ Global” by year end!**

-Business Unit Imperatives: 1. Fix [REDACTED] 2. Restructure [REDACTED]

-When people talk about getting on the same page, this is that page. This is the heart of tactical capacity. Teams with a clear imperative can be more flexible because each individual team member can be confident that their team members are heading in the same direction.

**3. Proclaim the Call to Action:**

- a. **Define the Global Brand Essence:** Successfully integrate [REDACTED] America under one brand essence by September 2012
- b. **Build the Winning Operating Platform** for both the [REDACTED] concept formats by September 2012
- c. **Prove the Economic Model** for both the [REDACTED] executions in 6 month test
  - Build 4<sup>th</sup> [REDACTED] prototype with revised operating platform by August
  - Define capital needed for retrofit package for current three prototypes by September
  - Have proven economics by Feb 2012
- d. **Demonstrate QSR International opportunity with [REDACTED] Franchise Partner**
  - Restructure [REDACTED] JV so we control brand execution, menu, and profit sharing by Q4
  - Prove business case of [REDACTED] Master Franchise by Year end 2012

Key events: Use re-budget meetings on 4/30(Dallas) and 5/3(Madrid) with [REDACTED] teams, respectively, to review draft imperative, and define call to action. As we challenge budget assumptions, we will prioritize and define the critical steps to achieve plan and set the business up for success in the second half of 2012 and 2013.

## ***Days 30-45: Define Key Milestones to Drive Team Performance by Day 45***

Have specific accountabilities, target dates, and defined success results for each key team member. Use PC 2020 tactical plans as foundation.

Essential that people know what is expected of them.

Milestones are checkpoints along the way to a defined goal.

Each team member should have goals and milestone tactical plan in place by May 15-use common, simple one page format (who, what, when, status, learning, help needed).

Distribute bi-weekly updates to all team members.

Business unit leaders conduct (at a minimum bi-weekly) meetings to chart progress, address issues.

Business unit leaders insure individual bonus plans are tied to milestone targets and achievements.

Monthly update given to CEO.

Key Event: Use May 15([REDACTED]) final budget review to insure we define critical milestones, accountabilities, and due dates.

## ***Days 45-60: Overinvest in Early Wins to Build Team Confidence by Day 60***

Select one or two early wins from the team's milestone plan.

Choose early wins that will make a meaningful external impact.

Select early wins that [REDACTED] leadership will want to talk about.

Establish early wins in second month and deliver by 6 months.  
Select them early. Communicate them early. Deliver them early.  
Make sure team understands early wins and has ownership to deliver them on time.  
Overinvest resources toward early wins to over deliver  
Stay alert/Adjust quickly  
Celebrate/communicate success and win!  
Early wins are essential to generate credibility, confidence, momentum, and excitement

Key event: Presentation to [REDACTED] (5/24) and to the Board (5/30) for revised re-budget and tactical plans to deliver results. Clearly define early wins with: 1. Objective/Target 2. Rationale 3. Resources Needed 4. Tactical Plan 5. Accountability

### ***Days 60-90: Ensure the Right People are in the Right Places by Day 90***

Define the critical roles (places) that have the greatest impact on achieving business imperatives  
Assess team member strengths, motivation, perspective, values, and biases vs. critical role needs  
Presume that our people have capacity until they prove otherwise.  
Match the right people/skills with the right roles at the right time  
Think quickly, act thoughtfully, and move decisively

Key Events: Have plan to sort critical roles and compare assessment of individual team strengths by week of June 4. Begin necessary people moves by June 15. If needed, have transition plans defined by June 15 during the time it takes to recruit replacements and bring them up to speed. Have final team in place by July. Leverage [REDACTED] for support.

### ***Days 60-100: Establish Routines and Processes to Adapt Action Plans and to Reinforce Burning Imperative by Day 100***

Evolve people, plans, and practices to capitalize on changing circumstances

People: Succession Planning – align organizational development plan with 3 year PC 2020 business strategy. Conduct annually in conjunction with Strategic plan

Plans: Strategic Plan (3 year horizon) and Annual Operating Plan (1 year horizon) should be conducted annually

Practices: Business Reviews/Plan Updates – Conduct quarterly  
Milestone updates and adjustments –Conduct monthly

Integrate processes within [REDACTED] guidelines. Do not re-invent the wheel. Leverage [REDACTED] practices (Qtr.

Business review, monthly updates). The preceding annual, quarterly, and monthly schedule will enable team to recognize and react to inevitable competitive, market, or economic changes. Adapt quickly to win!

Key Events: Coordinate all plans and practices with [REDACTED] to insure we are leveraging [REDACTED] America systems and resources. Review current financial reporting system on 4/25. Include [REDACTED] in 5/15 Dallas planning meeting. Establish internal [REDACTED] and International Quarterly Business Review and Monthly review calendar for remainder of year by 6/1. Hold team accountable to deliver milestones and targets on monthly basis.

*Co-authored by CEO, International Restaurant Chain and Scott Hamilton, Managing Director NextWorks™*

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