

Facility Manager Project Profile

Dollars and Cents

A look at Fox Restaurant Concepts' approach to audits and budgeting

With John Steen and Kory Kilmer

How long have you been in the restaurant industry? John Steen: 27 years. Kory Kilmer: 24 years.

What are your titles and how long have you been at Fox Restaurant Concepts? Steen: Director of Facilities; 19 years. Kilmer: Facilities Manager; three years.

How is the facilities department structured? We are currently transitioning from falling under operations to now the development department. Currently, it is just the two of us.

How many different restaurant brands does Fox own and operate? With the departure of True Food Kitchen and its subsidiaries from our official portfolio last month, we officially operate 14 different concepts.

What is the total number of stores, and where are they located? After shedding the 20 True Food Kitchens, that puts us at 40 restaurants, with a large emphasis in Arizona, California and Texas.

Is Fox a publicly traded company? No.

Are store audits completed for your yearly facilities capital planning? Yes. Between the two of us, we try to visit each store in our portfolio at least once throughout the year.

During an audit, what is surveyed and recorded? We look at the general condition of the equipment and the facility, from things needing repair to general cleanliness, and offer feedback and guidance to the operations teams. We also gather data for CAPEX and larger projects, as well as feedback on FF&E for our development and culinary teams.

What software or apps, if any, are used to capture the audit data? Currently we just use the Punch List app for iOS, which allows us to instantaneously build a PDF that is used to assign tasks and make notes as we go through each store. We send the report via email as soon as we are complete. Moving forward, our company is transitioning toward more of a centralized online information distribution platform, so that may change depending on its capabilities.

Are the items surveyed in an audit used for a budget for the next capital year, three years or five years? With the pace of our company, we rarely put things on our radar much beyond 12 to 18 months. Our culinary and development teams are constantly looking to tweak and adjust or try out new things, and it just ends up not being practical most of the time.

What components make up the budget? Who determines what goes into each section? We play a driving role in managing both the repairs and maintenance and capital expenditure lines. We have been working with a \$500 CAPEX threshold, which admittedly is low by industry standards. We are boosting that a bit to \$1,000 for 2018.

About how much is the planned yearly capital amount compared to total corporate restaurant sales? We commit 1 percent of restaurant sales toward capital spend and improvements.

After the audits have been completed and tabulated, how is the final budget negotiated and determined? Along with the operations and design teams, we review the CAPEX and master project list each month and evaluate need and priority. If something comes up and requires immediate attention, John makes the final determination while keeping operations in the loop.

For new approved capital equipment, do you utilize volume buying? Not only are our restaurants and even our kitchens different from concept to concept, quite often they differ from store to store. Occasionally there is a perfect storm of current and projected needs where we can take advantage of volume buying, but it is few and far between.

How about volume buying for the HVAC capital replacements? Again, it's rare that the need for a new unit coincides with the opportunity to do a volume buy with our construction team. However, we recently have started buying direct from Trane, so when we have the opportunity to be flexible with our timing, we try to take advantage of that direct pricing.

With your experience at Fox, is the capital plan normally completed as noted during the year? If not, what causes the plan to be altered? Our company is constantly evolving, and we have passionate leadership who keep their hands on the operations. Our capital plan is constantly being evaluated and adjusted, and things arise throughout the year. With that being said, we always want to do right by our guests, and still we're small enough to make decisions quickly, which can be both a blessing and a bit of a curse.

In hindsight, what would you like to see differently in the capital plan moving forward? We would like to see a move of the master budget toward the brand level from FRC level. This way each brand receives back the 1 percent they are actually contributing and offers more clarity for each brand's leadership on what they have to spend. It would let them focus on how to spend the money they know they have, rather than a campaign on how to claim more of the pot.

John Steen is Director of Facilities at Fox Restaurant Concepts (FRC). He started his career at FRC at the company's first store, Wild flower, in 1998 while attending the University of Arizona and serving as a member of the 208th Transportation Company in the U.S. Army Reserves in Tucson, in the 19 years since, he has worked in the operations and office side of FRC, with the past five years in facilities. He has held positions that range from sommelier to regional director of operations for FRC brands.

Kory Kilmer has spent the past 15 years in restaurant management with the past 3 years being in facilities management. In 2013, Kilmer started his master's degree in facilities management at Arizona State University. His advanced degree in the industry has provided him a theoretical foundation that he continues to build on daily with practical real-world experience.