



embracing individuality behind a brand name

Sherleen Mahoney

Despite operational differences, franchisors and franchisees achieve

success together

Franchising entails trust. The franchisor entrusts its brand to the franchisee, and in turn, the franchisee trusts the franchisor to maintain the quality behind the brand name.

In restaurant franchising, although some aspects of the business are fixed, such as the ingredients, recipes, equipment and décor, there are, in fact, many freedoms that exist.

Once a level of trust has been established, successful franchisors understand that the franchisees are the business owners, and they have the freedom to run their business as they see fit. This includes facilities maintenance.

Facilities management solutions are as diverse as the facilities managers who are charged with keeping their restaurants operating efficiently, economically and successfully. There is no one formula that works for everyone. Sometimes, a combination of solutions is the answer.

In this feature, we highlight three successful franchise companies and the innovative ways they tackle facilities maintenance.

TACO BELL, PIZZA HUT/WING STREET, KFC, AU BON PAIN, SONIC

Led by brothers Lee and Jeff Engler, Border Foods is a successful multi-concept franchise company that operates Taco Bell, Pizza Hut/Wing Street, KFC, Au Bon Pain and Sonic.

In the late 1980s, the Engler brothers secured a deal with Yum! that allowed them to open six Taco Bell restaurants.

In 1996, operating under Border Foods, the company acquired more than 70 Taco Bell restaurants in the Midwest and expanded again in 2000 by purchasing 91 Pizza Hut restaurants.

Since then, Border Foods has also added Au Bon Pain and Sonic to its portfolio. Today, Border Foods operates 172 franchise restaurants in five states.

Parallel Paths

Border Foods' approach to facilities maintenance varies from the corporate-owned restaurants. For example, all 471 corporate-owned Pizza Hut restaurants leverage Corrigo's work order system.

With corporate stores, we can tell them, 'this is the system you're going to use', but we can't do that with the franchisees," said Terry Byerly, Senior Manager of Facilities at Pizza Hut. "[For the franchisees], we can only offer a scope of work. We say, 'here's what we do—how and when we clean our ovens, for example—but I can't make them do that. It's their business and their equipment, and they can do what they want. We trust our owners to maintain their own equipment."

And Pizza Hut franchisees have taken advantage of this freedom.

"We have two ends of the spectrum and everything in the middle," Byerly said. "Some franchisees only have five sites, so they'll call their area coach with all repair issues. Other franchisees have a thousand stores, so they have their own facility department just like [corporate]. Some use in-house technicians; others use vendors."

As for Taco Bell, the more than 900 corporate restaurants use in-house maintenance technicians and Officetrax for their facilities work orders.

"We didn't feel either was the right fit for us as we were looking for a strictly vendor based dispatch system where internal technicians are not utilized," said Brian Davies, Facilities Manager at Border Foods.

Learning From Experience

To address facilities repair and maintenance calls, Border Foods' restaurant operators rely on Customer Contact Services (CCS), based in Eden Prairie, Minn.

With one phone number to call, restaurant operators can initiate repairs 24 hours a day, seven days a week, 365 days a year. CCS agents document the problems, send email alerts to the Border Food facilities team and contact approved vendors to initiate the work. For work order quotes that exceed \$500, approval from the facilities team is required. CCS processes up to 250 calls a week.

To offer a higher level of service, Border Foods recently signed an agreement with Service Channel to handle the repair and maintenance needs for the 84 Taco Bell franchise. Those restaurants will transition from CCS to the web-based work order system.

In addition, Davies has also started seeking more help and guidance from the facilities resources at Yum!.

"We didn't really utilize our resources such as Kurt Gnessin (Director of Facilities at Taco Bell), Terry Byerly (Senior Manager of Facilities at Pizza Hut) or Patrick Hentzen (Nation Facility Manager at KFC) and other facility leaders at corporate until recently," Davies said. "We would only get them involved when we had an issue or a question we couldn't answer. But recently, corporate has rolled out new systems, such as online tools, and has made facility managers and engineers more accessible to us."

Davies recalls turning to Yum! for help when Taco Bell rolled out new grills to all the restaurants. In some of the older facilities, the new grills created additional heat around the food lines, where the employees prepare the food. Davies and his team struggled with the heating and cooling systems to address the issue. When the problem still wasn't corrected, Davies called Gnessin.

Gnessin shared with Davies the approach that Taco Bell corporate stores use to address the problem. Called the Total Comfort Initiative, it calculates the right tonnage of HVAC and disperses it properly.

"It turns out in many cases that we actually didn't need more cooling in the restaurant; we needed to relocate the dispersment areas," Davies said. "We moved the diffusers to locations where they were focused more on employee comfort. We have around 90 Taco Bells; corporate has thousands—they've seen this multiple times and we've seen it in a select few. We can learn from their experience."

A franchisee also has the flexibility to find solutions to issues that are important to the franchise but might not be a priority for the franchisor.

For example, Border Foods encountered recurring grout and tile issues under the fryers and rethermalizers in many of its restaurants.

It was determined that the problem was caused by the hot water that was drained nightly from the rethermalizer combining with the oil from the fryer. Once in contact with the floor, the combination slowly deteriorated the grout and would seep under the tile.

The facilities team implemented the use of a stainless-steel floor pan to collect the excess water and oil and drain them toward the floor drain on a constant surface that would require maintenance.

"We went through a couple designs that adjusted for issues like being able to roll equipment off and on easily for cleaning, as well as how to seal the exterior edges," Davies said. "The end result was a product which eliminated maintenance costs for our most heavily repaired areas of floor, as well as providing an easily cleanable surface."

Border Food restaurants now have these pans installed in 30 percent of their locations.

Another tool Davies relies on is Pizza Hut's Facility Tool Box. Created by Byerly, the information database includes everything franchisees need to know about facilities and resides in One Stop Shop, Pizza Hut's intranet. The Facility Tool Box addresses preventative maintenance and repairs, including everything from HVAC and fire suppression to grease traps and landscaping. There's also a trash right-sizing calculator, a budget-planning tool, energy-saving ideas and national average pricing information.

"I use the Facility Tool Box quite a bit," Davies said. "It's been a huge help to my job."

Taco Bell uses a comparable resource. Answers to facilities questions are found in the Answer System, a collection of facility maintenance manuals that resides on Team Taco Bell, the corporate support website.

"The Learning Zone has a book for facility maintenance. It tells you, for example, how to clean an ice machine. We take that information and integrate it into our vendors' Preventative Maintenance Processes," Davies said.

Team Taco Bell also announces company updates, such as new promotions and products, which helps Davies with his responsibilities.

"If a new product involves steamers, that tells me and my team we may need to keep back-up equipment on hand for emergency change-outs or do some preventative maintenance on our steamers to be ahead of the game," Davies said.

To ensure the franchisees are maintaining their facilities properly, Yum! conducts surprise core-audit visits once a quarter. The audit inspects maintenance, operations, cleanliness and friendliness.

It Gets Personal

Many franchise facilities managers, like Davies, are not just experts on one brand. Often, they are facilities experts on a variety of concepts.

"I have 172 restaurants and five different brands, thus I need to be knowledgeable on all the equipment for each concept," he said. "Each uses different manufacturers and different specs for equipment. For example, with ice machines, some may use cubers and others use flakers. One concept may use make-up air and others run their MUA through their HVAC units. These differences add a lot of complexity to the daily processes."

And because Border Foods has a small management team and is responsible for restaurants that are in closer proximity, the team can develop closer relationships with restaurant operators and local vendors.

"Our owners are very involved in the process for reviewing recommendations and bids and ensuring the vision of the franchise and the brand are maintained," Davies said.

The benefits of these close relationships are evident when restaurant operators need help with repairs.

"When an operator calls for service, it isn't just a generic service call; it's a person we have met or spoken to and have a connection with," Davies said.

He shared one memorable event that occurred the day after Thanksgiving last year. On November 23, 2012—Black Friday—a Taco Bell restaurant in Hinckley, Minn., had no heat. The temperature inside the restaurant was a freezing 32 degrees. Hinckley is a small town more than an hour outside of the Minneapolis metro area, and only a few vendors in the metro area service HVACs there.

Zach Zinter, Project Manager, was visiting family about 7 miles away from Hinckley and offered to visit the restaurant and attempt to troubleshoot the issue, rather than initiate a work order with a vendor and dispatch a technician all the way to Hinckley for what could be an easy fix.

"The restaurant was going through a remodel, so Zach felt that it could be something as simple as a tarp blowing onto the HVAC unit and blocking the airflow, or something else equally simple," Davies said.

When Zinter could not resolve the issue, he called Pat Kohn, a lead technician from Summit Facility and Kitchen Service, a primary service vendor, for advice. Kohn walked through several troubleshooting ideas. Together they determined that the problem was a blocked gas line. A gas meter was moved the day before Thanksgiving, and a bubble in the gas line prevented the gas from reaching the HVAC unit. Over the phone, Kohn explained to Zinter how to fix the issue. The problem was soon resolved, at zero cost to the restaurant.

"Zach offered to leave his family during a holiday to see if he could help and save the company a holiday service call," Davies said. "And Summit is a key vendor partner for us. We've used them for more than seven years. Not only do we know their techs, but more importantly they know our restaurants and us. They go above and beyond for us every day."

In addition to Davies' facilities prowess, he has worked on the operations side for 15 years. Therefore, he understands exactly what an operator is going through when problems arise. His experience makes him a better facilities manager.

"I place myself in that manager's role," Davies said. "If I get a call for HVAC down, I have been in that situation and feel for what they are going through at the restaurant. It pushes me harder whether during business hours, after hours or a weekend to make sure the issue gets fixed as soon as possible. Our restaurant managers know me by name; a lot of the time have worked with me for 28 years and will call my cell phone. They know I'm always there for them."

The remodel work took place between July 15 and August 24, 2013. One contractor and eight sub-contractors worked on the project, as well as about 30 additional people. It included Border Foods' vice president of development, who designed the project; the facilities manager, Brian Davies; the operations services manager, Jennifer Bang, who coordinated utilities and contract services; the IT manager, David Ziemer, who coordinated computer and drive-through equipment installs; the project manager, Ron Williams, who coordinated the deliveries and third-party installs; and the marketing manager, Maggie Munson, who created signage to keep guests in-the-know throughout the project.

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KFC/TACO BELL

In Sanskrit, "mitra" means a "friend," while in Avestan (Old Iranian) it stands for "covenant." Combined, these meanings define the underlying philosophy of Mitra.

It is a people-centric philosophy emphasizing the covenant between the shareholders, employees and customers.

Co-CEOs Pushpak and Manish Patel opened the first KFC/Taco Bell franchise in Anna, Texas, in 2009. The journey started with a single restaurant in a small town and has since grown to several franchises across the country. Today, Mitra is one of the largest KFC franchisees in the KFC organization.

Different Regions, Different Solutions

Although KFC serves as a resource for its franchisees—offering a purchasing network for parts and equipment and always ready to recommend preferred vendors and offer best practices—the company leaves facilities management to its franchisees.

"We have more than 600 franchise partners," said Patrick Hentzen, Senior Facility Engineer at KFC. "As private owners, the franchisees operate and maintain their assets."

Mitra employs four in-house technicians that service the restaurants in Baltimore and Philadelphia. Vendor partners service the rest. The company's goal is to hire enough in-house technicians to service 70 percent of the service calls.

The forecasted savings with more in-house technicians and approved equipment suppliers is significant as there are no parts and equipment mark-up or shipping costs, no hourly labor rates or trip charges.

Currently, the restaurants in the Midwest rely on a call center operated by a vendor partner. Although Mitra has provided them with a list of preferred vendors, Mitra challenges the to find additional high-quality vendors that offer competitive rates and fast response times.

For repairs that do not exceed a preset amount or the monthly budget, area coaches can initiate the work without approval.

The restaurants in the northeast, however, use an inhouse web-based work order system. When calls come in—initiated by area supervisors—a ticket number is generated a prioritized by high, medium or low. Julie Shackelford, Facilities and Construction Coordinator at Mitra, and Jerry Robinson, Facility Manager at Mitra, determine if the work is assign to an internal technician or a vendor.

On average, up to 15 work orders are received each day; half are typically high priorities.

The sole restaurant in Anna, Texas—because it is a one-off—can either contact the vendor partner call center, the corporate office or Shackelford or Rudy Edghill, Director Facilities for Mitra, directly.

A History of Reliability

Prior to Mitra, Shackelford and Edghill worked together at Yum! for a combined 45 years. During that time, they have developed a trusted and in-sync working relationship. In addition they had developed strong relationships with vendors. When they transitioned to Mitra, they brought those connections along.

"We use the the same vendors as corporate, we just challenge them differently," Edghill said. "The vendors know we can price shop. We are extremely efficient at realizing savings.

At Mitra, Edghill and Shackelford think like owners every day.

"In a franchisee environment, we have a small business owner's mindset," Edghill said.

"I totally agree," Shackelford echoed. "I feel like I'm making a difference on the bottom line."

"We have become savvy negotiators," Edghill said. "Our vendors know that we look at volume discounts, and we're interested in getting the best value for service."

With vendor partnerships that span 25 years, Edghill and Shackelford see their vendors as an extension of Mitra. They are as devoted to their vendors as their vendors are to them.

Over the years, there have been many instances when a vendor has gone above and beyond for them. Shackelford recalls a time when a Baltimore KFC's pipe burst behind a wall 10 p.m. Shackelford immediately called Jeff Brewis, General Manager and CFO at CCG Systems in Virginia Beach, Va.

"I immediately thought of calling Jeff because of his ability to dispatch someone quickly with an extensive knowledge of plumbing issues and overall building construction," she said.

Within an hour, CCG Director of Construction Roger Simonds arrived at the restaurant to shut off the water. A crew returned to the restaurant early the following day to repair the pipe and wall section that was damaged by the water.

"The entire team at CCG is professional, knowledgeable and truly understands the sense of urgency when needed at our restaurants," Shackelford said. "Jeff works with other franchisees, but he always makes me feel like I'm his only customer. He is willing to help, whether it's days, nights, weekends or holidays."

In another instance, one of the KFC restaurants in the Washington, D.C., area experienced HVAC failure on a hot July afternoon. The temperature inside the restaurant was high than 100 degrees, and customers were walking out. Edghill called Robinson to ask if Eugene Wilford, an in-house technician, would make a service visit.

"I told Jerry that I'd reimburse Eugene for his time, and without even thinking about it, Jerry said, 'Don't worry, Rudy, Eugene and I will be there,'" Edghill said. "They were both on site within the hour."

Another story that demonstrates the trust between Mitra and its vendors involves a restaurant in Springfield, Mo., where a fryer caught on fire. A vendor partner based in Springfield was dispatched to the restaurant. Edghill was preparing to order a new fryer, but the vendor, who is always looking out for Mitra's best interest, was able to repair the fryer, saving the company the cost of a new fryer.

"If we pick up the phone and call any vendor, we know they're trustworthy and responsible, and we treat them with the utmost respect and they do the same for us," Edghill said.

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DOMINO'S PIZZA

RPM Pizza LLC, the largest franchise of Domino's pizza chains, is a family business.

One of the largest private companies in Mississippi, with sales of more than \$100 million, the company is named after Founder Richard Palmer Mueller, Jr., who founded the company in 1981.

Mueller started his career delivering Domino's pizzas in one of the first Domino's stores in East Lansing, Mich. His son, Richard Palmer Mueller, III, also delivered pizzas for RPM Pizza. He worked his way up to financial analyst, then to general manager of a store, and retired as the company's chief operating officer. Glenn Mueller, his brother, is currently Chief Excellence Officer for RPM Pizza.

A History of Reliability

Based in Gulfport, Miss., RPM Pizza, LLC operates 135 Domino's stores in Mississippi, Louisiana and Alabama.

Because the states are in hurricane-prone zones, RPM Pizza has been through more than 19 hurricanes in its 32-year history. The company prides itself on its emergency management plans.

"[When a hurricane hits] we are the first to open and last to close, just like the Ibis bird," said Alan Lovelace, Director of Facilities Services at RPM Pizza.

The facilities department has a 40-page hurricane plan that the leadership team reviews every June. In addition, the team invents a mock hurricane scenario to run through the entire plan.

When restaurants are damaged, the team works together to decide if and when to send generators, using determining factors such as flood, fire and the availability of power. Then, a group, they assess which markets open first and to what extent.

"In the facility-service world, we are world class at natural disasters," Lovelace said.

Enhanced Processes

To get through natural disasters and day-to-day repairs and maintenance needs, RPM Pizza relies on two internal technicians, as well as good relationships with local vendors. One technician is an oven expert and the other is a general handyman. They service stores within a two-hour radius around Gulfport. Local vendors, who are dispatched through Corrigo Work Order Network, a cloud-based facilities management system, service the other stores.

Up to 350 corporate-owned stores also use the Corrigo work order system, but RPM Pizza employs other processes that enhance the service level to its restaurants.

For one, RPM Pizza keeps an inventory of parts and supplies at a warehouse in Gulfport—something corporate does not do at their home office—to keep costs down and improve lead times. The technicians' time, inventory management, and the billing associated with both is all managed through the Work Order Network.

Another difference is the work order quote and approval process. Corporate stores require the approval of district managers and regional directors on all quotes and invoices. At RPM Pizza, quotes and invoices are processed expeditiously.

"These managers and directors are in the field, and their top priority is not maintenance; they're focused on operations," Lovelace said. "Quotes pop up every 5 minutes on a dispatch screen, and if it's a reasonable amount, I approve it. We don't delay work; we have a faster turnaround time."

Service With a Smile

Lovelace recounts a recent fire as a testament to the company's close relationship with its vendors. In New Orleans' busiest Domino's store, a small roof fire was caused by a roofing vendor. When the parapet wall capping was removed from the building, the electrical supply wire feeding the building was disturbed and the surrounding sheet of plywood began smolder and catch fire. The supply wire connectors, which were old, began to arc off, causing the fire.

The fire department shut off the power, gas and phone lines, rendering the store inoperable. The damage to the building was very minor. It was getting all the necessary permits reopened that was the time-consuming issue. The roofing vendor worked overtime to secure all the permitting necessary to open the store. The next day, the Domino's store was open for business.

"We have worked with this vendor on many projects without incident, however, it just reinforces to me that if we do have any issues as a result of them replacing our roof, I know they will be there to help," Lovelace said. "It is through relationships with our local vendors that we are able to get a store back up within 30 hours instead of three days later. Because many of the vendors are small businesses, RPM Pizza also has a back-up plan for emergencies."

For major problems that occur after hours, weekends or holidays—when these mom-and-pop businesses can't be reached—the store operators can also call a number that rings an on-call cellphone that the facilities team has dubbed the "Batphone." It is a TracFone that is answered after hours by a facilities team member.

Building and maintaining these vendor relationships is paramount to Lovelace.

"These relationships help to keep costs down, and during emergencies, they wake up at any time of night for us and do it with a smile," Lovelace said.

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