DELAGET™

RESTAURANT
INDUSTRY REPORT

Top 200 Playbook

The ultimate guide on achieving operational success for restaurant operators of every size

Featuring advice from top executives from: Ampex Brands, Border Foods, Charter Foods, and HAZA Group

Introduction

Each year, Franchise Times unveils the Top 200, a comprehensive list spotlighting the most successful U.S. restaurant franchise owners. This list is intriguing for several reasons—it ranks thriving restaurant operators, often family-run, and offers insights into the competitive Quick Service Restaurant (QSR) landscape.

The Top 200 makes up **33,437** restaurants generating **$53.3 billion** in revenue, with all Top 5 operators surpassing **$1 billion** in sales.

Our guide is your roadmap to success, gleaned from interviews with four Delaget clients ranked in the Top 30 of Franchise Times' Top 200. Aimed at QSR operators and entrepreneurs, it distills the lessons learned from hard-earned placements on this prestigious list. Inside this report, you will have access top operators' data for benchmarking, gain valuable tips from industry leaders, and acquire the knowledge to elevate your restaurant operations, ultimately securing your spot among the elite performers in Franchise Times' Restaurant 200.

According to the International Franchise Association's annual Economic Outlook Report, service-based industries and QSRs are projected to experience high growth, with the overall number of franchise establishments to increase by nearly 15,000 units in 2023, or 1.9 percent, to 805,000 units in the U.S.

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Raising the bar: Unleashing excellence in operations

Featuring Muhammed Ali Dhanani, HAZA Group CEO

ABOUT HAZA GROUP

Units	550
Brands	Wendys, Taco Bell
Top 200 Position	#6

This impressive operator boasts the title of 'Largest Wendy's Operator in the World'. Haza Group started in 2013 with just 34 Wendy's stores and within 10 years has grown to over 500 units and #6 on the top 200 list under the leadership of Ali Dhanani.

Cultivating excellence through culture, KPIs, and communication with Ali Dhanani, CEO of HAZA Group

During an exclusive interview with HAZA Group's CEO, Mohammed Ali Dhanani, we dove into what it takes to achieve operational excellence. What we learned was, HAZA does in fact have a secret sauce – read more to learn exactly what that entails!

Infuse a culture of excellence

Raise the bar, or stumble over it! Dhanani's strategy is to keep standards high, always: **"We set the bar high, and keep it set high, so if you're not performing, you're probably not going to succeed here,"**. This is not about creating an unforgiving environment, but rather establishing a culture where everyone aspires to do their best. When employees and stakeholders know the expectations are high, it pushes them to achieve more and ensures a standard of quality throughout the organization.

One way to do this? Create some healthy competition.

Competition via comparison can aid in driving results. Research shows that over 50% of workers in the US believe that competition among colleagues motivates them to perform better at their job.

Credit: ProDoScore

TAKE ACTION NOW

Share area leader stats and publish the weekly 'leaderboard' to motivate operators for continuous improvement and competitive drive, ensuring no one settles for second-best week after week!

Keep KPI targets front and center

This pillar is two-fold; first and foremost, the numbers themselves. It's important to keep the KPI targets set by the franchisor/brand in mind, but eventually graduate to aiming higher and even better than said targets. After food safety, the king of all metrics, customer service and speed of service are the second-most important to watch and adjust religiously to ensure your customers get a good experience, in both quality and in speed.

Second, frequency and consistency. Dhanani shares that HAZA Bell leaders report on KPIs daily—every single morning they review yesterday's KPIs and dig into opportunities to improve or trends to keep an eye on. Keeping your metrics visible and discussing them daily keeps operations sharp and informs data-driven decisions.

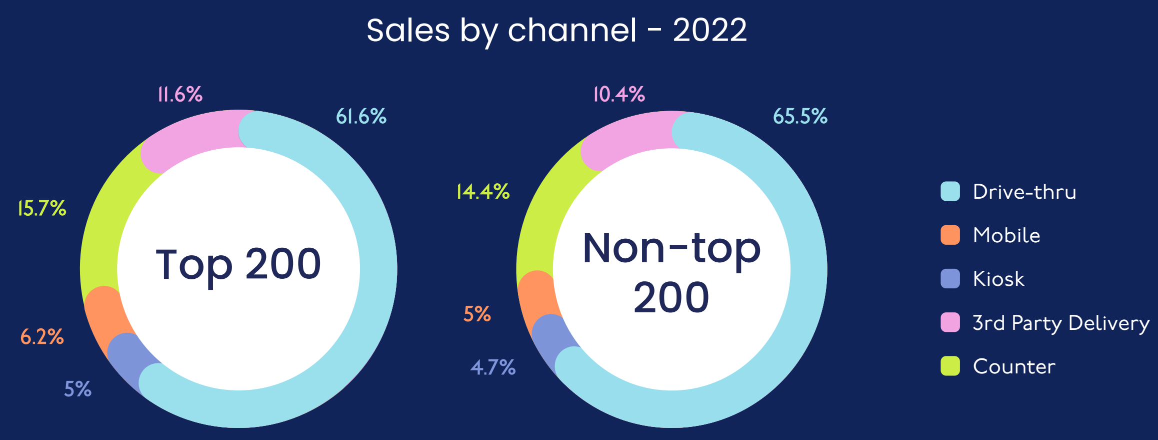
Reviewing KPIs regularly is proven to boost performance

A study from Dominican University of California found that those who wrote down their goals accomplished more than those that did not—additionally, they found that those who tracked their progress at least once per week accomplished significantly more than those who did not!

Credit: Resource Summary

Leading the pack: Top 200 operators excel at mobile and delivery sales channels

Top 200 operators are, on average, doing 11.7% more delivery than the average operator. But they're also leading the charge in mobile-sale adoption. Top 200 operators show 24.5% more mobile sales than their average counterparts.



Operational Metrics - 2022

	Top 200	Non-top 200
Average VOC/customer satisfaction	78.04%	73.94%
Average beverage % of sales	10.54%	8.22%
Average beverages per ticket	0.68	0.46

Embracing innovation: Evaluating new technology and systems

Featuring John Rankin, Charter Foods Senior Director of Operations

ABOUT CHARTER FOODS

Units	388
Brands	Taco Bell, Long John Silvers, KFC
Top 200 Position	#18

Charter Foods secured their spot on the Top 200 list years ago—this accomplished franchise has over 390 total units and recently acquired the Long John Silver's brand. Operating across 13 states, Charter Foods is a seasoned operation that knows a thing or two about growth and expansion.

5 key components to evaluate new technologies with growth in mind from John Rankin, Senior Director of Operations, Charter Foods

Rankin stresses the need for a vendor to be growth-minded, with the ability for their software or solutions to scale with the needs of an organization seeking to grow and expand continually.

> **"Any new technology we bring into Charter Foods has one crucial component: Future-forward and have a roadmap for growth and ultimately, scalability,"**
>
> John Rankin

According to Rankin, it's important to vet for the following when evaluating new restaurant technology for multiple units:

01 Scalability

Growth-minded operators need growth-minded solutions: ask vendors how their solutions scale—how long does it take to onboard new stores? What would it look like to scale if we acquired new stores?

02 Exports and subscriptions

File formats are important—ask about export and subscriptions file formats and evaluate how usable they really are.

TECHNICAL SPECS

If your reports export as any image file--.png, .jpg, .pdf, .eps, or otherwise, they're virtually unusable to your organization (without hours of added manual work). Also falling into this category are webpage files (.html), text files (.txt), and word doc files (.docx).

The standard: Files that are easily manipulated and workable such as Excel workbook file (.xlsx).

03 Future-proof

In this industry that is ever-evolving, it's important to find vendors to invest in solutions that will remain relevant in the years to come. Seek out solutions that incorporate or are compatible with emerging technologies and continue to evolve alongside their clientele to meet needs as they shift.

Red flags to watch for:

RESISTANCE TO FEEDBACK

Ask potential tech solution vendors how they solicit client feedback, and how often they do so. A good technology company will take client feedback into consideration and seek it out regularly – It's a red flag if they're resistant to changes or feedback.

NO VISION FOR FUTURE INTEGRATIONS

Inquire about future integrations, or recent integration completions. If the vendor is unable to speak to integration roadmap or their ability to create future integrations, you might want to rule them out.

SLOW TO RESPOND TO MARKET CHANGES

If there's a significant shift in the market or industry and the vendor is slow to adapt or respond, this can show a lack of agility.

04 Integration capabilities - and the ability to build more

"Integrations to other relevant technology can make a big difference", shared Rankin. Ask which integrations are built, if there's an API to build to, and if they can build to other APIs if needed. **"So many solutions in the restaurant space are siloed—they're unable to connect with other systems and therefore require more time, effort, and aren't very efficient for regular use"**.

05 Accessibility

The ability to access technology wherever and whenever is important: **"Our team has to be able to access software on any type of device—so software that's only available by app or on specific pieces of equipment will not work for us"**. Be sure that any new technology you're vetting is accessible via iPad, computer, phone, etc.

Nurturing a thriving culture: Mastering the 'people part'

Featuring Aaron Engler, Border Foods President

ABOUT BORDER FOODS

Units	237
Brands	Taco Bell
Top 200 Position	#20

Border Foods is Minnesota-based and family-owned and boasts 200+ units of Taco Bell stores across the Midwest. Border Foods is a known innovator and operationally excellent operator within the Taco Bell brand: in 2018, Jeff and Lee Engler were bestowed the highest honor in the Taco Bell system – the Glen Bell Award. In 2022, Border Foods launched the brand's first-ever two-story drive-thru, the DEFY.

Unlocking the power of benefits

The importance of benefits in any company cannot be overstated. While salary remains a significant factor in job satisfaction, the added benefits and support systems provided by employers play a crucial role in attracting and keeping talent. Here's how Top 200 Companies are stepping up:

EWA (EARNED WAGE ACCESS)

More companies recognize the value of giving employees access to their earned wages before payday. Not only does this offer financial flexibility, but it also acts as a morale booster.

COMMUNICATION TOOLS

Using team communication tools can transform how teams communicate. Such platforms enhance transparency, foster collaboration, and make information access more streamlined, ultimately contributing to better team dynamics and efficiency.

Empowering employees for a stronger workforce

It's one thing to tell employees what to do; it's another to equip and empower them to succeed. One common thread in our interviews with Top 200 operators—they retain management by giving them the tools they need to lead and continue to grow within the organization. Here are two ways they're doing so that you can implement in your organization.

METRIC-DRIVEN OWNERSHIP

Using tangible metrics and KPIs can give employees a clearer picture of their performance, allowing them to take ownership of their roles. By setting clear benchmarks:

- Employees can track their progress and set personal goals
- Management can offer constructive feedback, fostering a growth mindset.

PROMOTION FROM WITHIN

One of the most significant boosts to morale and company culture is the prospect of growth. When employees see that there's room for advancement and that their contributions are valued:

- Loyalty and dedication are often heightened.
- A clear pathway to promotion encourages skill development and initiative.

Curating a culture that drives employee retention and engagement, from Border Foods President, Aaron Engler

Everyone who works for Border foods knows where the company stands from a culture and service standpoint – it's people first, always. During a recent sit-down with Aaron Engler, the President of Border Foods, what was also clear was the passion for people and their success. Border Foods as a company is committed to bringing out the best and celebrating wins—both big and small.

At the heart of the QSR industry are its people. As Engler aptly points out, the business is "labor-intensive" with many employees. This makes the "people piece" both the most significant challenge and the most substantial opportunity. The impact of people in the QSR business isn't just about the number of hands assembling tacos or ringing up orders; it's about the very essence of leadership and management.

"When you find a manager with a natural ability to lead, their performance is higher, sales soar," he shared. But it isn't just about checking boxes and ensuring job tasks are completed.

Engler looks at managers as more than just supervisors–they are empowered to act as if they're "business owners", owning both successes and opportunities - they don't just work in the establishment; they "own their success."

What's the most important element to an enduring and resonant company culture? **"Leadership has to model their values."** It's not enough to merely speak about company culture or to have core values printed and displayed on walls. It's imperative for leadership to embody, exemplify, and emanate these values daily. When leaders set the right example, it trickles down, creating an environment where everyone feels a sense of ownership, transparency, safety, and pride for the work they're doing.

Franchising: What and where matter

Featuring Eric Easton, Ampex Brands CFO

ABOUT AMPEX BRANDS

Units	425
Brands	Pizza Hut, Au Bon Pain, KFC, and Bellagreen
Top 200 Position	#24

This Texas-based operator is no stranger to success—Ampex Brands has hundreds of units of franchised stores, and most recently added “franchisor” to their portfolio with two growth-focused brands: Au Bon Pain and Bellagreen.

Key considerations in choosing the right franchise brand: Insights from Ampex Brands CFO Eric Easton

Reputation and performance

You may want to prioritize brands that have firmly established their reputation in the market. A few telltale signs of a robust brand include a consistently loyal clientele and a business model that has withstood the test of time.

Market research on potential site neighborhoods

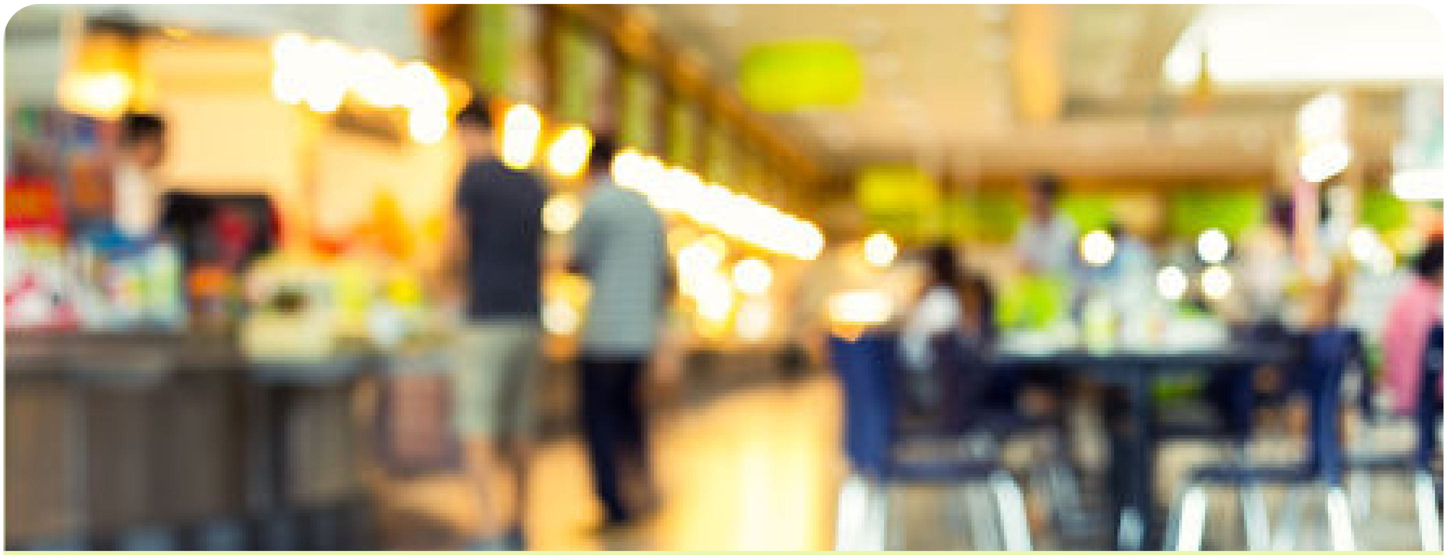
It's crucial to look at what people in your area want and who's already offering it. You want to choose a brand that either offers something different or fills a need that's not being met. To do so, complete the following:

- Conduct your own analysis of the market and local competitors.
- Interview some people in the area to get an idea of any gaps in the current QSR/restaurant makeup of the neighborhood you're looking to move into.

Gut check: are you proud of what you own?

CFO of Ampex Brands, Eric Easton, says it best: **"Don't just look at it as an ROI. That's important of course, but you've also got to be proud of the brand you're doing business with and enjoy what you're doing."**

One way to evaluate a company based on this standard is to look for a culture and vision that resonates with your own personal values and the culture and mission of your organization.



Diversify brands–or don't.

When it comes to multi-unit strategy, there are a few schools of thought. Many top-tier operators, evident among the Top 200, broaden their reach by managing multiple brands. This not only offers them insights from diverse brand blueprints but, when contained within a state or regional territory, gives them a competitive edge by owning a broader spectrum of food categories.

Another strategy is to **"own a brand"** in one territory—Like Border Foods does with Taco Bell in the Midwest. This strategy allows Border Foods to build a reputation in the area and build trust among consumers throughout the state: When you walk into a Taco Bell in Minnesota, you know you are going to get the same, high-caliber experience, whether you are deep in the city or up-north on your way to a cabin.

Lastly, for operators with extensive units and significant capital, a growing trend is to venture into franchisor roles. Eric Easton, Ampex Brands, spoke of the organization's pivot in strategy to add Bellagreen and Au Bon Pain to their portfolio, as the franchisor, with a keen focus on expansion and a heightened ROI. **"We decided to balance our portfolio by diversifying between owning and franchising varied brands. Bellagreen and Au Bon Pain were a great fit for us: They're businesses we can grow, and the brands have great returns."** This strategy is also a favorite of Charter Foods, who recently acquired Long John Silvers.

Conclusion

As we wrap up this guide, it becomes clear that becoming a top QSR operator isn't just about numbers and profits, it is about creating a holistic vision for your organization. Drawing from the insights of industry leaders, there are a few foundational pillars to consider:

OPERATIONAL EXCELLENCE

Strive to embed a culture of excellence. Ensure KPIs are not only set but are also regularly reviewed and adjusted. Healthy competition can spur progress, and consistent communication is the key to ironing out kinks.

EMBRACE TECHNOLOGY

The right technology can drive efficiency and scalability. Evaluate systems not just for their current capabilities but also for their potential to grow with you.

PRIORITIZE PEOPLE AND CULTURE

Remember that people are the heart of any QSR. Investing in their growth and well-being can yield unmatched returns. Leaders should not only talk about values but embody them.

THINK STRATEGICALLY

Whether considering geography, financing, or brand profiles, employ a forward-thinking, value-driven strategy.

In the dynamic landscape of this industry, having a vision is essential. But more than just having that vision, it is crucial to implement it at every level of your organization. Take these tips, tailor them to your specific context, and you will be well on your way to creating an organization that not only achieves financial success but also makes a positive impact on its employees and customers.

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