

SMOOTHIE KING

• **RECIPE BOOK** •

for Multi-Unit Franchising




**SMOOTHIE
KING.**
Smoothies With A Purpose®



Smoothie King Recipe Book for Multi-Unit Franchising

Ingredients (For 2+ Successful Smoothie King Units)

Sufficient Capital

Reliable Team Members

Model to Help Move Toward Growth

Support from Franchisor

Multi-unit development has become an increasingly popular focus for both franchisees and franchisors in the last ten years. Multi-unit agreements account for more than half of all franchise units, according to the IFA Education Foundation. Experts expect this multi-unit trend to carry forward.

Franchisees often become multi-unit owners after gaining the confidence with a single store to open other locations. However, owning multiple units is much different from running a single store, and you need to be able to anticipate and account for these changes. Multi-unit franchisees typically work less in daily operations and instead focus on managing their multiple locations with high-level oversight. This shift in responsibility is appealing to many but can be overwhelming to someone accustomed to single unit ownership if they aren't well-prepared.

Multi-unit owners are often drawn to the potential for significant financial gains produced by owning multiple units and the chance to achieve greater operating efficiencies. So, when investing in multiple units, you need to first make sure it's a smart, sustainable and scalable investment. Like blending the perfect smoothie, there are a few different key ingredients you need to have in order to have a successful result. Making sure you have all the right ingredients to become a multi-unit owner, including an investment of time and effort on your part, can help put you on the path toward a strong, efficient and profitable network of businesses to add to your portfolio.

Sufficient Capital

Measure out your capital. Let sit, and begin to heat up business.

Operating a QSR concept is typically less expensive than a full-service restaurant but still requires a significant capital investment. Before opening multiple units, the first thing a franchisee should take into account is whether they have the initial and working capital to open more than one restaurant. It's important to research the types of loans available, depending on your available liquid capital.

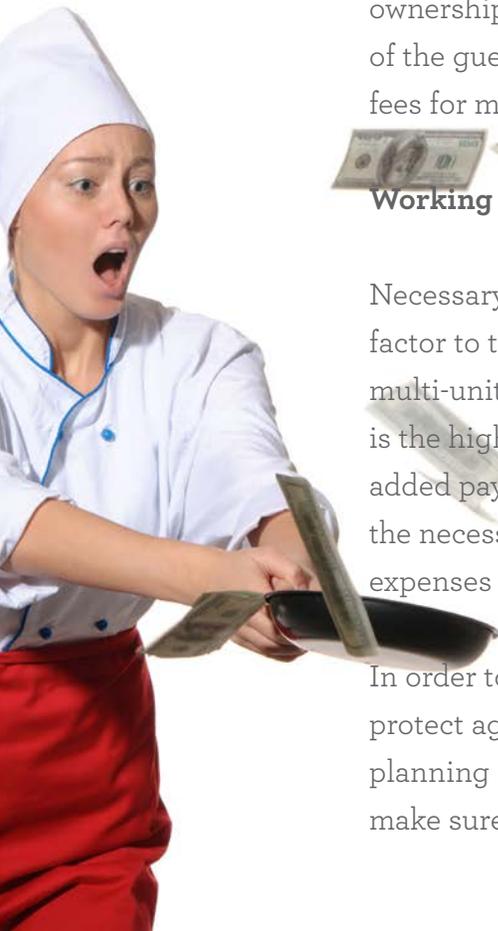
Initial Expenses

Sufficient capital at the onset of purchasing multiple units is imperative for obvious reasons – you won't be able to open up a franchise if you can't afford the franchise fee and buildout costs. Other initial expenses and overhead are usually limited to equipment, construction and inventory. One of the many benefits of franchise ownership is that many of these expenses are built in to your agreement, taking much of the guesswork out of it for you. Some franchisors also offer discounted franchise fees for multi-unit deals, so be sure to take advantage of these.

Working Capital

Necessary working capital can be more difficult to pinpoint but is another important factor to take into consideration when determining if you have sufficient financing for multi-unit ownership. One of the biggest changes from single to multi-unit ownership is the higher number of team members needed. Make sure you are accounting for the added payroll for new team members you'll need for your locations when assessing the necessary financial investment. Also be sure to account for royalty fees and other expenses that can be easily overlooked but still affect your business assets.

In order to be successful, it is important to effectively manage your working capital to protect against insolvency and keep your business efficient and profitable. Financial planning for multiple units will be structured slightly differently than single units, so make sure you are prepared to work with a higher investment.



Reliable Team Members

Once business heats up, keep reliable, self-sufficient team members on hand.

As an owner of multiple locations, you will be much less involved in day-to-day operations and more focused on high-level oversight. Delegation is key, and you need to be able to count on your team members to pull their weight. Your time and attention will be needed across stores, so many of the daily activities and operations will be the responsibility of your team. The best team members start with great recruitment and hiring practices.

Best Practices for Recruitment and Hiring

Some owners prefer promoting from within. This can be helpful when owning multiple units to allow more room for individual team member growth. Doing so can allow you to reward strong team members, while also giving them a set career path that will encourage them to continue with your business. Since they are already familiar with your business culture and model, the onboarding process should also be less time-consuming and labor-intensive than hiring from the outside. You might also consider promoting individual restaurant managers to district managers. If there is a standout team member, some franchisees offer the opportunity to shadow a manager and see if the team member would be capable of handling the responsibilities. Lower-level team members are often easier to find than management, so it may be helpful to look inside your current restaurant to hire the best managers.

Hiring people who have food industry or guest service experience is also typically ideal. They often better understand the ins and outs of business operations like yours and might know the importance of a positive guest experience. You might also consider hiring for culture as well as skills to help ensure they are a good personality match for your other team members and the business overall. You will likely find it important for team members to share the same core values as your business, so they employ these values on a day-to-day basis while interacting with your guests.

Creating a Positive Environment for Team Members

After hiring, the most important thing you can do to ensure an efficient and happy team is to cultivate a positive relationship between management and team members.

- o Keep open communication between team members and all levels of management
- o Listen to your team members
- o Consider involving them in business decisions as much as possible

An annual or even quarterly meeting can go a long way in making your team members feel heard and valued, so try to meet with them regularly to get their feedback. Since they are the ones interacting with your guests on a daily basis, they will also have more insight into guest feedback and preferences. Meeting with them regularly will not only improve each team member's experience, but also lead to a better guest experience at your restaurants.



Model to Help Move Toward Growth

Let business sit, and allow to expand.

One obstacle that some multi-unit owners run into is finding a proper model for growth. Your concept needs to be scalable, and you need to effectively manage different locations. This can be daunting to those who are accustomed to single unit-level economics. Finding the right time and region for expansion is essential in multi-unit growth.

Where Should I Look for Real Estate?

Aside from knowing when to expand, knowing where to expand is another obstacle for some franchisees. Many worry opening multiple locations within the same territory will lead to unnecessary competition when they could be moving into untapped markets. However, opening locations within the same geographic region can be beneficial for a few reasons. Expanding throughout the same area can give you better coverage over the entire region, build strong brand awareness and be able to serve as many guests as possible. A concentric circle model for expansion has often proven especially effective for multi-unit franchisees. This means new unit development might be based on your current location, expanding outward in a circular pattern. This can serve as an outline for where you should aim to locate your new territories, which allow you to serve the most number of guests.

It can also be efficient for you to run your multiple units when they are within a reasonable distance from each other. You can travel to the different restaurants, meet with team members and guests in person and take a more open and hands-on approach within your business. All levels of team members – in addition to guests – will often take note of this and appreciate your extra effort.





Support from Franchisor

Spread training and operational support over business.

When it comes to franchisor support, first and foremost, you need to be sure your concept is right for multi-unit growth. More and more concepts are becoming conducive to multi-unit ownership, especially as this becomes an increased focus for franchisors. However, scalability often remains a top concern for franchisees looking into multi-unit growth. Here are a few tips when researching multi-unit opportunities:

Leverage Your Network

Check out other multi-unit owners within your franchise system and whether the franchisor has developed a proven, reproducible model for multi-unit ownership. Looking to others within your network is likely your best indicator to see it in practice. They can offer you tips and advice that would be helpful for multi-unit ownership. Even if you decide not to go down the multi-unit route, speaking with others within the same industry is always beneficial. They can give you plenty of insight into the business and ways to help you improve and grow.

Look at Training and Support Programs

Another important thing to consider is whether your franchisor provides adequate training. Franchisors generally have training and support systems set in place for day-to-day operations and lower-level team members, as well as new franchisees. Some franchisors have programs tailored specifically to franchisees looking to open up multiple units, and others offer hands-on support on an individual level. Even if your franchisor does not have detailed systems in place for multi-unit owners, make sure it is a company that can support and help you throughout the growth process.

Next Steps

If you're looking to expand, it's important you first make sure you have a solid understanding of your restaurant, in addition to the other necessary ingredients for expansion. The brand you're building on needs to be a good investment – you can't just expand because you like the product. The concept has to be scalable with a proven framework for growth and success, and the franchisor needs to offer you support.

In the meantime, there are small steps you can make to better prepare yourself for multi-unit growth, or simply determine if you're ready for expansion. Attend multi-unit conferences and read franchise magazines. Talk to multi-unit operators within your system, and learn from their obstacles and successes. The network of other owners is one of the most significant competitive advantages of a franchise system, so make sure you're utilizing them.

Smoothie King offers guidance and support to single-unit franchisees looking to become multiple owners and grow their business portfolio.



Growing with a Purpose

We created the original Smoothie Bar in 1973, with founder Steve Kuhnau experimenting with different blends of real fruit and nutrients to create smoothies that would combat his food allergies and nutritional deficiencies. From that point, we've created dozens of unique smoothie recipes specifically designed to help people achieve their wellness goals.

One Smoothie at a time, our quest has spanned 44 years, to more than 900 locations across 34 states, three countries and counting. As we embark on the next generation of growth, our tactics have evolved, our approach has matured, and our guests have become more sophisticated.

Our "purpose" has never wavered. We were, are and always will be here to inspire people to live a healthy and active lifestyle. Our future depends on our ability to always stay true to our purpose, deliver our promise and continue to positively impact the lives of each and every guest we connect with around the globe, one Smoothie at a time.



For more information
Contact our Franchise Development Team
at
985.635.6984
or visit

SmoothieKingFranchise.com