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## 10 Tips to Rescue Your Brand from the Brink

Here's how to design your brand's turnaround—from the leaders who have directed their own impressive resurrections.



KFC and Saladworks have fine-tuned their concepts after falling on hard times. KFC

The Great Recession may be nearly a decade behind us, but leaders in the restaurant industry still can't forget how it brought many brands—even the biggest and strongest—to their knees. With consecutive years of sales declines and drastically reduced spending from value-conscious consumers, the recession left much of the limited-service segment desperate to turn their fortunes around in the post-recession landscape.

“A lot of concepts felt that the historical thinking that fast food was recession-proof was wrong. This last one was different for everybody, to the extent that it was broader and deeper,” says Brian Cahoe, chief development officer for KFC, a brand that experienced notable sales declines and closed more than 1,000 U.S. locations during the recession.

With a solid revitalization strategy leading to nearly four years of same-store sales and transaction growth, KFC not only found a way to recover, but also to set itself up for more success than ever. And it's not the only brand to orchestrate an impressive turnaround; several limited-service chains once feared to be victims of fast-moving consumer preferences have managed to resurrect their brands with impressive results.

To help with those fighting to turn around their own fortunes, we looked to leaders like Cahoe for their advice on bringing a company through a revitalization effort. Here are their 10 tips for designing a successful turnaround.

## 1. Go back to your roots...

When Rick Silva, a longtime industry veteran and former Burger King executive, first joined the Checkers/Rally's team in 2007, the company wasn't at its best, to say the least. With significant debt, steadily decreasing sales, and the rapid closure of both company-owned and franchise locations, the burger brand needed to do a complete 180 to get back on track. Or rather, a complete 360.

"Checkers/Rally's has a long history of incredibly important core equities that are important across fast food," Silva says of the brand's quality and value, as well as its drive-thru-only business model that provides high returns on a low capital investment for franchisees. "But they had lost their focus, lost their way."

By putting the spotlight back on their bold flavors and budget-friendly items—as well as introducing a new modular design that offers a 2:1 sales-to-investment ratio—the brands have boosted profitability and same-store sales growth for more than six consecutive years.

After joining KFC four years ago in the midst of the concept's turnaround, brand president and chief concept officer Kevin Hochman also zeroed in on the brand's core values, focusing on elements that made KFC successful when it first launched in 1930. That included the brand's promise to be a convenient whole-meal replacement, as well as reintroducing its "mascot," founder Colonel Sanders.

"When we were at our best, the Colonel was at the center of everything we did," Hochman says. "He was on every building, he was on every piece of packaging, he was in every ad."

## 2. ...but make sure to modernize

Though the KFC team felt confident in bringing the Colonel back in a big way, Hochman and company also knew they had to do it in a manner that was relevant to today's consumer. Enter a lineup of famous faces—from Saturday Night Live's Darrell Hammond to Parks and Recreation's Rob Lowe—who continue to be featured in a series of funny, brand-boosting ads.

But going back to a brand's roots doesn't mean adopting a status-quo mentality. "The reality is that in any turnaround, if you continue to do things the way you used to do them, why would you ever imagine different results?" Hochman says. "You're going to have to take risks. You're going to have to do things differently from how you did them in the past if you expect results."

As the first center-of-the-plate salad concept created 30-plus years ago, Saladworks was "doing salads before salads were cool," CEO Patrick Sugrue says. But being first to market wasn't the key to long-term success. "The blessing and curse of that is we were frankly a bit stuck in that 30-year history and didn't innovate the way the brand needed to, both in terms of its look and feel and its breadth of ingredients."

After filing for bankruptcy in 2015 with more than \$11 million in debt, Saladworks launched its turnaround efforts by unveiling a new logo and branding, upgrading its menu to feature more modern ingredients, and investing heavily in technology to bring the brand up to date.

### **3. Schedule a facelift**

Turns out, sometimes it is what's on the outside that counts. Saladworks quickly learned that lesson in 2016 after rolling out its new prototype, which featured exposed concrete floors and ceilings, earth tones, and wood accents throughout the restaurant to accentuate the freshness of its product.

“It worked. Consumers responded to it,” Sugrue says. “We found that fine line of making it something that was comfortable and that our existing customers could transition to, while inviting a younger consumer.”

Not only did Saladworks roll out a new design for corporate stores, but it also mandated a remodel for all franchise locations, some of which hadn't been updated in more than a decade. With the majority of the system remodeled by the end of last year, Sugrue says, franchisees have already seen double-digit sales increases for full remodels, while younger stores that only required a refresh have seen solid single-digit increases.

As part of its turnaround initiative, KFC also introduced a new restaurant design in early 2016. Dubbed the American Showman design, it puts the Colonel front and center both inside and out. Featuring the concept's signature red-and-white color combo, the new store gives off a sleeker vibe and a sense of Southern hospitality, with family-style seating, wood finishes, and an “Original Celebrity Chef” wall displaying vintage photographs of the real Colonel Sanders. As of the end of 2017, more than 800 KFC units had already adopted the modern-day design. “That's larger than a lot of the chains in the U.S.,” Cahoe says, attributing much of the brand's recent success to the rollout of the remodel.

### **4. Be clear in your vision**

Not only do brand turnarounds call for myriad changes at all levels, but they also require a strategic vision and clear path to success—one that must constantly and consistently be communicated to all stakeholders.

“When you're doing a change initiative, it takes two years of consistent, regular communication of the exact same message over and over and over again before full cognition,” Saladworks's Sugrue says. “So share your vision, communicate it over and over again with the rationale of, ‘What's in it for me?’ Then prove the concept, have the patience to demonstrate the power of the initiatives, and roll them out.”

While a well-laid-out strategy keeps all team members working toward the same end goal, it also helps you say no to the ideas—even good ones—that steer you away from your plan for success. “Get laser-focused on what's really important for the long-term health of the business, that will drive sales overnight and brand over time,” Hochman says. “It's got to be both. If it's just one thing—if it's just driving sales overnight—you're probably going to end up costing the long-term part of the business.”

### **5. Put your franchisees first**

Though not all concepts follow the franchise model, those that do must place a priority on strengthening their relationship with operators in the field.

“It’s extremely difficult to move the brand forward in the way you want to if you’re not in a very good partnership with the franchise system,” Cahoe says. “We’re only going to be successful when there’s a great partnership with the franchisee system and when the franchisees themselves are successful.”

This relationship was pivotal to pulling off Saladworks’ mandated remodel, where Sugrue and his executive team conducted one-on-one meetings with every franchisee in the system to develop a personalized renovation plan.

Checkers/Rally’s Silva also credits a strong franchisee partnership for getting the brands back on their feet in recent years. “We know that if we keep our eye on making sure our franchisees are being served and we’re taking care of their needs, then they can focus almost exclusively on serving their teams,” Silva says. “And if they’re focused on serving their restaurant teams and the folks on the front line, then we know that the restaurant teams can focus on serving their guests.”

## **6. Create a top-notch team**

Not only is it crucial to strengthen the relationship with your franchisees, but it’s also important to invest in the people you have by your side.

“You need talented, experienced leadership and strong values,” Silva says. “The turnaround at Checkers and Rally’s is not about Rick Silva. It’s about the team of people I was able to put together and the way everybody worked together to drive this brand.”

Once you have the right team in place, making sure all parties are working toward the same goal is also helpful for keeping the turnaround strategy focused. “When a business isn’t in a great place, everybody’s got opinions about what should be done—and they’re all good opinions. But it’s really about how you get alignment at the strategic level, the values level, the positioning level,” KFC’s Hochman says. “We can’t do anything in this business that’s truly remarkable unless everybody’s singing to the same sheet of music.”

## **7. Know your guest**

In the turnaround game, it isn’t enough to just focus on the people within your company and franchise system. It’s also crucial to develop an intimate understanding of the guests coming to your brand. For Checkers/Rally’s, that meant undergoing extensive segmentation work that helped the company uncover its customer sweet spot: frequent fast-food users who visit a quick-service concept between 10 and 25 times a month.

To this day, the brand continues to hold 6,000-person online panels every other week, where it communicates with guests to find out what they’re looking for, what they’re eating, and what convenience means to them. “That allowed us, from the early days, to figure out where we are and where that core consumer needed us to be,” Silva says.

KFC's Cahoe says determining your core customer plays a key role in a number of turnaround initiatives, from menu upgrades to asset design.

"If you're not doing that work upfront—but trying instead to immediately tackle structural and strategic issues for your concept—your chances of winning are at risk, because you don't have a clear filter to make those decisions through," he says.

## **8. Stay persistent, but adaptable**

These two pieces of advice may seem at odds at first glance, but Silva says they're equally important in any revitalization effort. "Turnarounds are a painful process," he says. "You have to realize—especially in the early days—that you're doing a lot of fundamental work, and you don't get immediate gratification."

He also says that it's during the darkest days and most challenging times of a turnaround that brand leaders and their teams learn the most from the process. "It's not about being wrong or right. It's about finding a better way, and that requires a little bit of humility," he adds. "It's not about changing every time the wind changes, but it's being humble enough to realize that you can hopefully get smarter."

## **9. Don't grow too quickly**

Though improvements in unit-level economics and demand from expansion-hungry franchisees may make it appealing to open new units, Silva says it's important to stay away from the temptation to grow while you're turning around.

Instead, brands need to be patient and wait until most—if not all—of their turnaround initiatives have been carried out before setting their sights on expansion. In the meantime, focus on continuing to improve unit-level economics and the health of your existing locations. And if all else fails, just follow Silva's rule of thumb: If you don't want your new units to look or perform like your existing units, then you're not quite ready for growth.

## **10. Recognize success, but know the job is never done**

The ultimate goal of any turnaround is to see improvement along the way, and every success should be celebrated to keep the team motivated throughout the process. But if there's one thing all leaders who have been through a brand turnaround can agree on, it's that the process is never truly complete.

"You're never going to settle for what you have today. You're always going to be looking for what's better and what's next," Hochman says, adding that while KFC has seen three-plus years of consecutive sales growth, it's a long way from hanging up its hat on the turnaround initiative.

"It doesn't mean throwing away all of the things that are great," he adds. "It just means constantly re-evaluating your competitiveness in the marketplace and doing things to make sure you're getting better."