

## SPECIAL REPORT ON SMALL BUSINESS



NICK KOZAK FOR THE TORONTO STAR

After Boston Pizza landed this coveted space at Front and John Sts., it called in veteran franchise owner Rob Phillips to run the chain's first urban-concept restaurant.

# Shape-shifting for new markets

Franchised food chains redesign their formats to fit urban locations

PAUL BRENT  
SPECIAL TO THE STAR

Although most franchise systems are built on the tried-and-true cookie-cutter approach, several food chains are shrinking or expanding their formats to grab a prime piece of downtown real estate, and create new opportunities for franchisees.

It can be a tiny, underused or overlooked square of property. Or it can be a landmark location, where customer traffic is high and the franchise rules don't necessarily apply.

That's what happened when Boston Pizza landed its coveted new space in the CBC building, at the corner of Front and John Sts., just a baseball's toss from the Rogers Centre.

The large, two-storey location didn't just fall into the chain's lap, though. Company chairman Jim Treiving, a regular on CBC's *Dragon's Den*, had been eyeing the spot for years. He had held exploratory

discussions with the owners of the space and was quick to jump in when former tenant Mövenpick moved out.

The company selected veteran franchise owner Rob Phillips to work through the quirks on what the chain calls its first "urban-concept" location. Phillips, who owns and runs another 14 restaurants with partner Wayne Steadman, says the menu and pricing is the same, but pretty much everything else is a little bit different than the norm.

Open since June, the 9,400-square-foot restaurant-bar has packed more than 80 big-screen TVs into the space and it has a decidedly sports atmosphere about it, complete with a lighting system that changes colour depending on which Toronto sports team is playing that day.

Staffing levels are almost double a typical suburban location, where sales are far more predictable day to day and week to week.

"We are very event driven," explains Phillips. "Our sales can double from one day to the next; it is a very rollercoaster operation." The difference between busy and

packed can be a Blue Jays or Argos game or, Phillips is hoping, a Leafs game at the nearby Air Canada Centre.

For other franchise chains, the key to opening new markets is to think small. That was the principle behind the "half-pint pub" format launched in 2008 by Prime Restaurants Inc.

The scaled-down concept is designed to give franchisees a smaller upfront investment, or to squeeze its Prime Pubs into smaller spaces. It has been a great success, says Jack Gardner, vice-president of marketing for Prime, which operates the Fionn MacCool's string of pubs in southern Ontario and the D'Arcy McGee's pubs in Ottawa.

Prime's first pint-sized pub was a Fionn MacCool's outlet at Bloor and Jarvis — a 2,200-square-foot space less than half the size of a typical location. Its quirky L-shaped spaces and cramped spots would doom a typical restaurant, but work well in a pub.

"A traditional pub comes in all shapes and sizes, if you are in Ireland or the U.K.," explains Gardner. "Really, the interesting idea was how can we reshape and bring

down the size of the pub but keep all these things that people love about our bigger pubs: all the wood, all the warmth and charm, in that smaller space."

The little pubs — there is another half-pint on Front St. — feature scaled-down menus and easier economics for the owner. "Instead of having 10 servers and two bartenders during a crazy busy lunch, you can do it with a couple guys in the back and two or three people up front, max," says Gardner.

As an added bonus, the half-pints are a more manageable investment. Instead of \$1 million for a full-sized outlet, the smaller format only needs about \$600,000 to \$700,000 to get up and running.

Urban concepts are also appearing in the world of fast food. Over the past 18 months, Vancouver-based A&W has been introducing a smaller, hopefully hipper concept for downtown locations. One of the smaller stores is already open in Toronto, on Yonge St. north of Carlton; another is opening soon at Yonge and Richmond Sts., and several more are planned here.

What's different about them? "They tend to be smaller than our

typical free-standing footprint," says Graham Cooke, vice-president of new restaurant expansion. "But probably the biggest difference is there is no drive-through."

Positioned as a "baby-boomer brand," the new stores make some allowances for the younger demographic it expects to frequent its downtown locations. The menu has been tweaked to appeal to younger generations, and self-order kiosks let customers forgo the lineup to order directly on a screen and pay with plastic. "That younger demographic is much more comfortable with that technology than older customers are," says Cooke.

The urban A&Ws are not necessarily cheaper for franchisees. The 20-year fee structure is identical to regular its regular stores, and the build cost could be higher or lower, depending on the location.

However, Cooke says the concept has helped bring new franchisee blood into the 740-restaurant network. "We have very recently just taken on some new franchise partners in Toronto, and they have given us a commitment for up to three new A&Ws in the general downtown area."

# Planning for future growth from the start

Head-hunting firm for salespeople was designed to handle a rapid increase in customers and staff

JESSICA HUME  
SPECIAL TO THE STAR

When Matt Cook decided to launch his own company five years ago, he took that first step with his ultimate business goals in mind.

His head-hunting company, Salesforce Search, began as a company of one, with Cook acting as visionary, boss, manager and lone salesman.

But he planned ahead. He designed the organization based on what he wanted it to become, not what it was initially.

"Lots of small businesses struggle because they'll focus so much on a great service or product, but they never stop to think about what happens if the idea actually catches on," he explains. "My business model is beginning with the end in mind."

He believed from day one that Salesforce Search could be a multi-million-dollar company, so among his first priorities was anticipating what he would need when it reached that point. But he also has to meet the company's needs for the next three to six months.

"Everything from software to internal processes — hiring, for ex-

ample — I designed around what I wanted to the company to be."

Cook says the company's revenue has grown 3,000 per cent since inception, and it now employs 18 people.

He created Salesforce Search in response to a gap in the market, and then had to figure out how to make it stand out. Although it's not the only headhunting company in Toronto, it specializes in recruiting salespeople.

"Other companies existed, but they recruited all sorts of people, so we specialized. We chose one thing we wanted to be the best at."

Once he began to forge relationships with clients, listening to their needs helped him improve the services he could provide.

"It began to grow very, very fast," he says. "But it was well-managed growth, and that's one of the things a small company really has to do right."

Employee retention is among the most important ways to manage growth, he adds.

"Say someone comes and works for me for six months and then they



RENÉ JOHNSTON/TORONTO STAR

Matthew Cook, founder and CEO of Salesforce Search, says employee retention is among the most important ways to manage growth.

go. The cost of replacing them can be as much as 10 times the base salary," he explains. "Between training, management, office space, salary and other allocated costs, it can add up."

Providing employee support systems has been a huge benefit in keeping his staff happy, he says. For about \$5 per employee per month,

he purchased an assistance program, available to everyone on staff. "Any challenges in life — marriage, stress, financial stress, family — they know they have support here."

Those support services are supplied by Shepell FGI, a company that provides counselling for non-work issues.

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MATT COOK,  
SALESFORCE SEARCH FOUNDER

issue, but big businesses can offer employees things a small business can't," says Neil King, vice-president of business development at Shepell. "Think about stress. If I'm an employee going through a divorce, my manager is probably not equipped to deal with this. We provide support for employees [with personal issues] so that they can get back to work."

Over the past five years, King says he has seen small and medium businesses pay more attention to retaining employees, and providing support has been a central theme.

"A study from the London School of Economics found that 75 per cent of people taking time off work do so for non-work-related problems," he notes. "In providing this support, in a way, it's a holistic approach, but it also affects the bottom line. There are hard-dollar costs associated with productivity and employee retention."

"When small-business owners purchase employee assistance programs, it shows they want to give support. It's a different way of thinking about productivity."

Cook agrees that a seemingly small gesture of support can go a long way. The happier his employees are, the more productive they will be. And support leads to loyalty.