

## Case Study - Paul

### CHALLENGE

Paul was a multi-unit manager in a UK airport, responsible for 13 food and beverage outlets, vending sales and on-site catering. His team included six managers and 10 assistant managers.

The business had been unprofitable for some years, made worse by falling passenger numbers, declining at 2-3% per annum. This, with lax cost controls in some units, culminated in losses of £300,000 in the year before Paul joined the development programme.

### ACTION

The programme taught Paul the importance of stepping back from the day to day to really understand the fundamentals of his business and to identify the important things that were dragging his business down. Then, with the help of his management team, Paul created a business trading plan to address these 'Big Rocks' and set an improvement agenda:

- Together with his unit managers, Paul worked out both the percentage gross margin and the penny profit for individual products, raising awareness of the contribution each could make to cash profits.
- By coaching his managers to understand and 'own' their financial results, they were able to make valuable efficiency savings by redeploying labour to peak periods, rather than using extra staff.
- To grow sales, Paul and his managers enthusiastically embraced the concept of 'Sales Tours'. They worked in small groups, visiting each unit in turn, harnessing their collective experience to focus on new ways to increase sales. Together they generated more than 200 hundred ideas; some they could enact immediately, others needing development by central Marketing or other functions.
- They identified high margin 'Perfect Partner' products that complemented what customers ordered, helping boost both profitability and average spend.
- Paul pioneered fortnightly sales meetings where unit managers proposed two ideas to drive sales over the next two weeks, and to account for their success or failure at the next meeting.
- And to ensure follow through, Paul shifted the focus of his unit visits, from checklist ticking to action plan progress reviews with unit managers. He also took time to ensure that staff on duty knew the up-sell items for their shift and were regularly monitoring their competitors' outlets. The latter identified some popular products that could be easily added to the existing range and scope for selectively increasing the price of others in the range without damaging competitiveness.

### OUTCOME

The programme helped Paul create a clear vision of the future to lead his management team. They 'bought in' to the business trading plan and were inspired to generate their own ideas for driving performance.

The resulting operating efficiencies, combined with increased sales at significantly better margins, turned this food and beverage business around.

In the first year of the programme, the six-figure loss was reduced to less than £30,000, before turning a profit the following year.