

Chapter Two: Improve Brand Perception

Business

B

**Development:
Coffee Shop
Franchise**

Is it possible to design projects with open results? That is not easy. Especially not if the initial situation was an acute crisis in very recent times. The threatening dynamics made open-ended thinking almost impossible. So you can only move forward from success to success. Yes, but it gets easier and easier and the angle of view changes from a low-light normal lens to a high-light ultra-wide-angle lens. In this project report you can read how a project mission for crisis management became a business development project. And we have the impression that this journey is not over yet. This is the second chapter of the business case.

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Initial situation

At this point, it must once again be clearly emphasized that the brand operates exclusively in the metropolitan area of the city of São Paulo. The geographic market comprises a population of approximately 23 million people. For comparison, inhabitants per km²: São Paulo 7,400, Berlin 4,000, New York City 27,500, Paris 20,800.

In any case, the São Paulo metropolitan area is one of the largest in the Southern



São Paulo Downtown by night

Hemisphere and is referred to as the „New York of the South“ because of its size and diversity in virtually all areas.

This time the project definition was more differentiated. It was not about acute crisis management, but rather about a strategy to consolidate the position, or better, a further expansion using the prevailing crisis scenarios in Brazil. It was clear, however, that no enthusiastic adventures should be undertaken and that any strategic assumption must be robustly backed by operational-tactical measures. The implementation of these tactical measures should then also define the next steps or be used to adapt the strategy.

In this environment we defined together four strategic fields of work:

1. communication,
2. training for uncompromising customer orientation,
3. development of a system for identification and development of new franchise partners and
4. professionalization of the previous family business.

Communication

To solve the situation, the way out was to reformulate an old program that one of the two founders developed for a client in the advertising and marketing agency years ago.

On the new format, the employees are awarded to each activity they fulfill and also to bring more brand ambassadors, that is, loyal clients. In the end, it is a loyalty program fed by the employees themselves.

The mobilization brought a strong impact. In less than six months, customers with loyalty cards grew by 920%. The structure to implement this program is based on four structural characteristics.

1. Recruitment

Every employee can be an ambassador. To do so, he must receive an invitation from a colleague and write down why he should be accepted. After the screening of a group committee, the new member creates a profile in a social network.

2. Training

Participants take a three hour online course on company history and how to better expose the

brand, in presentations, emails, WhatsApp, Instagram, TikTok etc. At the end, they get a badge cord that identifies them as an ambassador.

3. Catechism

The ambassadors then plan activities to explain to the largest number of employees what the company does and how the brand should be used. They send e-mails, WhatsApps, Instagram Stories, TikTok etc. organizing happy hours or something similar.

4. Award

The events receive a note from the founders. At the end of the semester, the best placed ambassador wins a trip to meet one of the coffee farms where the company seeks the premium coffees, located in the states of Minas Gerais, Bahia or São Paulo.

Result

In a survey with customers, suppliers and employees, the perception of the brand was 23% better than that of rivals.



Shop entrance

Customer orientation

The second project focus was the fundamental challenge of standardizing good service through uncompromising customer orientation.

The basic idea was to create a structure that accompanies the stores, already considering a future expansion with a larger number of stores. It became clear that the focus had to be on greater standardization of all processes involved in running a coffee store.

We have developed mini-courses based on face-to-face and video courses that address all the functions for running a coffee store in a practical form that can be implemented immediately. At the same time, we began the process of opening new points of sale in the City of São Paulo.

The entire implementation was based on three pillars.

First. When employees were trained, they became trainers. The training was conducted by a lean team from iManagementBrazil, always together with one of the two founders, in addition to employees already involved in the company and training. The focus was always on the main areas of training for food production and training for the financial sector, support services and sales.

Second. Identification of best practices. A committee was formed to evaluate the results and new findings on an almost daily basis. The idea was to quickly identify and publish new best practices, integrate them into the tactical plan and adapt the next steps without losing sight of the goal.

Thirdly. Exchange of experiences. As the number of points of sale increased, the new managers had a certain amount of freedom in developing and adding new items to the menu. The idea behind this step was to create a culture of creativity and to test new products quickly. To do this, it is important to know that Sao Paulo's economic and cultural diversification brings very different influences to the surface and therefore product variation with a more targeted approach to customer groups should be possible.

Result

During the ongoing training, the customer complaint rate dropped by 55% and invoicing increased by 25% during the year. The quantity of products on the menu increased by 11%.

Professionalization of the family management structure

There was no real administration area that was adapted to today's reality. The power of the brand was already far greater than its ability to bring products to the market in a sustainable manner. In fact, our client's company had grown "too fast".

In order to turn the family business into a medium-sized company, we started to develop a five-year business plan. In other words, the feature was not a business plan based on setting quarterly figures, but rather a strategic plan, with the figures to be determined at a later stage in the development of the tactical plan.

The package of measures included fundamental and more significant changes, such as increasing production capacity and expanding the brand's presence in the greater São Paulo area and even within a 100 km radius of the state capital.

The plan for professionalization was based on four pillars.

1. Professional qualification

The teams of coffee and cake production, which had the knowledge of the production, were maintained and received investments in professional qualification. Managers and factory workers participated in the training and were supported by iManagementBrazil. From the point of view of our client, the main objective was to increase the production capacity without changing the quality of the coffee and cakes, whose style is more artisan.

2. Creation of departments

Previously, the founders themselves and some of their relatives had carried out the management activities professionally. The company gained important sectors for its growth, such as logistics, sales, marketing and finance. The areas were deliberately kept small in order to avoid escalating the overhead in any case. In addition, computer systems were implemented for small and medium-sized companies. In production, we introduced a procedure to reorganize the flow of materials and tools and the production processes again.

3. Expansion through franchise

Finally, a franchise system was introduced to expand the brand's presence. The stores not only reached consumers in the capital and in a certain area of the interior of the state of São Paulo, but also served to expand the product offering: third-party products were introduced that will

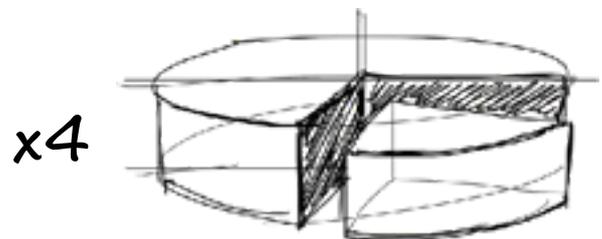
play a *key role* in the third phase of the project in 2020. But at this stage we do not see this strategic importance for the future.

4. Expansion of distribution

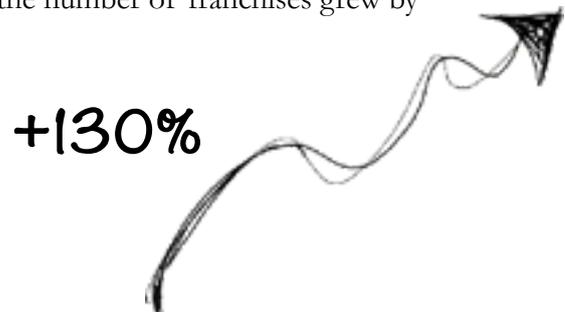
Sales channels were intensified by organizing a distribution network with small warehouses, moto-boys and responsible teams. In addition to the creation of franchise stores, sales in small and large retail outlets such as supermarkets and bakeries were expanded. The company also reformulated its sales promotions at corporate events and parties, which was developed into its own business model.

Result:

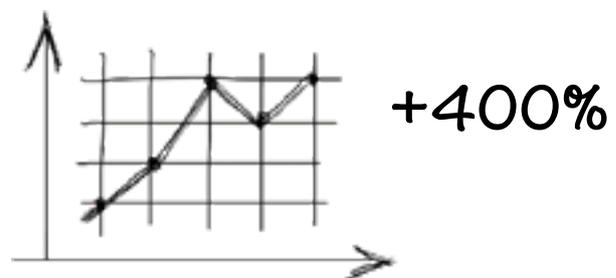
From 2018 to early 2020, our client quadrupled its production volume. Further highlights:



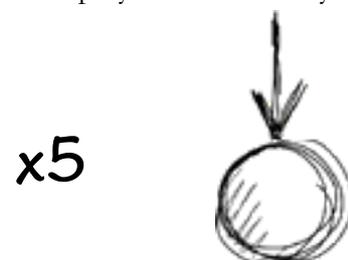
- the number of franchises grew by



- the number of points of sale at company events and parties grew by



- the number of employees increased by a factor of





Inside a franchise coffee shop

In the third strategic development field, the challenge was to identify and develop **new franchise partners**.



**C O F F E E
- S H O P
F R A N C H I S E**

In mid-2018, the founding couple decided to invest in a program to identify and develop new franchise partners. It became clear that expanding the brand was the most viable way to protect themselves from a short-term crisis. The idea behind the program was to promote entrepreneurship.

In the first selection round, 30 applicants were involved, some of whom were already represented in the brand's network. At that time, the brand had eight points of sale in the metropolitan complex of São Paulo. Nine entrepreneurs were selected as finalists, who were collectively and individually coached for six months on management concepts such as cash flow and the entire operation. In the end, five



participants debuted with their new stores in the city.

This program also includes three main pillars.

First. Only those who are willing to learn actively enter the program. Right at the beginning, during the first selection interviews, the characteristics for self-reflection of the operandi mode and the ability to learn were evaluated. The evaluation was conducted independently by each individual founder and project manager on the part of iManagementBrazil. Thereby we use our profiling tool for personnel development within transformation projects in a targeted way.

Secondly. The potential future partners were mentored during the first six months. Two active store managers and the project manager of iManagementBrazil were used as mentors. A weekly meeting between all participants took place where management issues were discussed in groups. The new potential partners worked together in the existing points of sale.

Thirdly. Each participant created improvement projects with implementation responsibility. The evaluation of the project was not based on success or failure. On the part of iManagementBrazil we considered this criterion to be absolutely unsuitable for a fair and future-oriented evaluation. Coming from our concept of profiling, it was important to observe the action energy and group action. In case of failure in the implementation, the creativity to adapt the original project or to extract new knowledge and create new projects led to a more positive evaluation.

Result

The newly opened five coffee stores showed an average growth of almost 33% compared to the original 25% growth of the first stores. (FPN)

