

DRIVING FRANCHISEE GROWTH:

How Five Guys empowered their franchisees to drive down food and labor costs

FIVE GUYS

About Five Guys

Five Guys is a fast casual restaurant chain that serves handcrafted, fresh burgers, hot dogs, fries, milkshakes and more in a no-frills, casual atmosphere. The restaurants use only freshly ground beef for their burgers and peanut oil to fry their French fries, and complimentary roasted in-shell peanuts are offered to guests while they wait for their orders. Established in 1986 in Arlington, Va., Five Guys began franchising in 2003, starting a period of rapid expansion. Today, Five Guys has more than 1,700 locations across the globe. Five Guys has been awarded “best burger” titles in many towns and cities around the world. For more information, visit www.fiveguys.com.



Photo courtesy of Five Guys.

The Challenge

Due to their rapid expansion, the Five Guys management team began the search for a back-of-house operations solution that would empower their franchisees and help control costs.

“Franchisees range in size from four to 100 locations, so operational needs can vary significantly depending on the group,” explained George Anthony, Crunchtime Administrator at Five Guys.

“We currently have more than 1,700 locations pushing 30 menu mix files a day, plus purchasing, and labor elements. What we lack in complexity with our menu we make up for in volume and we needed a solution that could handle these needs.”

As part of the evaluation process, Five Guys identified two key franchisee pain points that a back-of-house platform would need to address:

1. Access

The platform needed to allow managers to pull actionable, real-time data to help them draw smart conclusions about the status of their restaurants, including data around food operations (inventory management, food cost management, food prep and safety) and labor management operations (team scheduling, labor law compliance, and collaboration).

2. Autonomy

The platform had to allow franchisors to run their operation with autonomy, including modeling their own financial calendars, managing their state-by-state-specific labor laws, and integrating with any previously existing payroll, accounting, or HR applications.

Implementing Crunchtime

After a thorough evaluation, the executive management team selected Crunchtime’s restaurant management platform to help control food and labor costs across the entire enterprise.

The implementation process was seamless; in just three months, the team was able to roll out Crunchtime to all 500 corporate locations.

“From there we were able to convince around 120–130 franchises [to adopt Crunchtime], and in the last few years we added about another 110 franchise locations,” says Anthony. “We were the first Crunchtime client that implemented the Franchise Model, which allows flexibility for them to set up their own reporting calendars, for example, and cater the application to meet what their wants and needs are.”

In addition to implementing Crunchtime’s core platform, Five Guys also opted for four of Crunchtime’s powerful inventory operations mobile app bundle (Counter, Impact, and Reconciler) as well as Teamworx, Crunchtime’s self-service portal for restaurant employees.

Outcomes

“When a franchisee is rolled out on the Crunchtime platform, their ability to get results with controlling food costs and managing labor costs with scheduling tools and real-time cost of goods sold (COGS) reporting is a big sell,” says Anthony. “We push our corporate restaurants to show positive results with cost of goods and labor savings. And, because Crunchtime integrates well with other systems, it also lets us get information out to payroll apps like ADP or Paychex, too.”

For franchisees, Crunchtime’s mobile apps are critical components to their success. Five Guys has particularly had success with the **Teamworx** app, Crunchtime’s employee self-service portal application designed to keep the entire restaurant team connected. Because the Teamworx mobile application integrates with the built-in scheduling functionality in the core Crunchtime application, Five Guys managers can create staffing level templates that are based on sales per hour of day to more accurately schedule restaurant staff.

“Teamworx allows us to look at sales and compliance requirements to manage shift hours. We can schedule each hour based on number of sales and make sure that we have enough people on a shift to take care of that volume while remaining within our compliance guidelines,” says Anthony. “We can also see hours scheduled, sales recorded, and any variance in the forecast of sales and labor. Our store managers can use this data to determine if they’re falling short of sales goals or if they need to adjust staffing levels.”

On the food operations side, Five Guys also takes advantage of Crunchtime’s **Reconciler** and **Counter** mobile apps, which have simplified inventory receiving and counting processes, respectively. Reconciler enables staff to manage all order receipt functions at the point of vendor delivery, while Counter allows for simultaneous inventory counting using any mobile device.

“The old school mentality with inventory was to handwrite everything,” says Anthony, “but franchisees love the technology; it’s faster and easier. Everyone uses the apps.”

Using these tools, Five Guys has successfully leveraged Crunchtime to drive down food and labor costs across all its restaurants.



Photo courtesy of Five Guys.



Perpetual inventory changes every 15 minutes, so [managers] need to stay up to speed. Crunchtime has great real-time alerts that keep them on top of this.



“We tell our managers they need to be on Crunchtime 10 to 15 minutes every day to ensure their inventory is accurate by reconciling all invoices,” Anthony said. “Perpetual inventory changes every 15 minutes, so they need to stay up to speed. Crunchtime has great real-time alerts that keep them all on top of this.”

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Five Guys also uses Crunchtime’s dashboard application, **Impact**, to track over 50 restaurant performance metrics. For each location, actual vs. theoretical (AvT) food cost variance must be within a single percentage point. For every year that Five Guys has used Crunchtime to manage and control food costs, their AvT food cost variance has remained below their one percent threshold. As shown below, Five Guys more than exceeded expectations during their first three years:



Utilizing Crunchtime During COVID-19

Five Guys leverages nearly every piece of the Crunchtime suite, and the Five Guys team has been at the forefront of innovation and collaboration with Crunchtime to develop and deploy new capabilities.

“At Five Guys, we do burgers and fries. We don’t want to change the menu,” says Anthony. “We do, however, want to give our customers more options to enjoy our food, and Crunchtime was vital in helping Five Guys employ a successful delivery program. Our revenue structure [pre-COVID] was roughly 80% dine-in/take-out and 20% delivery. Then COVID moved us to 20% dine-in and 80% take-out, some locations even became 100% take-out.”

Crunchtime’s ability to integrate with Five Guy’s point-of-sale (POS) system allows them to get more granular data on items – like bottled soda – that are unique to their delivery menu. “It helps us align operations to this new sales channel,” explains Anthony.



Photo courtesy of Five Guys.

During the pandemic, Five Guys also used Crunchtime to incorporate tips into its wage policy. “We wanted the ability to import supplemental wages and had to figure out how to manage credit cards and credit card tips, so Crunchtime built out an import designed for us. We noticed a 50% increase in credit card tips during COVID-19 to our crew, which translates into supplemental wages that get added to their paycheck. This is a big change in the industry, and it gives us the opportunity to bring in quality employees by offering salary, plus tips.”

Next Steps

Five Guys is currently on track to add 100 new U.S. locations this year and is looking to continue its expansion in the Asian market, which includes opening 200 additional franchise locations in China.

About Crunchtime

Crunchtime is how the world’s top restaurant brands achieve ops excellence in every location. Our software is used in over 100,000 locations in 100+ countries to manage inventory, staff scheduling, learning and development, food safety, operational tasks and audits.

For more information visit www.crunchtime.com

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