

Operations Manual

Restaurant & Food Service Edition



FRANCHISE**NOW**

How to use This Manual to Develop Your Own Restaurant Franchise

About this Manual

In the following guide you will find the foundational building blocks necessary to create an operations manual for your company. A well written operations manual enables your restaurant franchise branches to represent your brand consistently and profitably. It also provides a great opportunity to clearly define your business operations. While every successful business has a general idea of their operations, few know their business to the level of detail which the operations manual demands. If you invest the necessary time and resources to complete this manual, not only will you be on your way to franchising, your existing business will benefit greatly as well.

The Importance of Developing Standard Operating Procedures

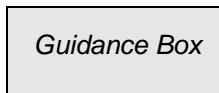
As you read through this manual, you will begin to understand the importance of developing a set of standard operating procedures (SOP'S). A key factor in building a successful restaurant franchise is standardization. Regardless of the restaurant franchise location and ownership, customers will always be met with a consistent experience. For example, McDonald's is regarded as one of the world's most successful restaurant franchises. Because of standardization, their food is the same whether you're in Baton Rouge, Louisiana or Albuquerque, New Mexico. You will always know what to expect when you see those golden arches.

The Purpose of this Manual

This manual was created using a generic restaurant franchise company named *ABC Restaurant!* This content was provided to provide an example of a typical operations manual. As you customize the document to reflect your business, the name and many of the details will change. We recommend you save multiple copies through the writing process. This will allow you to refer to this document as the master template and your document as the new customized operations manual.

Guidance Boxes

We've also included valuable text boxes with questions, notes and additional information to help you write each section. Read each box carefully before beginning each section. An example of a guidance box:



Intro Pages

At the beginning of each chapter you will find a page outlining the goals, questions to ask yourself, required materials and other important information to review.

Guidelines for Preparation of the Manual

Remember, the operations manual is a living, breathing document. As such, the contents will continue to change over time right along with your restaurant franchises standard operating procedures. Therefore, prepare the manual in manner that facilitates updates as they may occur from time to time.

Many new franchisors do not have a written set of SOP's. Your restaurant franchisees will likely have little existing knowledge of your industry. The manual should be written in a manner that is easy to understand, even for the complete layperson. Manuals that are too complex or overly technical will be of little or no use to your restaurant franchisees.

Leave no stone unturned, no detail unaddressed, and no procedure left to the discretion of your restaurant franchisees. Detail, detail, detail.

Your manual should address different operating procedures, if any, accounting for the differences in geography, population, and other conditions that could affect the successful operation of a restaurant franchise.

Maintain consistency between the manual and FDD/Agreement. Discrepancies between the two documents could lead to legal trouble down the road.

Obtain legal review. It is absolutely critical that you acquire local legal council to review your operations manual, restaurant franchise agreement and FDD. We are not legal experts, entering into franchising with legal oversight is an accident waiting to happen. Because franchising is such a litigious industry it is critical you do not skimp when finding an attorney. Your attorney must have a long track record of specializing in the restaurant franchise industry.

Let's get started!

Table of Contents

How to use This Manual to Develop Your Own Restaurant Franchise	1
Table of Contents.....	3
CHAPTER 1: INTRODUCTION.....	5
How to Use This Manual	5
Confidential Disclosure Agreements	6
CHAPTER 2: WELCOME TO ABC RESTAURANT.....	10
History of ABC Restaurant	11
The ABC Management Team.....	12
Legal Advisory and Franchisor's Management Support	13
ABC Restaurant Mission Principles & Promises	14
CHAPTER 3: SUPPORT RESOURCES	16
Franchisee Support Matrix	17
Restaurant Franchise Corporate Officers	19
CHAPTER 4: PRE-OPENING TIMETABLE & OBLIGATIONS.....	20
CHAPTER 5: FRANCHISEE TRAINING REQUIREMENTS	21
ABC Restaurant Orientation Training.....	22
ABC Restaurant Qualified Certifications	25
Additional Training / Refresher Courses	25
Annual ABC Restaurant National Sales Meeting	26
CHAPTER 6: STAFFING YOUR ABC RESTAURANT FRANCHISE	28
Staffing Your ABC Restaurant Franchise.....	30
Position Descriptions with Profiles	30
CHAPTER 7: OFFICE POLICIES	32
Quality Standards of Services	33
Handling Typical Complaints and Problems	34
Employee Appearance (Trade Dress) and Hygiene	34
Computer Usage	35
CHAPTER 8: RESTAURANT OPERATION AND MAINTENANCE	36
General Housekeeping.....	37
Opening Procedures	37
Closing Procedures	38
Cleaning Procedures.....	38
Miscellaneous Restaurant Franchise Duties and Responsibilities.....	38
Administration Major Activities Listing	39
Administrative Management Checklist	41
Alarms, Locks, and Keys.....	42
POS System.....	42
Safety	42
Restaurant Operations Checklists:.....	43
CHAPTER 9: RESTAURANT EQUIPMENT, COMPUTER SYSTEM, INVENTORY, & SUPPLIES....	44
Office Equipment.....	45
Equipment "Starter Package"	49

CHAPTER 10: ADMINISTRATION	50
Record Keeping.....	51
Accounting Services.....	54
Prime Cost.....	56
Manage Critical Numbers.....	57
Collections and Accounts Receivable Management.....	57
CHAPTER 11: REPORTS, AUDITS & INSPECTIONS	58
Franchisee Reports.....	59
Records and Reports.....	60
Failure to Report.....	60
Audits and Inspections.....	60
Contact with Others.....	61
CHAPTER 12: VEHICLE ADMINISTRATION	62
Auto Theft & Carjacking.....	64
Leasing.....	64
CHAPTER 13: MARKETING	65
Target Marketing with Selected Media.....	70
CHAPTER 14: SALES & PRICING.....	81
Intro.....	82
Phone Selling.....	82
Referrals.....	85
Pricing Policies And Fee Structures.....	87
CHAPTER 15: INSURANCE REQUIREMENTS & RISK MANAGEMENT	88
General Insurance Coverage.....	89
Risk Management.....	91
Managing Risk at the Restaurant Franchise Location or Job Site.....	92
Restaurant Franchisee Site Security.....	92
Reporting Incidents.....	93
CHAPTER 16: CORPORATE STRUCTURE AND FINANCING	94
Setting Up Your Entity.....	95
Legal Business Structures.....	95
Types of Structures.....	96
Setting Up the New Corporation.....	99
Financing Arrangements.....	101
Financing Alternatives.....	101
CHAPTER 17: TRADEMARKS AND TRADE SECRETS - PROTECTION POLICIES	103
Patents, Copyrights and Proprietary Information.....	103
Trademark Usage and Guidelines.....	103
Examples of Trademark Misuse.....	104
CHAPTER 18: RESALE, TRANSFER, RENEWAL AND CLOSING	106
Conditions of Renewal.....	106
Continuation.....	107
Assignment or Transfer.....	107
Termination.....	109
CHAPTER 19: EXPANSION AND RELOCATION REQUIREMENTS	112
Restaurant Franchise Expansion, New Territory, Resale Purchase or Territory Expansion.....	112

Chapter 1: Introduction

Welcome to ABC Restaurant! Before delving into the program, please sign the Confidential Disclosure Agreement. The contents of this manual are confidential and proprietary. They are protected as Trade Secrets under the Federal Law of Intellectual Property. This Operations Manual is the property of the Franchisor and is licensed for your use as a guide and reference tool in the operation of your ABC Restaurant franchise. Access to its contents should be limited to those whom have signed the confidential disclosure agreement. Please protect and safeguard the Manual. It can help guide you to a successful restaurant. Finally, keep it current with the latest updates.

How to Use This Manual

ABC Restaurant Operations Manual

Your ABC Restaurant Operations Manual is designed to assist you in the development and operation of your restaurant franchise. The Operations Manual must be used in conjunction with the Restaurant franchise Agreement. Upon signing of the Restaurant franchise Agreement you have agreed to operate the Business pursuant to the terms of the Restaurant Franchise Agreement and use the Operations Manual solely in the manner prescribed by Franchisor. This includes complying with the Franchisee Obligations in the Restaurant Franchise Agreement., exhibits and manuals.

It is your responsibility to understand and implement the methods of service to the specifications and standards required by the Franchisor. Every detail of the design and operation of the Business is important in order to develop and maintain uniform operating standards.

Updates to the Manual

Providing updates to your manual online gives your restaurant franchisees quick access to new information. This is especially helpful for chapter such as marketing which change quickly. Consider using a website devoted to your restaurant franchisees with a password protected login.

In a continuing effort to provide better service to our customers and build a stronger business, periodic updates will be made to the manual. Updates will occur either via mail or through a website based system.