



CASE STUDY: SHINGLE INN FRANCHISE BOOKKEEPING

Shingle Inn is a boutique café chain that serves gourmet food and coffee.

A Shingle Inn franchisee engaged us for bookkeeping shortly prior to the opening of their new cafe. Although they were excited to be starting a new business, they had no previous experience in the business world, and were overwhelmed by the volume of work involved in getting ready to trade. They asked their EzyAccounts bookkeeper to provide bookkeeping and management reporting services.

At the time the franchisee engaged their new bookkeeper, “the books” was actually little more than a folder of paperwork. The franchisee had received good MYOB training from their franchisor, but due to their overloaded schedule, they had forgotten much of the training and hadn’t even had the chance [to setup their new MYOB system](#).

The lack of formal bookkeeping was beginning to create issues for the business. Some invoices were forgotten and left unpaid, leading to delays with the cafe’s fit out. Cash flow pressures also began to mount, as multiple payments were sometimes made to the same invoice. This meant that setup expenses ran well over budget. Throughout it all, the franchisee had little knowledge of exactly where all their money was going.

Our first step with this client was to quickly **setup their MYOB system** in a way that would allow us to complete useful and insightful reporting and analysis of their books in the future.

From there, we began to **bring all the bookkeeping up to date**. This enabled us to show the franchisee the exact financial position of their business. Armed with this information, they were able to get refunds from the suppliers they had overpaid. They then used that money to pay all their outstanding invoices with other suppliers.

To prevent further delays to the café opening, and to ensure all the suppliers would be paid on time, the next step was to [establish short term cash flow forecasting](#).

Since the opening of the store, EzyAccounts has also **managed the entire scheduling (time sheeting) payroll process**. This helps the franchisee ensure staff resources are within allotted amounts, and total penalty rates for over-time and Sunday shifts are kept to a minimum. We implemented and **manage a weekly supplier pay run**, with ABA files provided to the client for ease of review and for quick batch payments. We also complete general and administrative tasks including **BAS and other compliance lodgements**.

In addition to carrying out day-to-day bookkeeping tasks, our bookkeeper has worked closely with the franchisee to help them achieve their business objectives. Their initial and priority objective was **to strengthen their cash flow position and maximise profitability** from the start. We achieved this by determining what the ratio should be between each of the café's expense categories, and its revenue. (For example, daily wages should never exceed 40% of daily sales.)

Out of this ratio analysis, we **developed KPIs** for the different sections of the business, in turn holding each area of the café accountable for performance. These areas include: sales revenue, human resource hours in the kitchen/serving/on the floor, ingredients ordering/consumption/wastage, and more. This gave the franchisee a precise understanding of the performance of all areas of their café. They can now identify opportunities for improvement, recognise the right staff members' achievements, and measure the impact of their KPIs on profitability and cash flow.

As all EzyAccounts clients expect, our Shingle Inn bookkeeper conducts a short weekly review of the business's performance with the franchisee. This review includes an analysis of their KPIs, and the completion of a mandatory franchisor performance report. A more detailed review is completed on a monthly basis. This includes **strategy and business goal planning**.

Through the effective implementation of professional bookkeeping systems, procedures, and reporting, the Shingle Inn franchisee has been able **to completely turn their business around**. Our bookkeeper was able to take the café from its dire position prior to opening, and help the franchisee turn it into a thriving business, with complete visibility and predictability over financial performance. Most importantly, it also **yields great returns!**

Do you have trouble keeping track of your business's books? Want to know how your business is performing? At EzyAccounts, our bookkeepers work to turn businesses around and help them increase their profitability.

If you'd like to learn more about what we can do for your business, call us today on **1300 313 397**

