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DAN BEEM | president, Cold Stone Creamery



ERIC ALBRECHT | DISPATCH

Dan Beem, president of Cold Stone Creamery, is on a nationwide tour, complete with bus, to build morale and sales with the company's franchisees.

Cold comfort

Companies go on the road to offer advice, encouragement to franchisees facing tough times

By Tracy Turner
THE COLUMBUS DISPATCH

The group of ice-cream executives set out last month in a rock-band-style tour bus on a 16-city nationwide gig, with a stop in Columbus on their itinerary.

But the contingent from Cold Stone Creamery wasn't hoping to sell out concert halls. Instead, they were looking to make a statement to their franchise owners about

their commitment to the Cold Stone brand and how store owners can stay afloat in an increasingly troubled economy.

“We’ve gone from being a robust brand in an emerging economy to now being a mature brand in a struggling economy,” said Dan Beem, who was named president of the Arizona-based company last year.

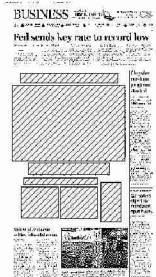
Beem spoke in Columbus this month with store owners from four states including Ohio. Rather than have store owners fly

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COLD STONE CREAMERY

Cold Stone Creamery hopes to build profit by pairing with other confection companies, like its signature jelly bean flavors.



to Las Vegas for the company's annual meeting, the idea of going to the owners not only saves everyone money, but also shows the company's willingness to listen and speak directly to its franchisees.

"Given where we are at in the economy, the franchisees are looking for an executive team that cares about them and their success and has a plan to protect their assets and value," he said.

It seems more franchisees are seeking such reassurance as they deal with a tightened credit market, slowing sales, job losses, low consumer confidence and general consumer anxiety.

Franchises, which contribute more than \$2 trillion to the economy annually, account for about 21 million jobs, according to the International Franchise Association.

So keeping a franchise afloat despite the economy takes on even more significance. And Cold Stone isn't the only company concerned about its franchisees.

"We tell owners to make sure they have a strong marketing plan, keep their inventory properly managed and to get involved in their community" to weather the economic storm, said Anna Harper-Hess, a spokeswoman for Crimson Cup Coffee & Tea.

The Columbus-based coffee roaster and business consultant firm has 90 member coffeehouses nationwide, with 10 locations in Columbus. The company helps set up coffeehouses including offering franchise owners training, advice, inventory and marketing services.

Community involvement is key, she said.

Its Clintonville location gave away coffee during the September power failure, a strategy that "goes a long way in people remembering who you are and what you can do for your consumers," Harper-Hess said.

In this economy, even the little things matter, one expert says.

Business owners have to take nothing for granted, said Peter Nowell, a managing director at Expense Reduction Analysts. The Dublin-based company helps businesses save money and increase profit by cutting costs on overhead expenses.

He said business owners should question every aspect of their business, every decision, to determine whether it is a necessary action or if savings could be found by making even the smallest adjustment.

"The most common failing of small businesses is people working *in* the business rather than working *on* the business," Nowell said. "Owners become

too hands-on instead of standing back and looking strategically to see how they can grow the business.

"In today's economy, the temptation is to reduce the amount of staff and do it yourself, and (that) leads to a downward spiral. If you don't have the marketing strategies and fundamentals of your business right, you won't succeed."

Bob Oyster, who owns the rights to open Cartridge World franchises in Ohio and Michigan, said another way franchisees can cope with the current economic challenges is to make sure their products are viewed as a necessity and are priced right.

"In a tougher economy, people want to save money, so they'll gravitate to a lower price," he said.

Cartridge World, which sells toner and inkjet cartridge refills, has seven locations in Columbus, with each store averaging five employees. Oyster said franchisees should try to work with other franchise owners to share advertising costs and to leverage suppliers to get lower inventory costs.

That's been an advantage for Jeff Curran, who owns four Cold Stone locations in Dublin, Westerville, Gahanna and near the Ohio State University campus. Cold Stone has 1,450 stores worldwide, with seven franchises in the Columbus area. Each store typically has 20 to 25 employees.

At the town hall-style meeting with franchise owners, the Cold Stone executive team served as cheerleaders to increase owners' morale and to show them how they can increase store profits despite the recession.

The goal is to increase sales from the current average of \$360,000 per store to \$500,000, Beem said.

That plan includes adding new products including iced coffee and working with other food companies, such as Rocky Mountain Chocolate Factory, he said.

Curran said that although sales are up at his locations, he's concerned that that could change as the economy continues to falter.

He said most franchise owners had feelings even of anxiety about the economy and feel a "sense of urgency to do something quickly" to deal with the issue. Hearing directly from the executive team could do much to ease some worries, Curran said.

"We're hoping to hear them focus primarily on what are the plans for the coming year, in terms of product development, and ways to survive, or even thrive in an economy like this," he said. "There are some concerns that eventually we'll see a stop in people's discretionary spending."

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