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Back to growth for Scores, Baton Rouge, Mikes et al.

After years of decline, Imvescor Restaurants Group is beginning to reap the rewards of its restructuring efforts begun two years ago.

So much so that the management of the company which already owns the chain of restaurants Always Mikes (formerly Mikes), Scores, Baton Rouge and Pizza Delight is ready to go on the offensive.

At the end of February, Imvescor (IRG, $ 3.39) announced that it had completed the acquisition of the Quebec restaurant chain Ben & Florentine for $ 17.7 million. Far from presenting this transaction as an isolated gesture, its new president and CEO promises others.

"It's not over," says Frank Hennessey, 53, who was called to the rescue two years ago after Denis Richard left (now on TV5's board). We are not for sale, but in acquisition mode. I am constantly looking for opportunities to enhance our brand portfolio. "

The former president of Harvey's Restaurants, then Bento Sushi, landed in Montreal in 2014 to take over the then-struggling company. At the time, Imvescor had come back five years. Its sales of $ 410 million in 2010 had fallen to $ 377 million in five years.

We had to act. And one of the first things the newcomer did when he arrived was to move the financial and administrative activities in Moncton, New Brunswick (the headquarters of Pizza Delight) to Montreal.

"This was my first major decision," says Frank Hennessey, in an interview with Les Affaires. As three-quarters of our business is now located in Quebec, it was a natural decision. "The company's head office is now housed in modest premises formerly occupied by Mikes, next to the Décarie highway (A-15).

As soon as done, Hennessey surrounds himself with new blood in the direction. Tania M. Clarke, formerly of Keurig Canada, is leading finance. Vincent Dugas, an ex-Sysco, is given responsibility for acquisitions. And Robert Longtin, formerly of Boston Pizza, is responsible for development.

The objective is to quickly turn the page on the past by boosting sales of comparable restaurants, improving the profitability of franchisees and taking greater advantage of the synergy opportunities offered by the network of brands. All this, of course, with the avowed hope of also improving shareholder returns.

"A combination of reasons may explain the situation in which Imvescor found himself," explains his president. But the main thing for us, franchisor, was to re-establish communication, to get back in touch with both our franchisees and our customers. More than anything, we had to be attractive again. "

Do less, but better

How? Essentially by improving the image and brand experience of its brands through improved food offerings, a redesigned customer service (experience) and a renewed atmosphere. All this within a maximum period of three years to end in 2018.

In terms of food, Imvescor has carried out a thorough revision of its offer over the last two years to refocus each banner on its specialty. "The idea is not to offer everything everywhere, but to make choices to succeed in serving every dish in the best possible way."

At Mikes, for example, the menu originally had 130 choices. It was too much. It was cut in half. Each banner underwent the same review, aiming to do less, but better. Result: 30 to 50% of the dishes offered on the menu of each banner were eliminated.

Change of culture

To improve the service and profitability of its franchisees, Imvescor has started investing in the mobilization and training of its partners. Competition between chefs, satisfaction survey, management training for franchisees ... "Selling more is a good thing, but an increase must never be made without profitability."

While suggesting changes in the way his franchisees do business, Frank Hennessey has imposed a culture change on his headquarters staff. His new motto: "Serving those who serve our customers." In other words, "We serve our franchisees," he says.

Finally, in what could be presented as a Marshall Plan of the atmosphere, Imvescor has committed to invest $5.5 million in three years to stimulate franchisees to renovate their restaurants. One-fifth of the renovation bills are reimbursed, up to $ 50,000 per establishment.

The offer was a hit. In the first year, 35 restaurants were renovated. This year, some forty stores have done the same. And by next year, it is estimated that 110 restaurants will have been modernized by franchisees.

Imvescor takes the opportunity to close non-performing restaurants and offer removals where the market has changed. For example, Mr. Hennessey illustrates, the move imposed at Bâton Rouge in the Sainte-Foy borough in Quebec City would have resulted in a 130% increase in sales volume.

Development in Ontario

The work is not over. If everything goes as planned, by the spring of 2018, the company's revenues will have grown by 14 to 18% compared to 2015, sales of comparable restaurants will return to climb every year from 3% to 5% and EBITDA will have exceeded $ 20 million.

Ben & Florentine's recent acquisition should help achieve these objectives. Already, the company has announced plans to open eight new branches of the brand by the end of 2017, and Frank Hennessey says he sees a number of development opportunities west of the Ottawa River for his other brands/banners.