

Kilwin's[®]

Chocolates - Fudge
Ice Cream



Core Business

Opening and Operating

Successful

Kilwin's Stores

1. Every Customer Every Time
2. Passion
3. Relationship

Franchise Advisory Council

***Strength Through
Counsel, Cooperation
and Support***

FAC

- 6 Elected Thinkers (at least 1 per region)
- 3 Appointed Thinkers
- 2 KCF Thinkers

- 1 Year Terms
- 4 Meetings per year plus committee work

Advisory Council Committees

(strategy driven, time specific, outcome oriented)

Operations

- Bill Moore (Chair)
- Steve Hooley
- Paige Levan
- Bill Williamson

Advertising

- Bill Moore (Chair)
- Meredith Brown
- Don McCarty
- Dan Scarbrough

Communication

- Bonnie Sibner (Chair)
- Meredith Brown
- Pat Olson

Steering

- Don McCarty (Chair)
- Jeff Brandon
- Paige Levan
- Dan Scarbrough
- Bonnie Sibner
- Bill Williamson

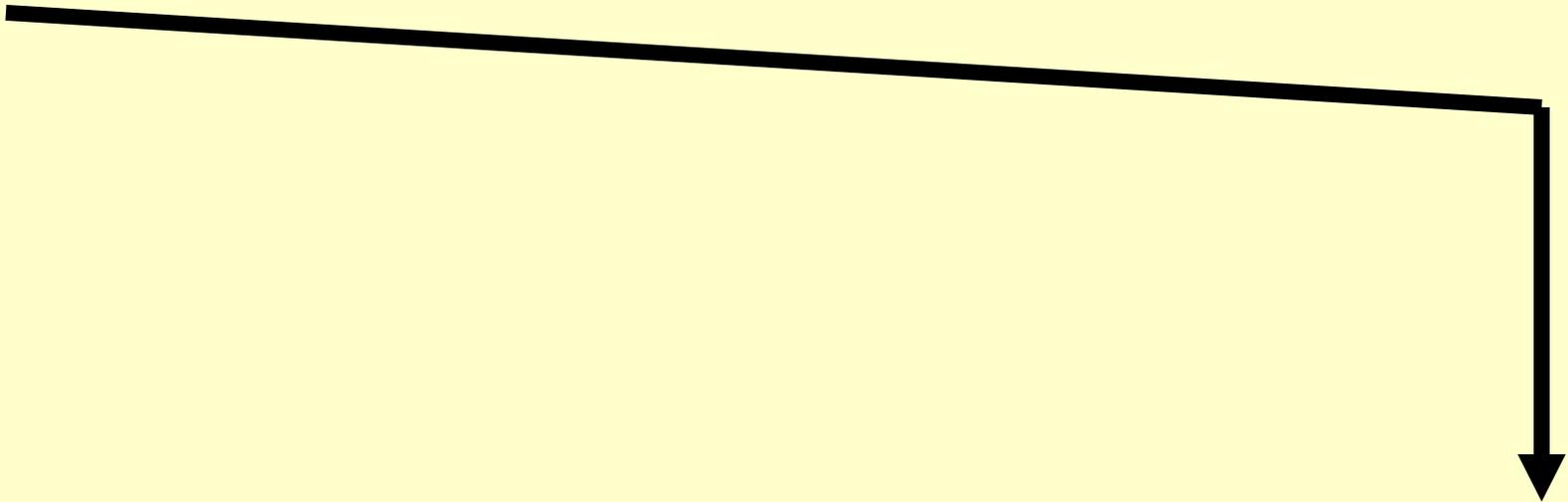
Purpose

***“the best confectionery
and ice cream you will ever
enjoy”***

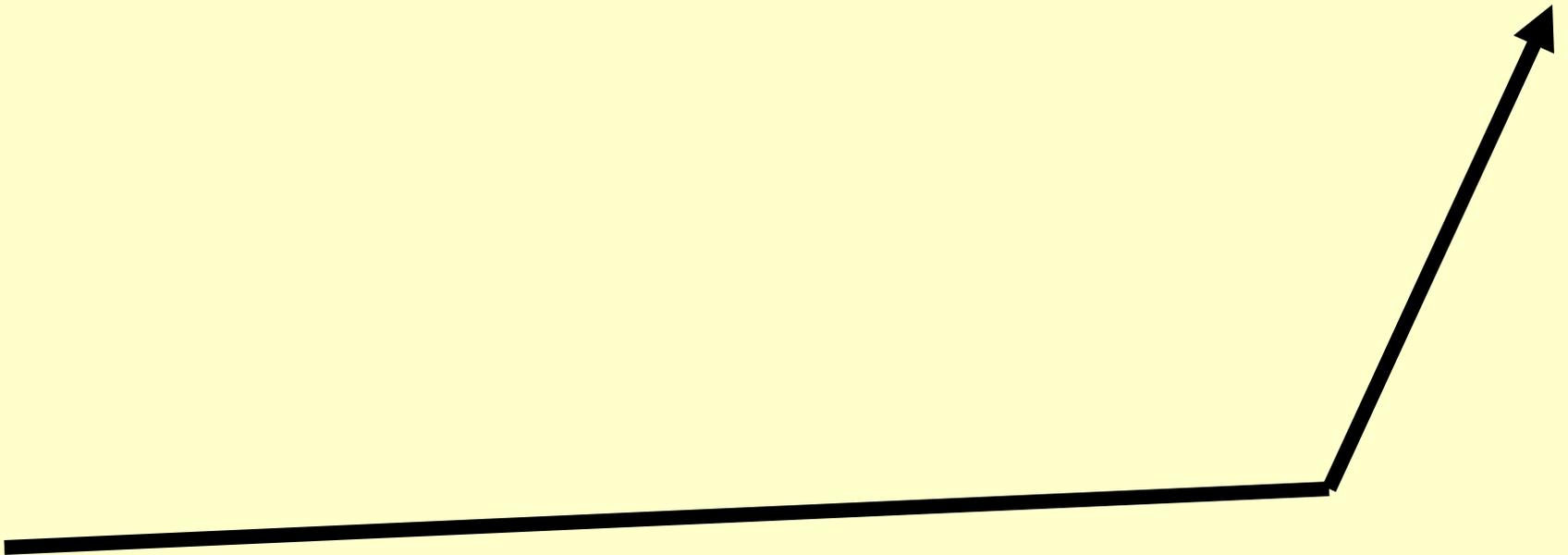
How Did You Go Bankrupt?

Earnest Hemmingway, *The Sun Also Rises*

“Gradually, then suddenly”

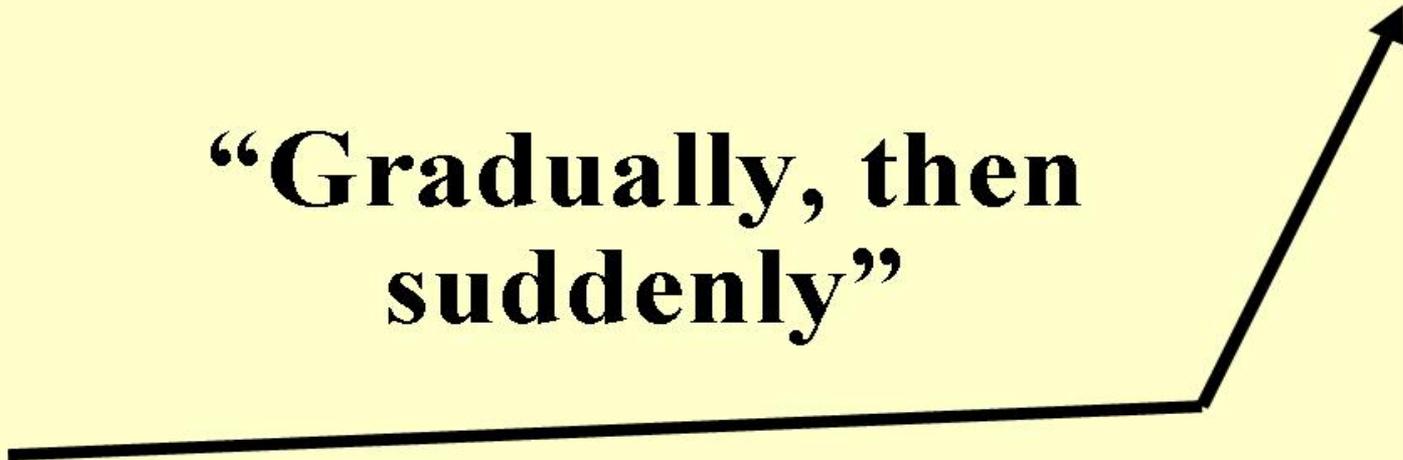


“Gradually, then suddenly”



Every Customer Every Time

**“Gradually, then
suddenly”**



Kilwin's
Kilwin's
Kilwin's

Goal

= Outstanding customer experience

Method

= Every customer every time

Result

= Gradually then suddenly

2010 Strategic Vision

Kilwin's Chocolates
Franchise, Inc.

KCF 2005 Goals

- Licensing system
- Running company stores
- Delivering iron clad operating system
- Feedback and communication

KCF 2006 Goals

1. Customer satisfaction (retail and franchisees)
 - Maintain and improve support to and relationship with existing stores
2. Increase profitability
3. To accomplish the above with the active support of the people sitting in this room
4. Maintain Kilwin's values and have fun while becoming a national company - Advocate for co-workers and customers
5. Open 14 stores - focus on opening new stores
 - Shift from preparation to execution

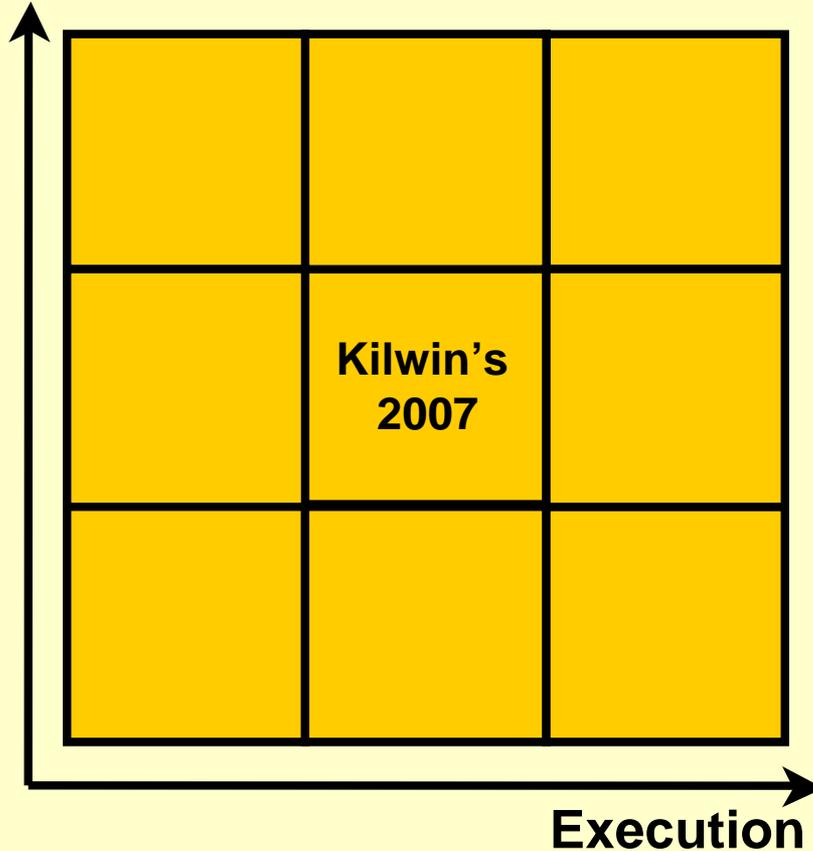
KCF 2007 Goals

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Today Kilwin's is GOOD...

Strategy

TODAY

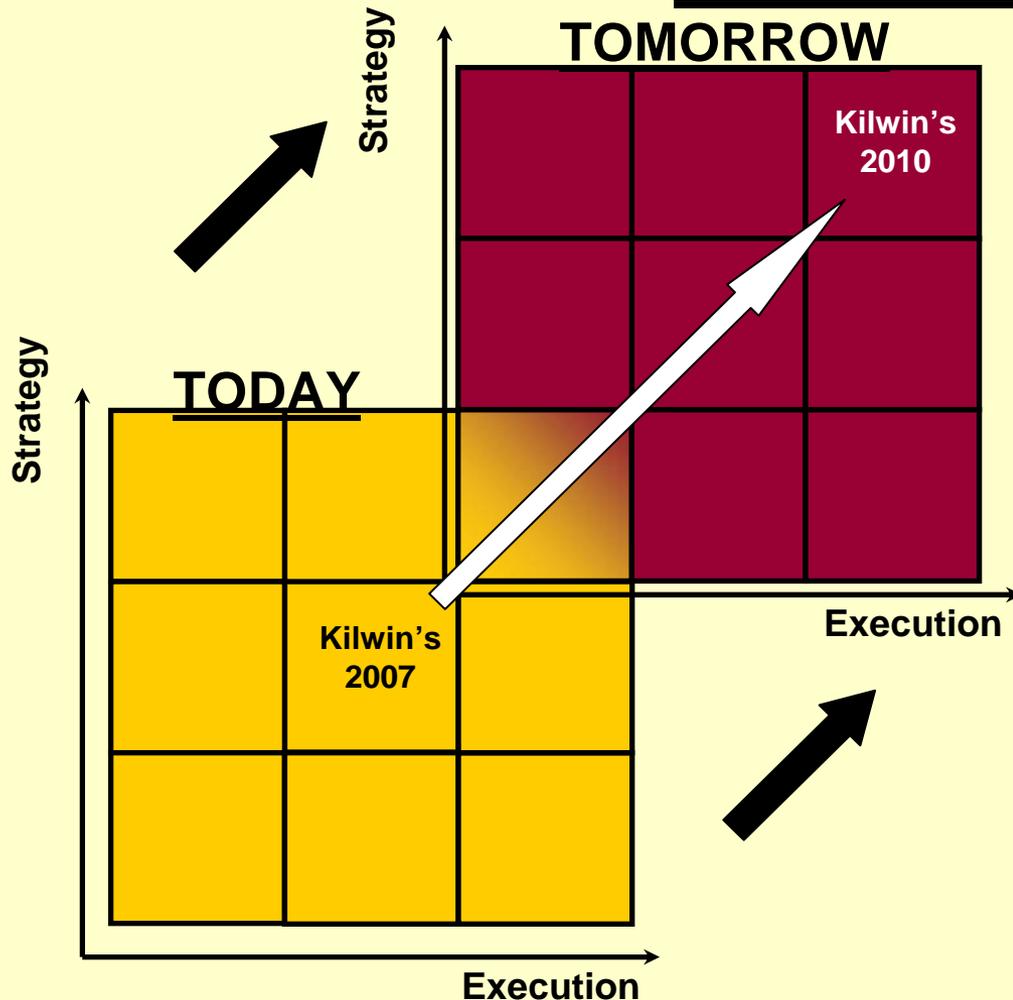


We are **GOOD** in today's business conditions operating under today's requirements

But...

... Tomorrow we strive to be

GREAT



**What is GOOD today
is not GREAT Tomorrow
Our strategic goal is to
be GREAT**

*Our planned growth,
customer expectations and
franchisee expectations
are driving increased
capability requirements
and ability to execute*

Growing to Great Requires Transformational Change

Continuous Improvement

- Does not challenge the assumptions or value of existing culture

Transformational Change

- Attempts to alter the culture to enable substantial change

How we define a Super Premium Brand:

- Retail customer experience is extraordinary
- Store profitability is accelerating
- Same store sales are increasing
- Average store sales are increasing



“Gradually, then suddenly”

2010 Profitable Growth and Brand Vision

1. We've created an environment that provides an extraordinary customer experience
 - Premier chocolate and ice cream product and franchise
 - Store experience is engaging and irresistible resulting in customer advocates

2010 Profitable Growth and Brand Vision

2. We are an essential partner to store owners ... our customers:

- Satisfied store owners meeting quality of life and income expectations
- Leading edge store support enabling same store sales and profitability growth for store owners

2010 Profitable Growth and Brand Vision

3. We've grown successfully ... and we're getting bigger:
 - We are growing sales and profits at a corporate level
 - We have the systems and process to consistently open 30-40 successful stores annually
 - We are promoting and marketing our brand efficiently and effectively

2010 Profitable Growth and Brand Vision

4. New store growth is a core competency ... and we execute consistently:

- We have effective, repeatable, disciplined processes that enable successful new store development, initial and ongoing store support
- We have a development team focused on successful franchisee selection and growth opportunities that include both individual stores and multi-unit regional development
- We have an expanded strong presence, including distribution centers in the upper mid-west, the mid-Atlantic and the southeast, and are developing additional centers as needed

2010 Profitable Growth and Brand Vision

5. We are a passionate, customer focused team of individuals who think, plan and execute strategically:

- We have a high performance culture focused on results
- We have a culture of trust, respect and integrity with team members who are fully engaged, enthusiastic and empowered to make a difference
- We make a positive difference in our employees' lives and in our communities
- We have a leadership team committed and capable to execute our strategy

Vision – Setting Goals and Direction

- The power of vision – what the story is and how we tell it

Vision – Setting Goals and Direction

1. Strategic thinking vs. strategic planning
2. Brilliant ideas vs. brilliant plans
3. What can be vs. what is
4. Ideas vs. plans as driving force
5. Leaders as a strategic asset vs. managers
6. Discovering strategy vs. designing strategy
7. Fusion of thinking vs. division of labor

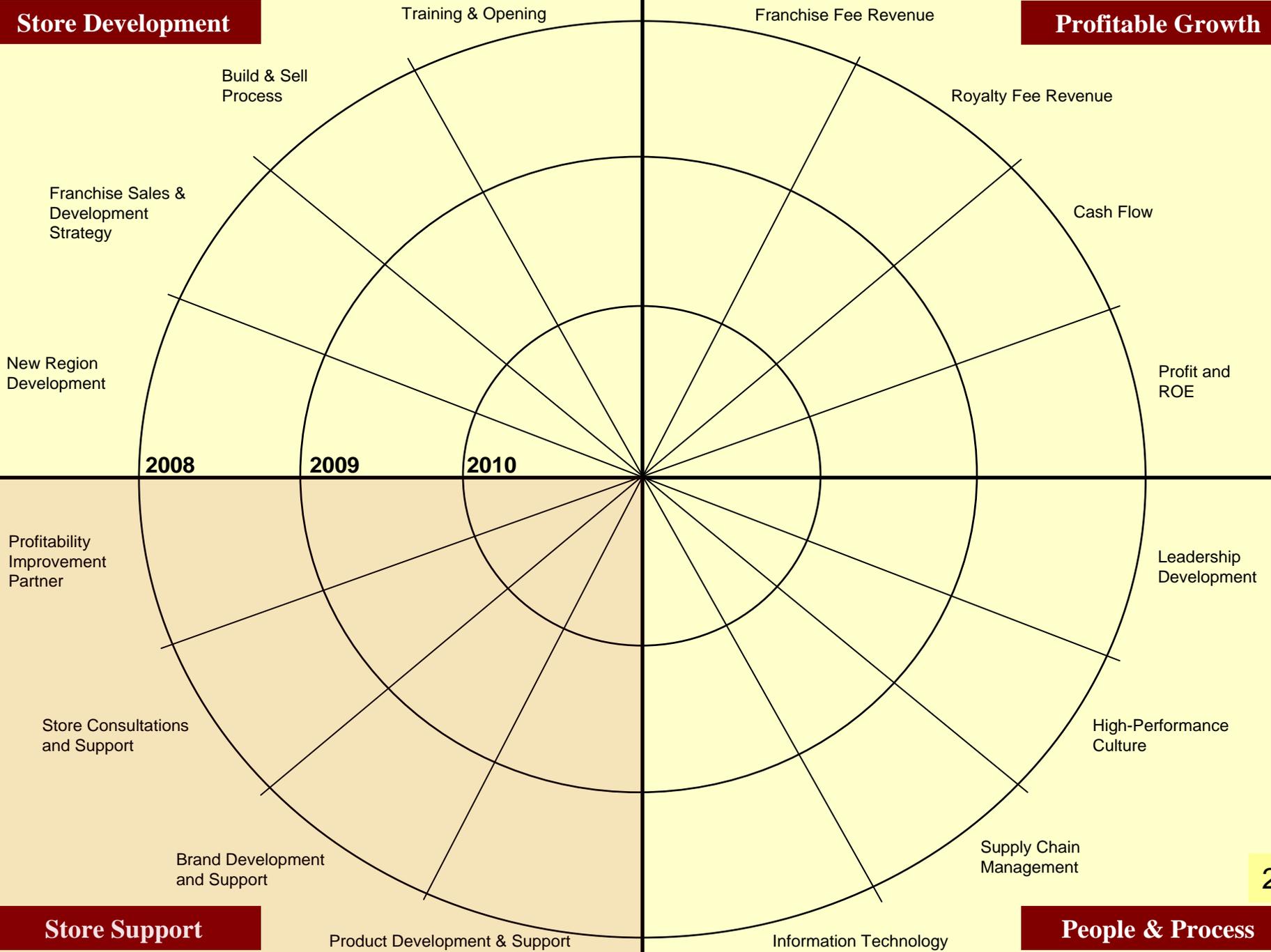
Vision – Setting Goals and Direction

1. Generative thinking – where do ideas come from?
2. What are my goals?
3. What are my priorities?
4. “This priority will not be achieved unless I ___”



Store Development

Profitable Growth



Store Support

People & Process

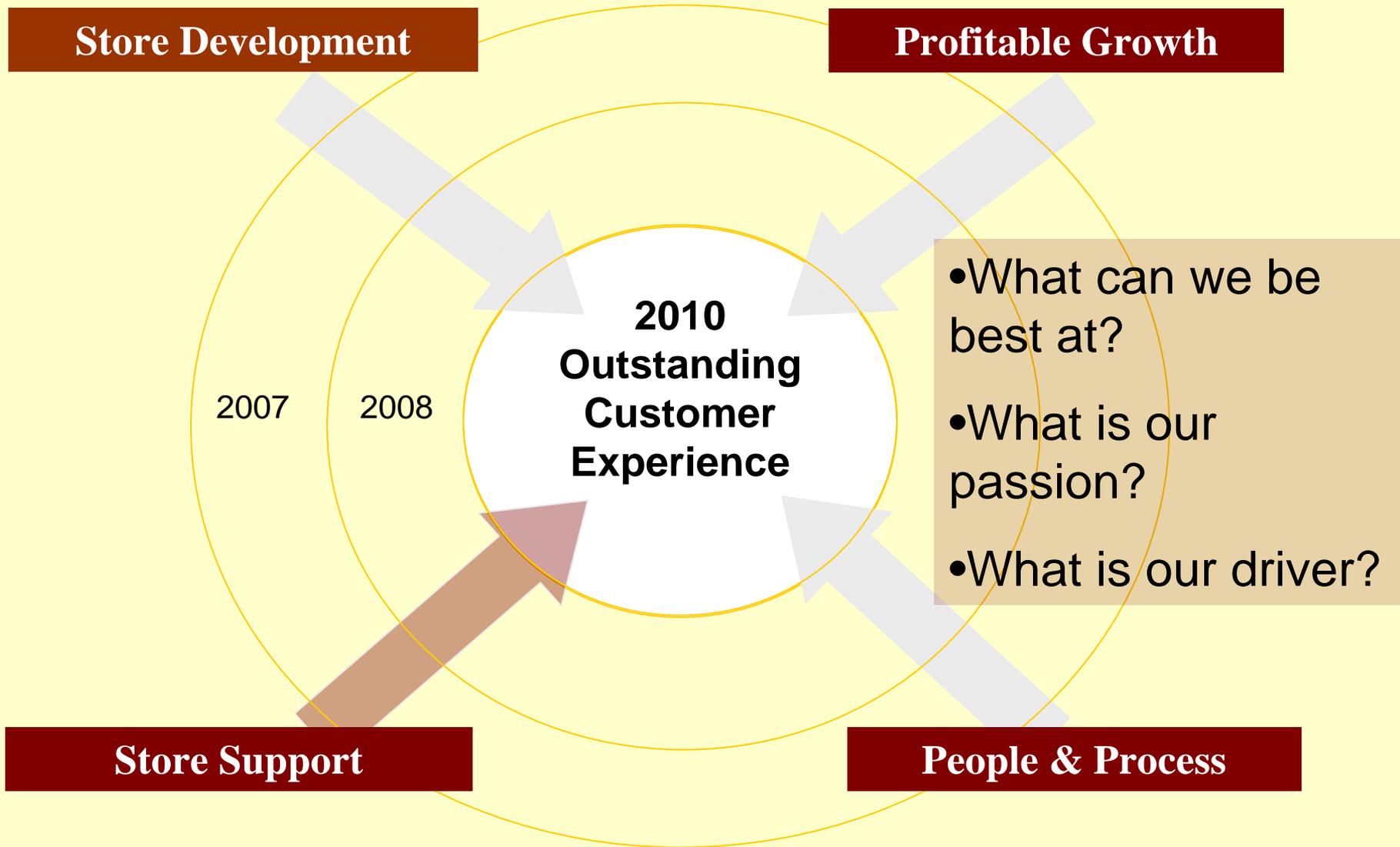
Kilwin's 2010 Transformation Roadmap

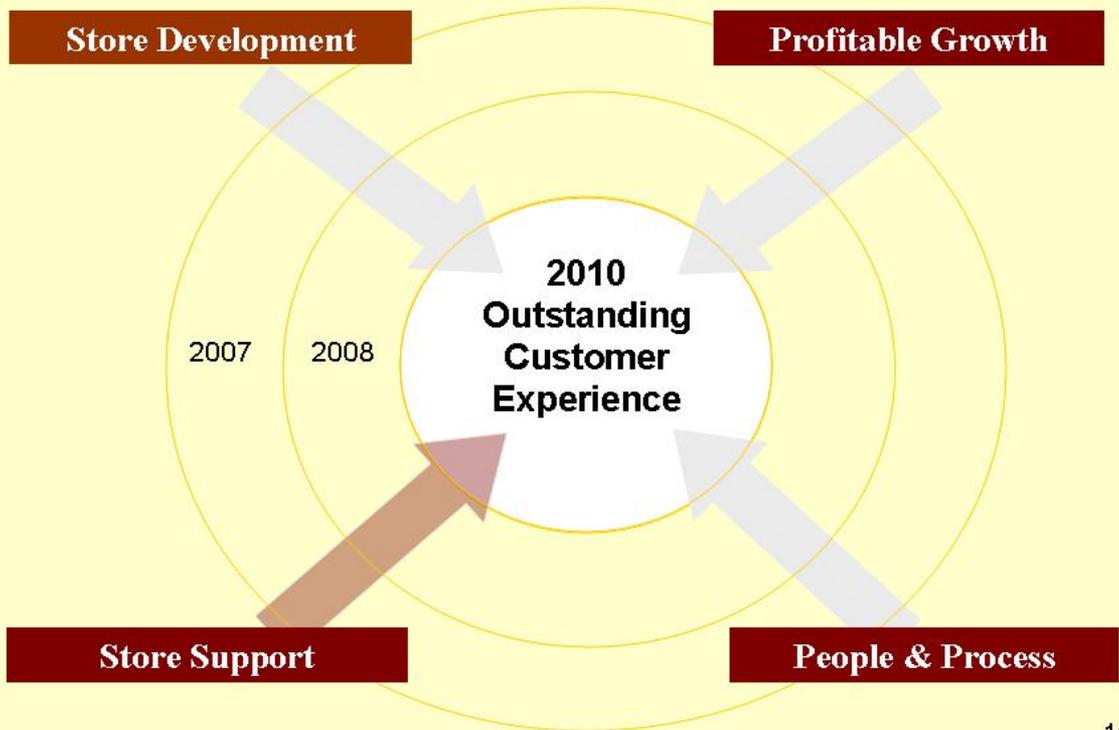


- What Can We Be Best At?
- What Are We Passionate About?
- What Is Our Key Economic Driver?

Jim Collins, *Good to Great*

Kilwin's 2010 Transformation Roadmap

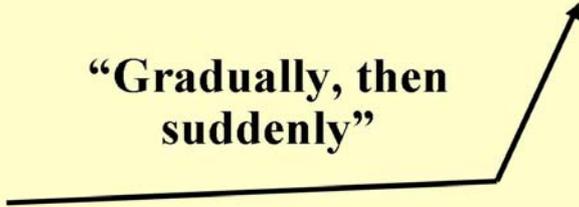




15

3 Big Challenges

“Gradually, then
suddenly”



1. Every Customer Every Time

**Provide the Best Confectionery
and Ice Cream Experience
in the World**

2. Passion

**If You Have Passion You Can
Lead**

3. Relationship

Trust and Empowerment to
Achieve **Consistency** and
Encourage **Individuality**

Consistency

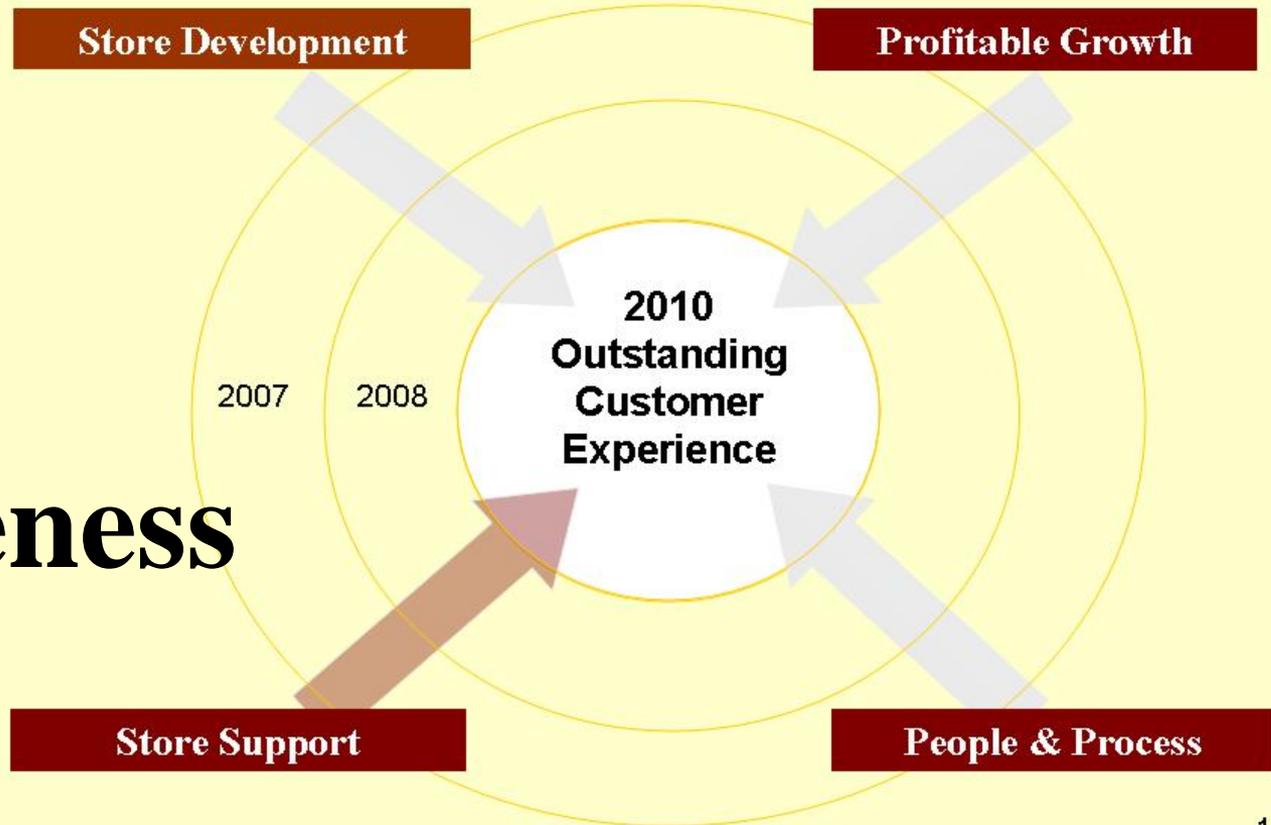
Process Driven

vs.

Personality Driven

Personality

Kilwin's Transformation Roadmap

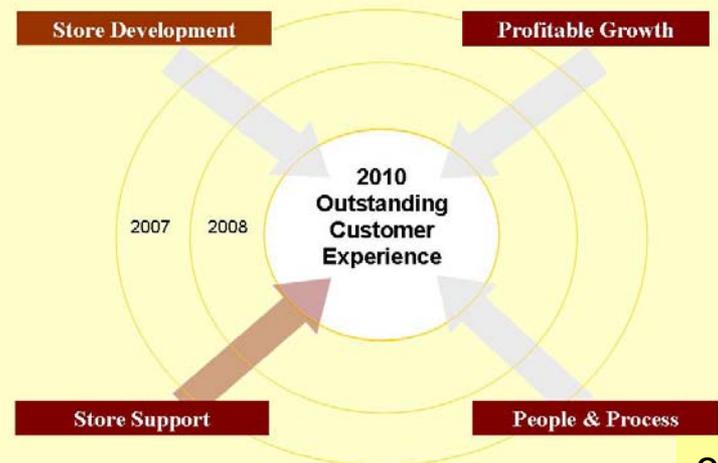


Uniqueness

Non-Negotiables

- **Use of Trademark**
- **Approved (required) Products**
- **Recipes**
- **Gift Cards**
- **Packaging**
- **Fixtures**
- **Website**

Kilwin's Transformation Roadmap



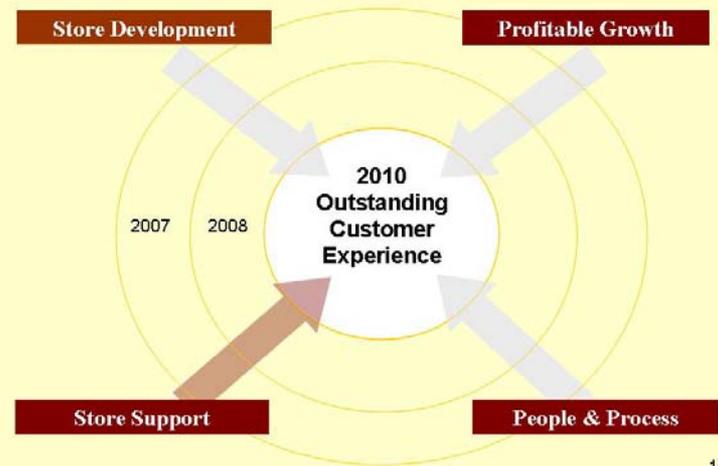
Variables

- **Size of store, store layout, decorating**
- **Store hours**
- **Wall paper, floor covering, light fixtures**
- **Products (select from approved)**
- **Signs (interior), pictures**
- **Pricing**
- **Uniforms (dress code)**
- **Where and how to promote and advertise**
- **Wrapping paper and ribbon**
- **Production schedule**
- **How and when to merchandize, position of merchandise in store**
- **Outside sales opportunities**

Variables - Subjective

- **Who You Hire**
- **How You Train**
- **How You Manage**
- **How You Lead**
- **Store Attitude, Personality, Culture**
- **How Much Value is Placed on the Customer**
- **How Much Passion You Have**

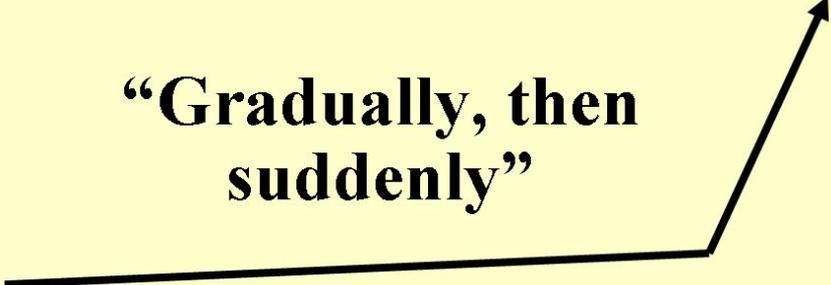
Kilwin's Transformation Roadmap



Variables - Subjective

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“Gradually, then suddenly”



“I don't know exactly what I'm going to experience but I know it is going to be good”



Leadership

What is My Job?

Leadership

Culture

Brand

Foundational Qualities of a Leader

1. Hungry (motivated)
2. Honorable (teachable)
3. Honorable (character and integrity)

What a leader does

1. Provides vision
2. The right thing at the right time
for the right reason (George Barna)
3. Changes the status quo

How a leader grows personally

1. Character
2. Tasks
3. Relationships

How a leader grows in influence

- **The 5 levels of leadership**
 1. Learning
 2. Performing
 3. Leading
 4. Developing leaders
 5. Developing leaders of leaders

How a leader grows in influence

- **The 5 levels of leadership**
 1. Learning
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Leadership vs. Management

Leadership

Doing the right things

Culture

Management

Doing things the right way

Results

- **Management enables the ability to perform**
- **Leadership enables the desire to perform.**

Test of culture is what behavior is required
– **the people in the culture will enforce behavior**

Leading Change

1.

Hunger

Urgency

Passion

John Kotter, *The Heart of Change*

Leading Change

2.

Build a Team

John Kotter, *The Heart of Change*

Leading Change

3.

Have a Clear Vision

John Kotter, *The Heart of Change*

Leading Change

4.

Communicate

John Kotter, *The Heart of Change*

Leading Change

5.

Empower

(remove obstacles)

John Kotter, *The Heart of Change*

Leading Change

6.

**Recognize Short Term Wins
(reward)**

John Cotter, The Heart of Change

Leading Change

7.

Don't Let Up

(reinforce behaviors that...)

John Cotter, The Heart of Change

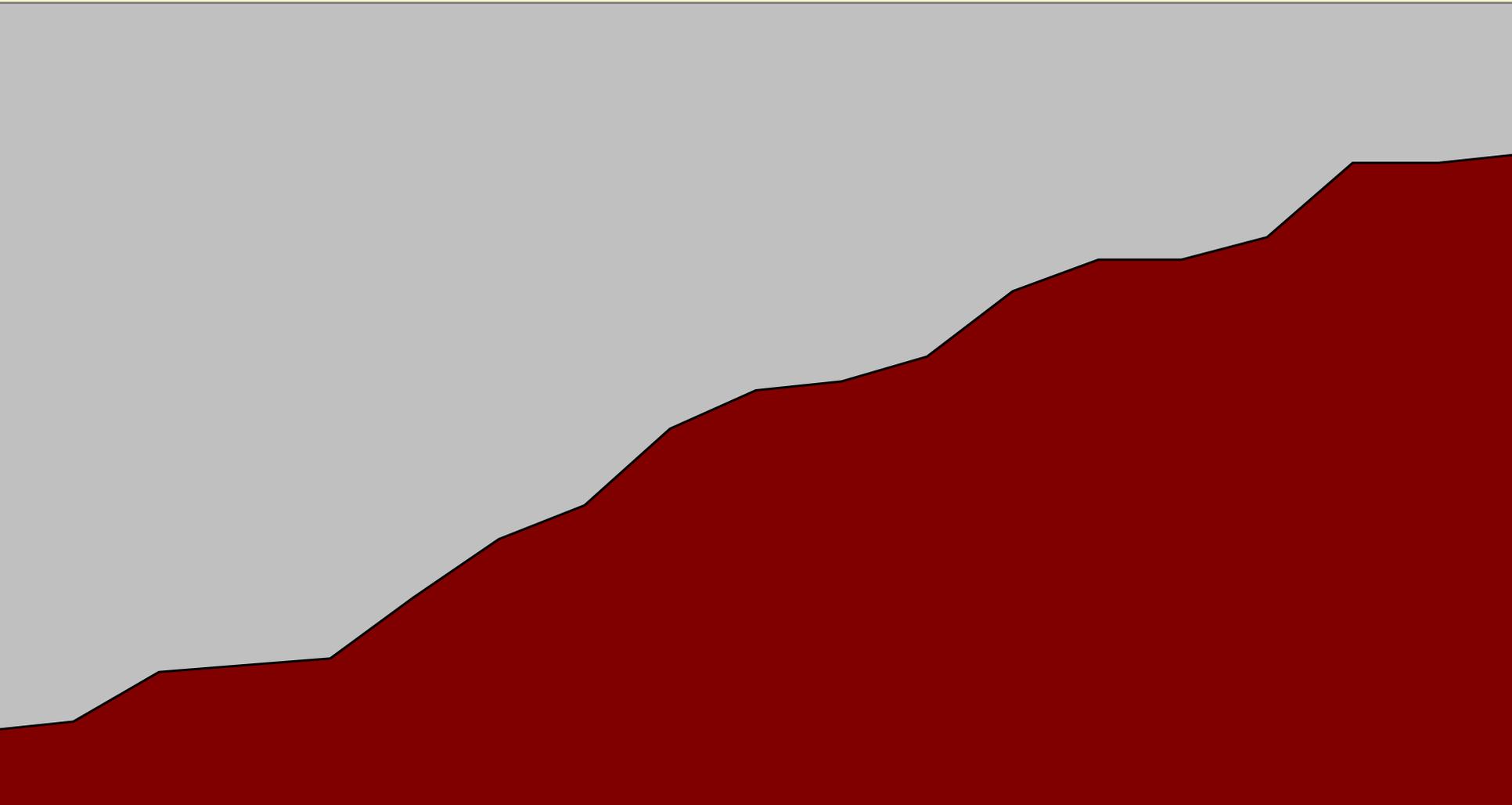
Leading Change

8.

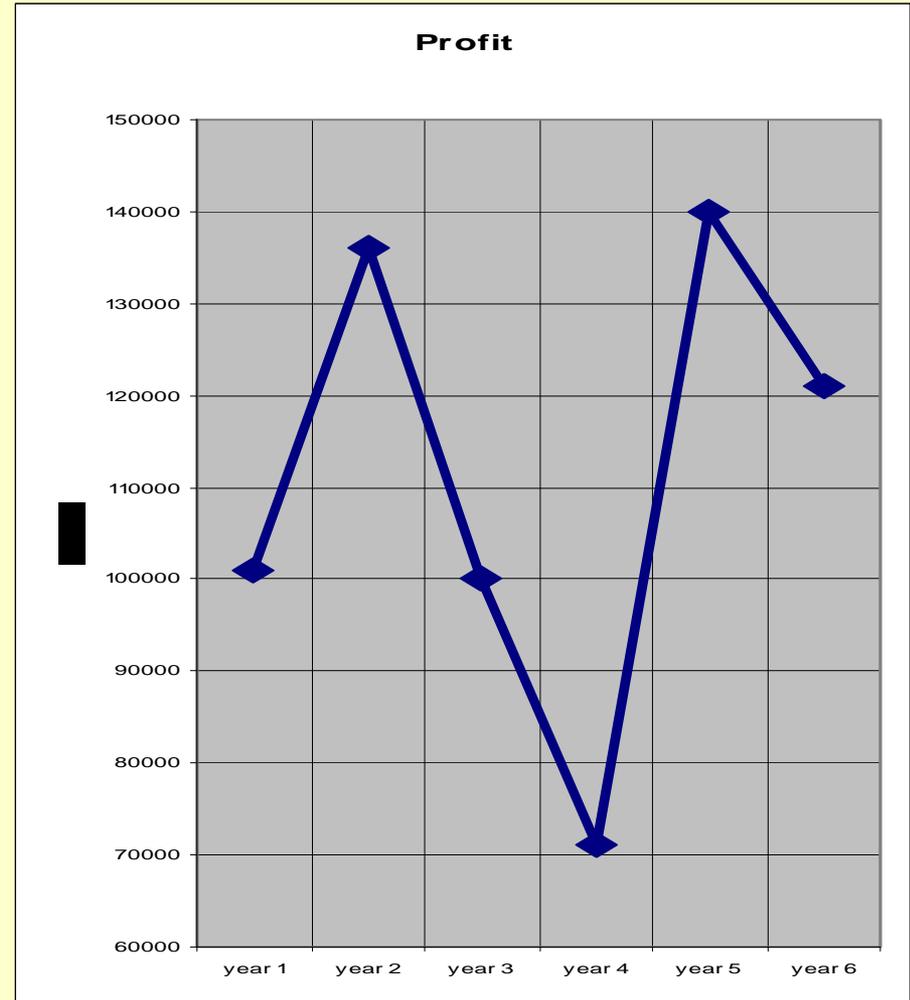
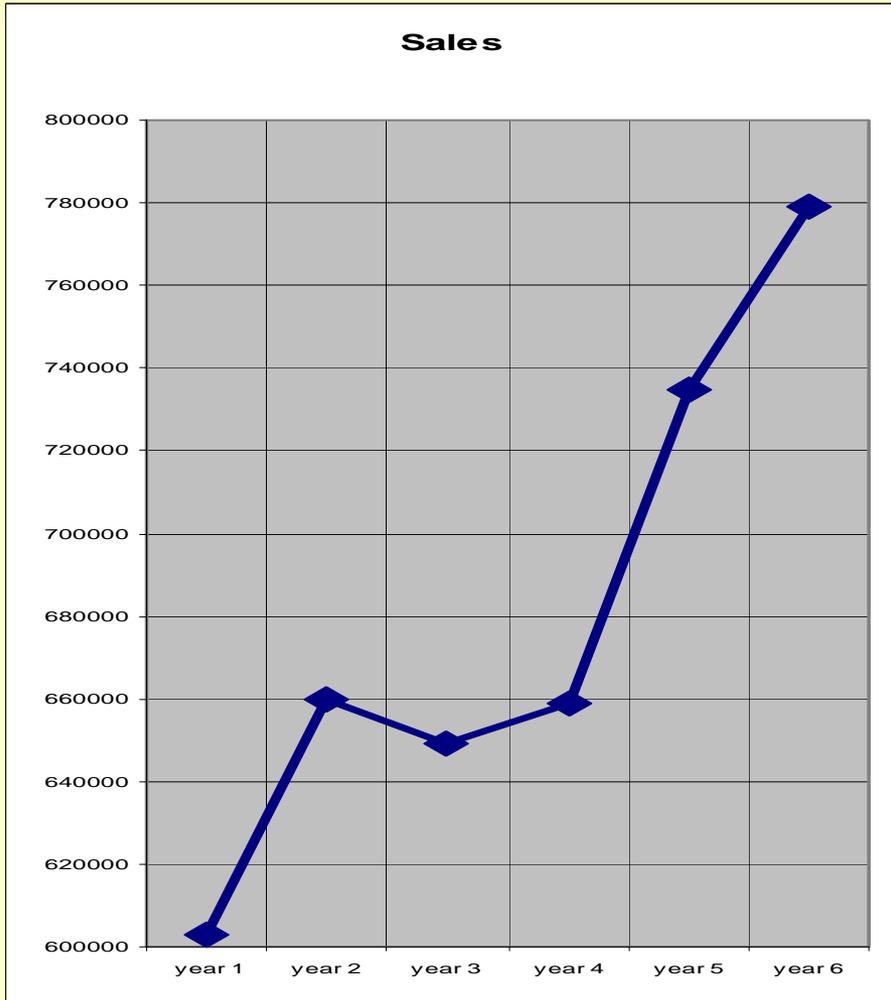
Make Change Stick

John Kotter, *The Heart of Change*

Sales – Gradually then Suddenly



Leading Change



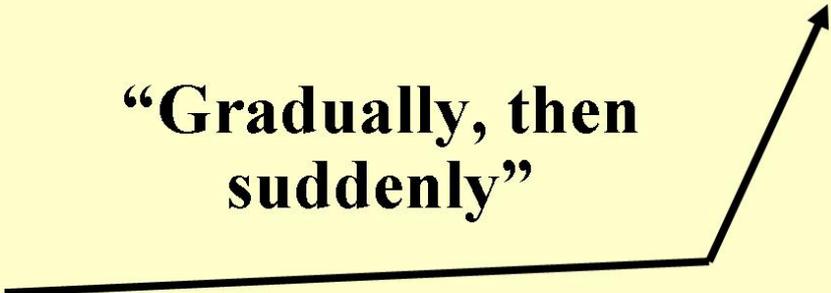
Leading Change

1. **Be Urgent**
2. Build Team
3. Have a Clear Vision
4. Communicate
5. Empower
6. Recognize Short Term Wins
7. Don't Let Up
8. Make Change Stick

John Cotter, The Heart of Change

Do It Today

What behavior does my culture require (enforce)?



“Gradually, then suddenly”

Do It Today

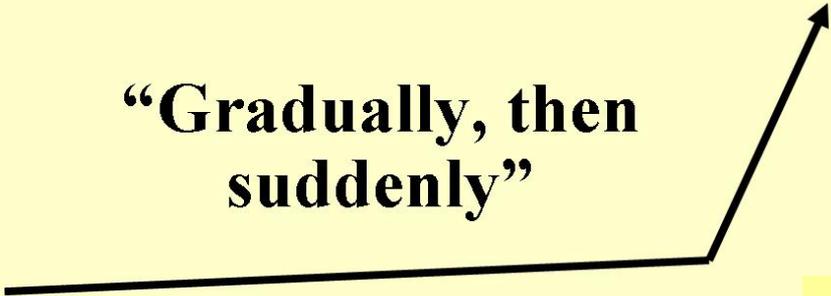
Do I want to succeed?

Do I need to change?

Will I change?

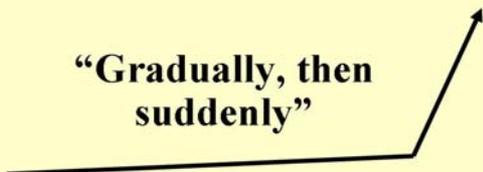
How can I be a better leader?

**“Gradually, then
suddenly”**



Do It Today

“Gradually, then suddenly”



- 1. You cannot have unqualified people running your store**
- 2. Define success at an individual, store and corporate level – identify passion**
- 3. Promote sales – change the culture in your store – do I have “order takers”?**
- 4. Think about relationship – “make me feel important”**
- 5. Focus every individual every day – why are you here?**

Do It Today

- Pre-sale

1. Eye contact
2. Smile
3. Greeting, question
4. Offer sample
5. Check back

- No customer

1. Stay active
 1. Clean (glass)
 2. Re-stock
 3. Do assigned task
2. Maintain customer attentiveness

- Sale

1. Eye contact
2. Smile
3. Ask question
4. Thanks
5. Ask to come back

How a leader grows in influence

- **The 5 levels of leadership**

1. Learning
2. Performing
3. Leading
4. Developing leaders
5. Developing leaders of leaders

52%

1824

- 52% have been to other store
- 48% first time in this store
- 70% told others
- 88% are more likely to return
- 9.2 overall rating

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**Every Customer
Every Time**

Kilwin's Transformation Roadmap



1. Every Customer Every Time
2. Passion
3. Relationship

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