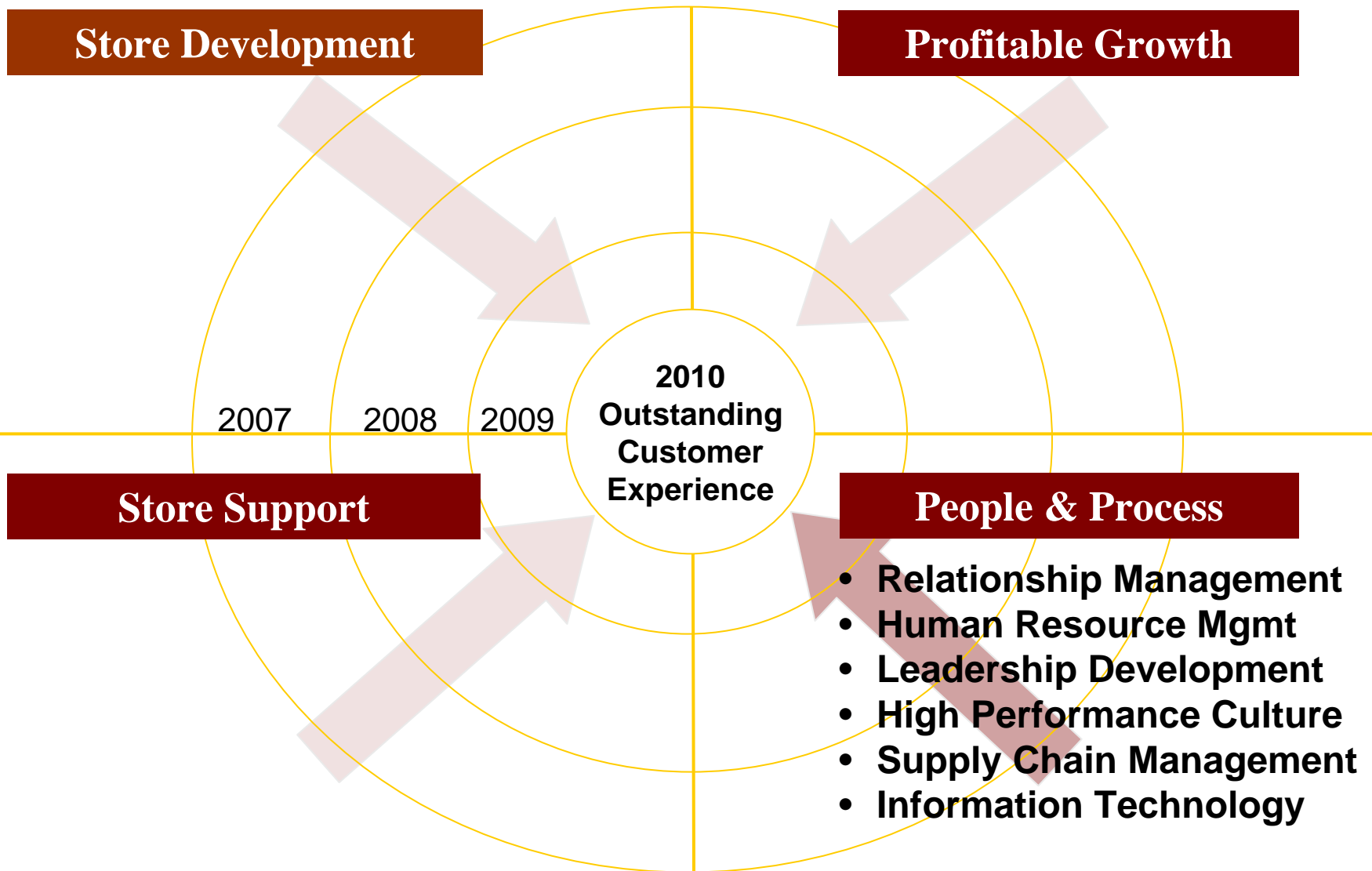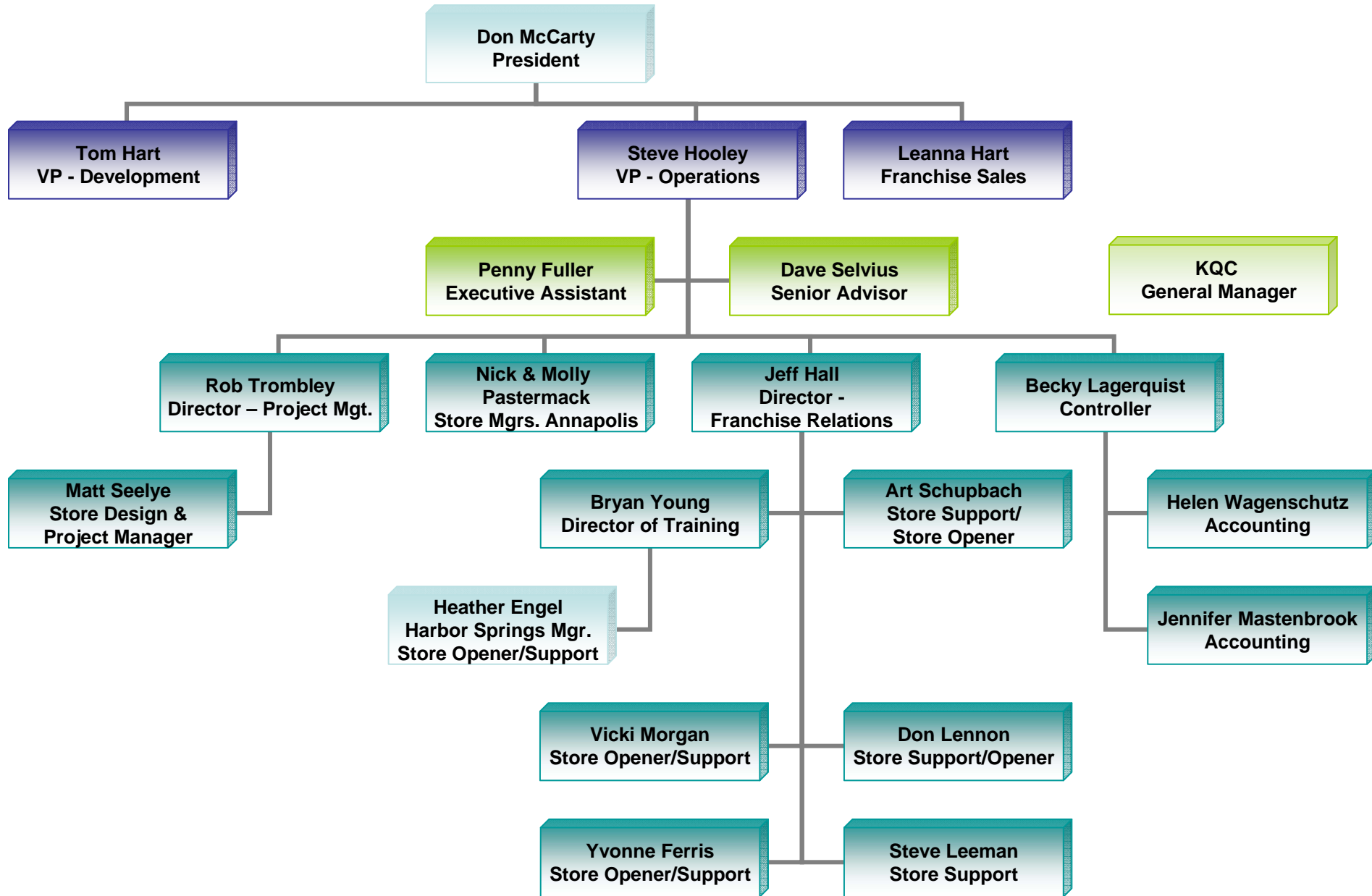# Kilwin's Chocolates Franchise Operations Update

"The best ice cream and confectionery you will ever enjoy"

Kilwin's 2010 Transformation Roadmap
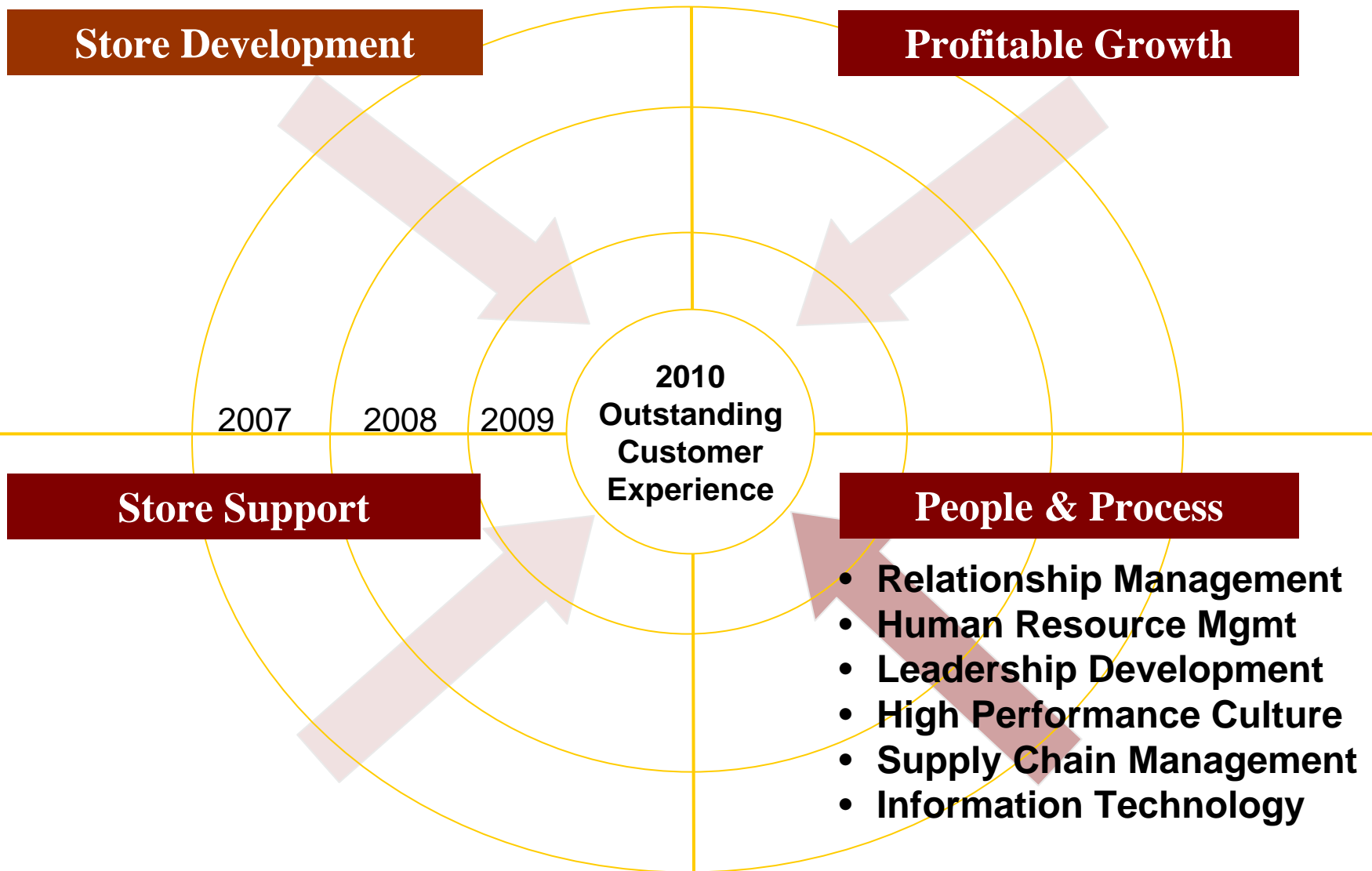
Store Development

Profitable Growth

2010 Outstanding Customer Experience

2007   2008   2009

Store Support

People & Process

- **Relationship Management**
- **Human Resource Mgmt**
- **Leadership Development**
- **High Performance Culture**
- **Supply Chain Management**
- **Information Technology**

KCF - People

Kilwin's

Don McCarty
President

Tom Hart
VP - Development

Steve Hooley
VP - Operations

Leanna Hart
Franchise Sales

Penny Fuller
Executive Assistant

Dave Selvius
Senior Advisor

KQC
General Manager

Rob Trombley
Director – Project Mgt.

Nick & Molly
Pastermack
Store Mgrs. Annapolis

Jeff Hall
Director -
Franchise Relations

Becky Lagerquist
Controller

Matt Seelye
Store Design &
Project Manager

Bryan Young
Director of Training

Art Schupbach
Store Support/
Store Opener

Helen Wagenschutz
Accounting

Heather Engel
Harbor Springs Mgr.
Store Opener/Support

Jennifer Mastenbrook
Accounting

Vicki Morgan
Store Opener/Support

Don Lennon
Store Support/Opener

Yvonne Ferris
Store Opener/Support

Steve Leeman
Store Support

Kilwin's

Three Big Challenges
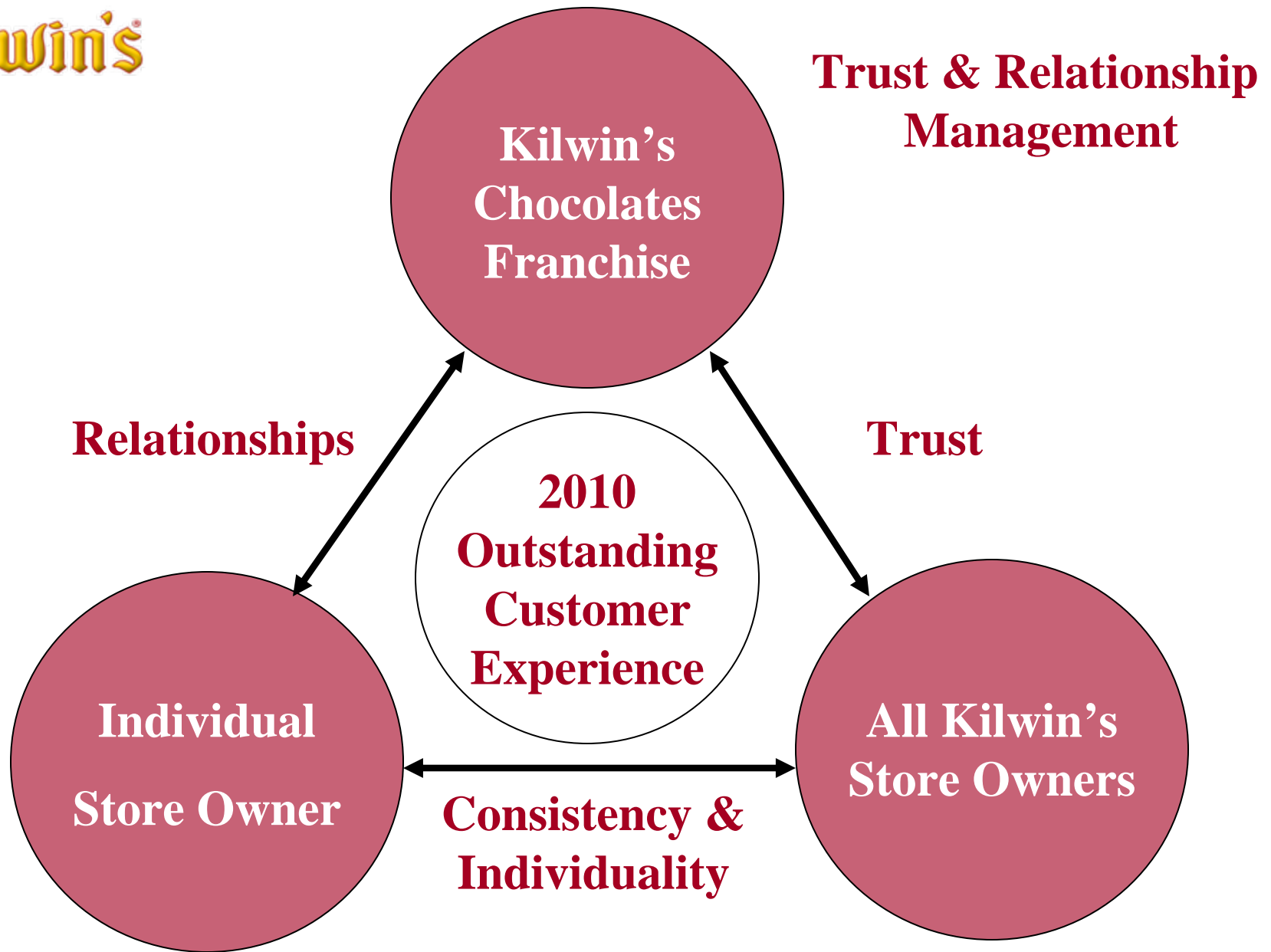
3. Relationships

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

2010 Transformation Roadmap

Store Development

Profitable Growth

2010 Outstanding Customer Experience

2007 2008 2009

Store Support

People & Process

- **Relationship Management**
- **Human Resource Mgmt**
- **Leadership Development**
- **High Performance Culture**
- **Supply Chain Management**
- **Information Technology**

Kilwin's Chocolates Franchise Operations Update – (Process)

- ❯ Forms & Documents

- ❯ MIS Product Approvals

- ❯ Kilwin's Online Shoppe

- ❯ Kilwin's Gift Card Update

Kilwin's Chocolates Franchise Operations Update

- ❯ Online Day Sheets

- ❯ Kilwin's Point of Sale

- ❯ New Product Opportunity

Why is Penny calling again?

- ✔ Extranet agreement

- ✔ Exhibit E – email letter

- ✔ Insurance certificates

- ✔ Annual income statement & balance sheet

Kilwin's

Made in Store Product Approval

- ⋎ 48 hours to acknowledge recipe submission
- ⋎ 5 days to approve or reject recipe submission
- ⋎ 30 days to post new MIS items on franchise site
- ⋎ 2007 YTD: Submitted: 87

  Approved: 63 (72%)

Kilwin's Online Shoppe

Kilwin's
SEARCH

- Gift Box Assortments
- Assorted Chocolates
- Bagged Candies
- Clusters & Barks
- Coated Whole Nuts
- Corns, Brittles & Nuts
- Creams
- Custom Chocolates
- Fudge
- Fruit
- Gift Cards
- HELP
- Ice Cream Topping
- Misc. Candies
- Novelty Chocolates
- Sea Foam &Taffy
- Sugar Free
- Tuttles
- Truffles
- T-Shirts
- 4 KIDS
- Wedding Ideas

HOME

Preferred Customer

Not just for Royalty...

To begin shopping as a **Guest User**, click on a category at left.

OR

Register as a **Preferred Customer** where you use the additional features of the website. The shopping system will allow you to store names in your address book for future reference. You can also take advantage of our reminder services for those special dates for friends and family.

Thank you for shopping at Kilwin's!

Kilwin's Online Shoppe
www.kilwins.com

	2005	**2006**	**2007 YTD**
Hits:	4.4M (69%)	5.4M (22%)	6.6M (22%)
Unique visitors:	5,342 (37%)	6,332 (18%)	6,766 (18%)
Most active month:	December	December	

Kilwin's Online Shoppe www.kilwins.com

How do customers find us?	2005	2006
1. Direct hit:	65%	68%
2. External pages:	23%	12%
3. Search engine:	12%	20%

Top search words:		
	1. kilwin	kilwins
	2. kilwins	kilwin
	3. fudge	fudge

Kilwin's Online Shoppe
www.kilwins.com

Top 4 unique visitor hit locations:

1. Retail locations
2. Shop/product information
3. Franchise opportunity
4. Customer service

Kilwin's Gift Cards

❯ Stores participating: 81%

Kilwin's Gift Cards
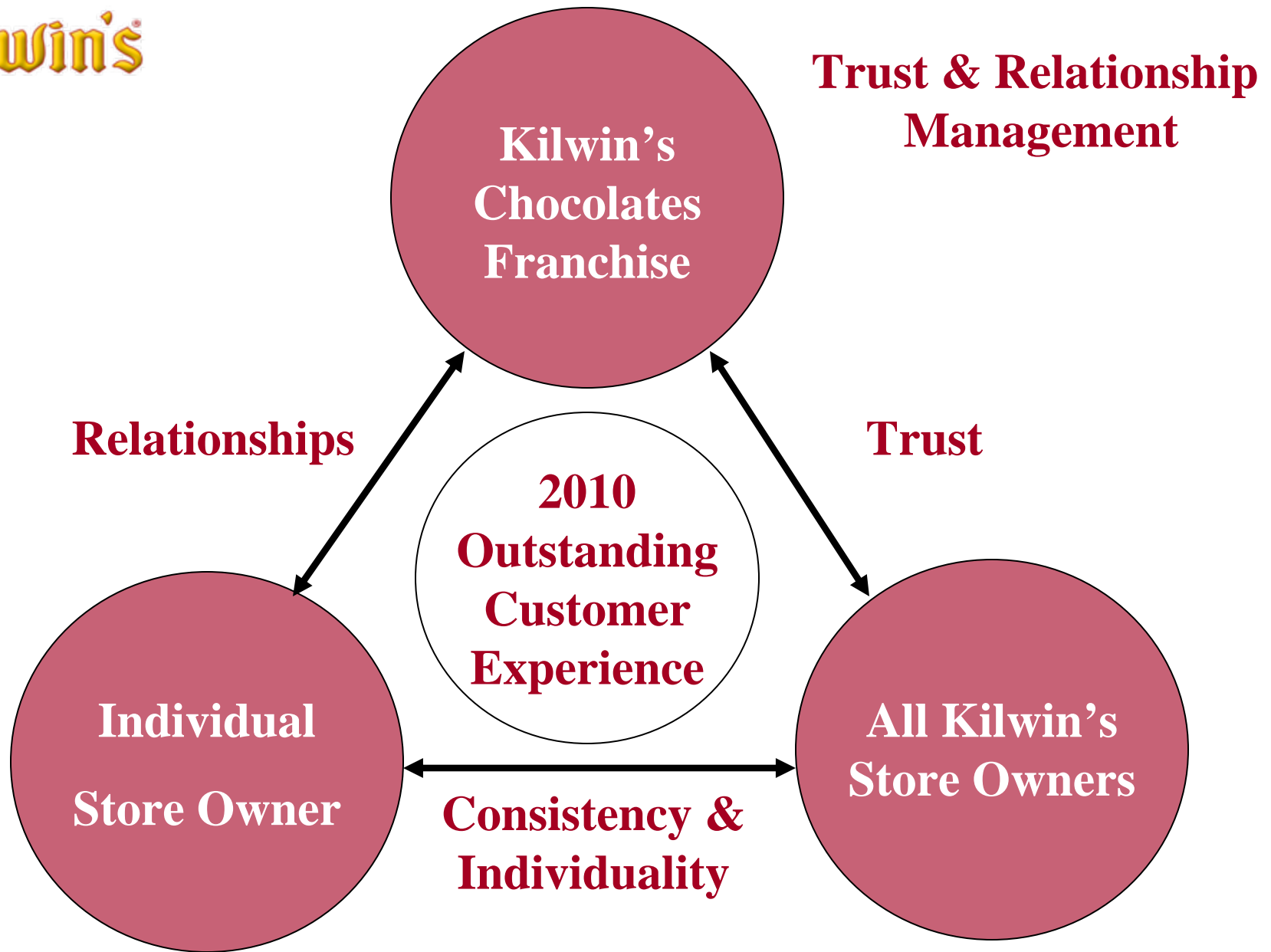
- Stores participating: 81%

- Activated cards: 3,128
- Value of activated cards: $40,758
- Average activation amount: $13.03

- Redeemed cards: 2,211
- Value of redeemed cards: $18,103
- Average redemption amount: $8.19

- 80 customers loaded additional value totaling $651. Average: $8.13

Kilwin's Gift Cards

Active cards with a balance:	2,247
Value of active cards:	$22,655
Average value of active cards:	$10.08

56% of total activated card value not yet redeemed

Kilwin's Gift Cards

Escheat Laws –

State laws governing how unclaimed property (dormant bank accounts, unclaimed safe deposit boxes, unredeemed gift certificates/gift cards & uncashed checks) is forfeited to the state after a period of time.

Kilwin's Gift Cards

Michigan Escheat Laws –

Gift cards & gift certificates escheat to the state if they are unredeemed after 5 years.

Gift Card Marketing Opportunities

- ❯ Suggestive selling

- ❯ Display gift cards at every checkout station

- ❯ Include in holiday ads & promotions

- ❯ Make gift cards a component of baskets

Gift Card Marketing Opportunities

- Use as a thank you for loyal, best or random customers.

- Use for donations instead of cash (silent auctions & raffles).

- Use as a marketing piece to promote your store to corporate decision makers.

- Hand out at special events (school & church functions, chamber programs, welcome wagon).

Gift Card Marketing Opportunities

- ☑ Send pre-loaded $5, $10, $25 & $50 cards as a direct mail piece w/invitation to come into store and swipe card to see how much they have received.

- ☑ Birthdays are #1 gift card giving occasion.

- ☑ Change Point of Purchase signage for Mother's Day, Father's Day, Sweetest Day, Valentines Day & Christmas.

Online Day Sheets

Online Day Sheets

- ⩗ Designed to easily record, access & measure all daily sales data from anywhere.

- ⩗ Entering Online Day Sheet data automatically generates your Monthly Royalty Report.

- ⩗ Helps us help you.

- ⩗ Multiple reports to identify sales, expense & operational opportunities and trends with **regional & national comparisons.**

Online Day Sheets

MTD, YTD, & Regional/National Comparisons by Accounting Class

Category	Your Store Current MTD Sales	Your Store Last Year MTD Sales	Your Store % MTD Sales Var	Regional % MTD Sales Avg	National % MTD Sales Avg
Royalty Sales					
Ice Cream	37,483.40	36,108.70	4%	-3%	6%
Fudge	8,114.43	9,076.14	-11%	-26%	-13%
Made in Store (cooked)	3,333.80	5,097.11	-35%	628%	95%
Made in Store (non-cooked)	1,480.31	1,164.32	27%	-35%	-28%
Chocolates	9,078.19	8,473.29	7%	-8%	-7%
Beverages	867.05	719.82	20%	9%	26%
Baskets	207.15	49.95	315%	374%	374%
Discounts	-299.15	-434.55	-31%	227%	136%
Total Royalty Sales	60,265.18	60,254.78	0%	-1%	5%

Online Day Sheets

MTD, YTD, & Regional/National Comparisons by Product Mix

Category	Your Store Current MTD Product Mix	Your Store Last Year MTD Product Mix	Regional Current MTD Product Mix	National Current MTD Product Mix
Royalty Sales				
Ice Cream	61.89%	59.50%	41.66%	43.21%
Fudge	13.40%	14.96%	25.73%	23.27%
Made in Store (cooked)	5.50%	8.40%	14.71%	15.12%
Made in Store (non-cooked)	2.44%	1.92%	4.21%	3.27%
Chocolates	14.99%	13.96%	11.66%	11.65%
Beverages	1.43%	1.19%	1.95%	2.72%
Baskets	0.34%	0.08%	0.09%	0.05%

Online Day Sheets
QuickBooks Export

Online Day Sheets
QuickBooks Export

Create QuickBooks journal entries for any given date range up to a full calendar month.

Kilwin's Point of Sale History

2002: Began research, development & testing

2003: GR Software began development

2004: Began testing GR Software version in Harbor Springs

2006: FAC Operations Committee initiative

2007: Test stores: Saugatuck I & II, Stuart, Pigeon Forge, Harbor Springs & Annapolis

Kilwin's Point of Sale
Objectives

1. Must work at the retail level for the customer
    ✔ 300,000 transactions processed - scan, item # & touch
      screen entry - credit cards & gift cards process in 2 sec
2. Easy to install at store
    ✔ Program, ship, and connect
3. Easy to train and use – fast, flexible & customizable
    ✔ Employees can use with minimal training
4. Ability to track sales by item, accounting class, day & time
    ✔ Franchise site-based reporting options
5. Reliable hardware & software
    ✔ No H/W or S/W issues resulting in system down time

Kilwin's Point of Sale
Goals

6. Easy to support
    ✔ Phone & web-based support by GR Software

7. Direct integration with the Franchise Site
    ✔ Interfaced with "My Items", "My Retail Price" & Day Sheets
    A CUSTOMIZED SOLUTION

8. Easy to remotely upgrade enhancements and new versions
    ✔ Done automatically thru GR Software via the web

9. Ability to track & report employee time
    ✔ Time clock punch in & out, pay period reports & sales tracking by employee

10. QuickBooks interface
    ✔ Create journal entries for any date range

11. One supplier for hardware, software, support & development
    ✔ GR Software

Kilwin's Point of Sale
Costs

Hardware (2 stations): $8,715*

Software (per store): $1,000

Installation/training: $0
                            _____

Total: $9,715

* Includes hardware, credit card processing software, programming, freight, & shipping to store. Price subject to change.

Kilwin's Point of Sale

Hardware

Two stations: $8,715

CPU & Monitor

Scale

Bar Code Scanner

Customer Display

Credit/Gift Card Reader

Cash Drawer

Receipt Printer

Programming

ProvideX Software License

Credit Card Processing Software

Shipping

Kilwin's Point of Sale
Support – Hardware & Software

- ✔ All hardware & software issues supported by GR Software
- ✔ Offsite backup and storage of POS transactions & data
- ✔ Hardware warranty & replacement service
- ✔ Franchise Site interface for item & price updates, Day Sheet & QuickBooks interface
- ✔ GR Software phone support and web-based support
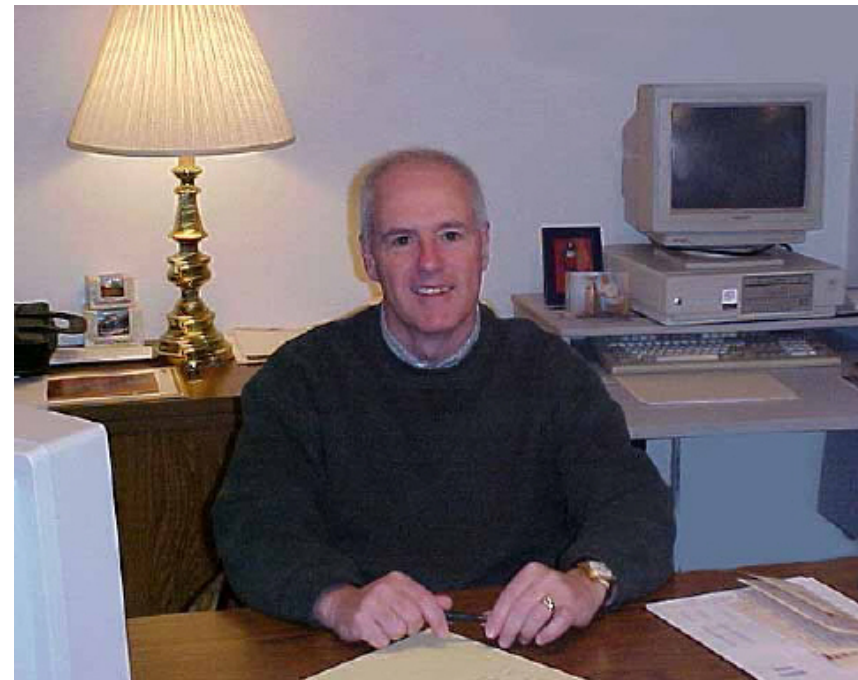
Kilwin's Point of Sale
Monthly Support & Development Fees

	First Store	Additional Stores
Support Fee:	$60	$48
Development Fee:	$75	$50
Total Monthly Fees:	$135	$98
Annual Fees	$1,620	$1,176

Support fee invoiced monthly by GR Software
Development fee invoiced monthly by KCF

Kilwin's Point of Sale
Training

1. Pre-program & test hardware

2. Ship to your store

3. Art sets up hardware and trains you and staff

Kilwin's Point of Sale
Store Requirements

➤Current stores: Not Required

➤Current store renewals: Not Required
                                                                     (at this time)

➤New stores signing franchise agreements
   after January 1, 2008:   Required

➤Current store opening additional store: Required

Kilwin's Point of Sale

POS Breakout Sessions
Paul Berkas & Randy Wooten – GR Software
Tuesday at 9:00am, 10:00am & 11:00am
Graz A

Kilwin's

New Product Opportunity

Kilwin's Ice Cream Pints

Kilwin's
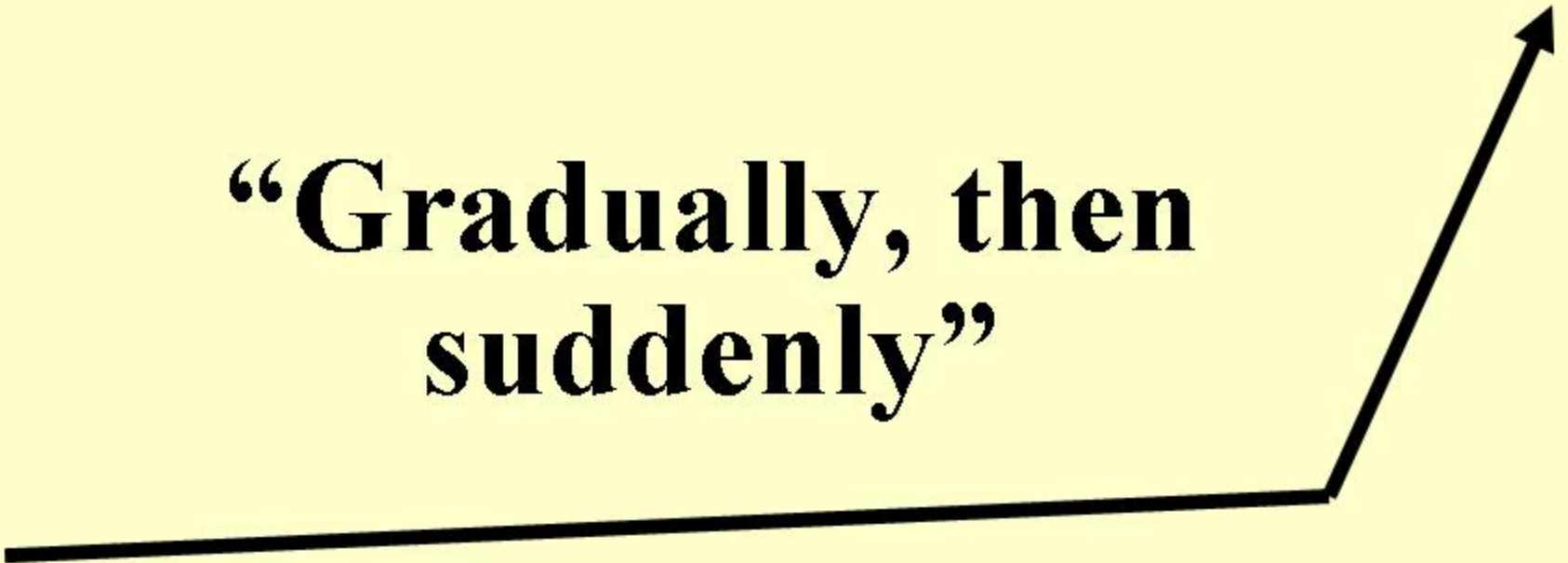
New Product Opportunity

Kilwin's Ice Cream Pints

Use the systems and processes that are available

"Gradually, then suddenly"