

Laying a Foundation for Franchise Expansion

NWO Penn Acquisition LLC



Challenges

Laying a Foundation for Franchise Expansion

A few years ago, an investment group called NWO Penn Acquisition LLC was formed to purchase four existing franchise units of the number one sandwich concept in the United States – Penn Station East Coast Subs. Since then, the group has opened two new quick service restaurants and made plans to build at least ten more stores in the Columbus, Ohio region. Initially, they brought on an outsourced accountant to manage day-to-day bookkeeping and manager bonuses across the multiple franchise locations. For the first year or so, she worked with on-premises software and several manual, paper-based processes, but this approach was ill-equipped for a growing business.

The team went in search of a more robust cloud-based solution that could integrate with Penn Station's custom point of sales (POS) system, while streamlining accounts payables and enhancing reporting. "In preparation for our continued growth, we needed to transform expensive, manual tasks into efficient, automated, integrated workflows that could scale with us over time," said David Hammack, president and owner of NWO Penn Acquisition LLC. "We wanted adaptable financial management software that was well-suited for a franchise business like ours, and chose Sage Intacct for its multi-entity, multi-dimensional general ledger approach."

Solutions

Streamlining Financial Processes with Best-in-Class Integrations

NWO Penn Acquisition worked with Sage Intacct partner, WVC RubixCloud, to implement the system and configure several automated financial processes. Previously, one of the biggest back office productivity drains was a significant amount of duplicate data entry required in both the franchisor's POS system and the franchisee's accounting software. Every month, the accountant had to gather sales data from each store, create accounting journal entries, and manually prepare profitability-based bonus reports. Now, WVC RubixCloud runs a simple import from Penn Station's POS system into Sage Intacct in just 30 minutes, and the team has this important data by the second day of the month.



Company Overview

NWO Penn Acquisition is an investment group in Columbus, Ohio that operates several franchise quick service restaurants under the Penn Station East Coast Subs brand. Founded in Cincinnati, Ohio in 1985, Penn Station now has more than 310 locations in 15 states, and is known for its outstanding franchise profitability and return on investment.

Executive Summary

Results with Sage Intacct:

- Laid foundation to help franchise business scale
- Saved GM hours each month to redirect into strategic work
- Slashed monthly close cycles by nearly 2/3
- Eliminated duplicate data entry and manual reporting, cutting up to 20 person-hours/month

LAYING A FOUNDATION FOR FRANCHISE EXPANSION

In addition, they eliminated paper-based workflows by leveraging Sage Intacct's best-in-class integrations and capabilities. Seamless connections with Bill.com and ADP – along with Sage Intacct's easy-to-use expense report software and powerful bank reconciliation capabilities – enable quick mobile bill payments, faster manager reimbursements, better cash flow visibility, more efficient financials, and enhanced reporting for individual restaurants. In just a few short months, WVC RubixCloud is already realising day-to-day accounting efficiency improvements of over 25%. As a result of these productivity improvements and the increased data accuracy they bring, NWO Penn Acquisition slashed its monthly close from eight to just two or three days.

"I no longer need to spend an hour writing cheques every week or worrying about whether our books are tying out at a high-level," noted Hammack. "Now that we're on Sage Intacct and Bill.com, everything's automatically reconciled and I just spend 15 minutes or so approving financials and payables – a substantial time savings in my busy schedule. We've removed all of the mundane impediments from our financial processes, which allows me to give my team more autonomy and focus on higher-level strategic thinking."

Results

Accelerating Growth through Timely Financial Insights

"Sage Intacct has opened up a world of new possibilities for our business. A year ago, if you'd asked me whether we would grow up to six stores, with plans to build many more, and look at new franchise concepts and cities to add, I'd have said we could never scale at that pace using our old system and processes," shared Hammack. "With Sage Intacct, I have full confidence the solution will be able to handle our accelerated growth because we have more bandwidth to evaluate new franchise opportunities, and more informative data with which to do so. We can easily compare new concepts to real data, rather than relying on just the projected information that's included in franchise disclosure documents."

Using custom reports built with the report writer in Sage Intacct, the team now accurately calculates royalties, advertising fund contributions, sales taxes, and store manager bonuses without cumbersome data manipulations in Excel. These reports, along with monthly trend information and store-specific operating income, P&L statements, and balance sheets, are automatically emailed to Hammack each month, making it simple to report applicable data back to the rest of the investment group and to Penn Station's corporate office.

The entire organisation also has better visibility into cash flow and potential cost control issues, which holds store managers more accountable for their daily operating decisions. Next up, the team is preparing dashboards to track various vendors and expense types, so managers can compare spending across locations and find opportunities for cost savings during contract negotiations. Hammack concluded, "We're probably avoiding tens of thousands of dollars in finance personnel costs each year because we have a strong foundation like Sage Intacct and great outsourced accounting services – that's a significant savings for a company of our size."

“Overall, the biggest improvement since we switched to Sage Intacct is the higher-quality information we can leverage to positively impact our gross margin. With complete, immediate transparency, we no longer need to dig through paper files or log into multiple systems to find transaction details. The visibility and drill-down capabilities we have with Sage Intacct are better than I've seen in any other system.”

David Hammack
President and Owner
NWO Penn Acquisition LLC

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