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BUSINESS INTELLIGENCE REPORTING FOR MULTI-LOCATION COMPANIES AND FRANCHISES

In today's dynamic environment, companies can operate and grow under various types of business models. Companies can tailor their business model to fit the demands of their industry and the resources at their disposal. Two of the more prominent business models that companies adopted for growth over the years have been the multi-location model and the franchising model. Both models have proven success when used with the right resources and tools.

A company's expansion in both the multi-location and franchising models presents significant challenges to management and operations. The complexity of overseeing multiple entities across different locations poses a barrier for company's decision-makers such as CEOs, CFOs, stakeholders, investors to make informed decisions based on concrete data and factual insights. Thus, the adoption of the appropriate tools used to manage the business and streamline its growth becomes more and more essential. This white paper aims to discuss the importance of Business Intelligence dashboarding as one of these tools and illustrates how multi-location companies and franchises can leverage Business Intelligence to increase revenue and improve operational efficiency.

THE MULTI-LOCATION MODEL

Company-owned expansion usually results in opening a few more locations managed and fully controlled by owners. This model has been used for a long time. The company will retain all the revenue and profit but will be 100% liable for each of the new locations. Additionally, the company is not only responsible for providing but also for monitoring all the operational needs of the new locations. These operational needs include but are not limited to resources and inventory, employees and human resources, training, market analysis, and advertisement. Businesses with high profit margin and sufficient funding can grow and open multiple profitable locations at a fast rate. However, a lack of sufficient capital or efficient operational resources and tools could easily hamper the potential growth of the company.

THE FRANCHISING MODEL

The franchising model has become an important part of the modern business landscape. Fast growth with small capital has been the number one driver in the rapid prevalence of the franchising business model not only in North America but all around the globe. Typically, franchisors are entrepreneurs who initially operate a single or chain outlet fully on their own and then choose to grow faster by licensing the right to clone their business concept and branding. Depending on the exact structure of the franchising model, some elements regarding the operational and monitoring aspects of the new franchises will be different. However, in almost all instances, franchisors need to allow franchisees to operate the day-to-day business and only monitor the business performance.

Monitoring franchisees and providing tools, resources, and mentorship are vital to any successful franchise. Normally, franchises choose to provide basic operational foundations to lay the groundwork for the success of the incoming franchisees. These operational foundations usually include platforms for inventory management, employee and labor force management, human resources, training, marketing, advertisement, and other industry-specific operations.

THE ROLE OF BUSINESS INTELLIGENCE

Either of these business models could lead to a company's growth and choosing one over the other is very much dependent on the current state of the company. However, the common factor that contributes to the success of both models is the ability to fulfill and monitor operational and financial needs to manage sustainable growth. In this regard, Business Intelligence (BI) plays a pivotal role by providing companies with essential tools and insights to navigate the ins and outs of different locations or franchisees.

By leveraging Business Intelligence tools, companies can gain comprehensive knowledge regarding their operations and finances within their different locations or franchises, which will enable them to identify any areas of inefficiencies and mitigate associated risks. In addition to risk mitigation, using Business Intelligence will allow companies to identify and capitalize on opportunities that could go unrecognized under normal circumstances during the growth phase of a company.

In essence, Business Intelligence tools effectively summarize data from different sources throughout all locations or franchises into quantifiable measurements known as key performance indicators (KPIs). KPIs will empower companies to oversee their entire business and make data-driven decisions. This will eventually let growing companies drive sustainable growth and maintain reliable and high-quality performance and operations as they add new locations or franchises in today's fast-paced business landscape.

## DATA GOVERNANCE IN MULTI-LOCATION COMPANIES VS FRANCHISES

A robust Business Intelligence system starts with robust data governance. Due to the specifics of each business model, multi-location companies and franchises have some commonalities, but also some differences in the way they manage the availability, usability, integrity, and security of their data.

1. Data Sources: One of the commonalities in multi-location companies and franchises lies in the utilization of diverse data sources for their operational purposes and strategic decision-making. These include but are not limited to data from Accounting Software that holds companies' crucial financial data to HR and CRM Software that helps managing personnel and customer relationships. Furthermore, Time Tracking Software, Call Center Software, Customer Review Platform, Ticketing Software, and other niche-specific software contribute to ensuring high operational efficiency. Collectively, all these software products, provide essential data points as a foundation for informed business intelligence strategies.

2. Data Aggregation: Incoming data from different systems needs to be aggregated and reliably stored in a database. Data storage, access level, and data ownership setups vary between multi-location companies and franchises. Multi-location companies often use a centralized database to store data from different systems. Corporate has full control over the entire database and can grant different levels of access to individual locations (Exhibit A.1). In contrast, franchises typically have decentralized databases with each franchise managing its own data.
In these cases, franchisors could take several different approaches regarding how they want to have access to individual franchisee's data. Some franchisors only establish certain data standards for franchisees and only ask them to provide reporting periodically. Other franchisors acquire full access to the decentralized databases and aggregate all data from different franchises into their centralized database to create reports suitable for their strategic decision-making (Exhibit A.2).

3. Centralized Database: Managing a centralized database plays a pivotal role in multi-location companies as well as many franchises. The centralization of data from different systems could be achieved through Extract, Transform, and Load (ETL) processes. Businesses could leverage cloud computing platforms such as Azure, AWS, Google Cloud, IBM Cloud, and Oracle Cloud which offer a variety of different ETL tools as well as server hosting to achieve data centralization. Using these platforms allows businesses to streamline their data integration, enhance their data quality, and avoid any risk associated with manual processes. This enables businesses to make accurate data-driven decisions.

4. Data Hosting: In today's data-driven world, owning, and hosting your data is essential for any organization as it provides integral value to the business. There are several aspects to consider when it comes to the importance of data hosting and centralization:
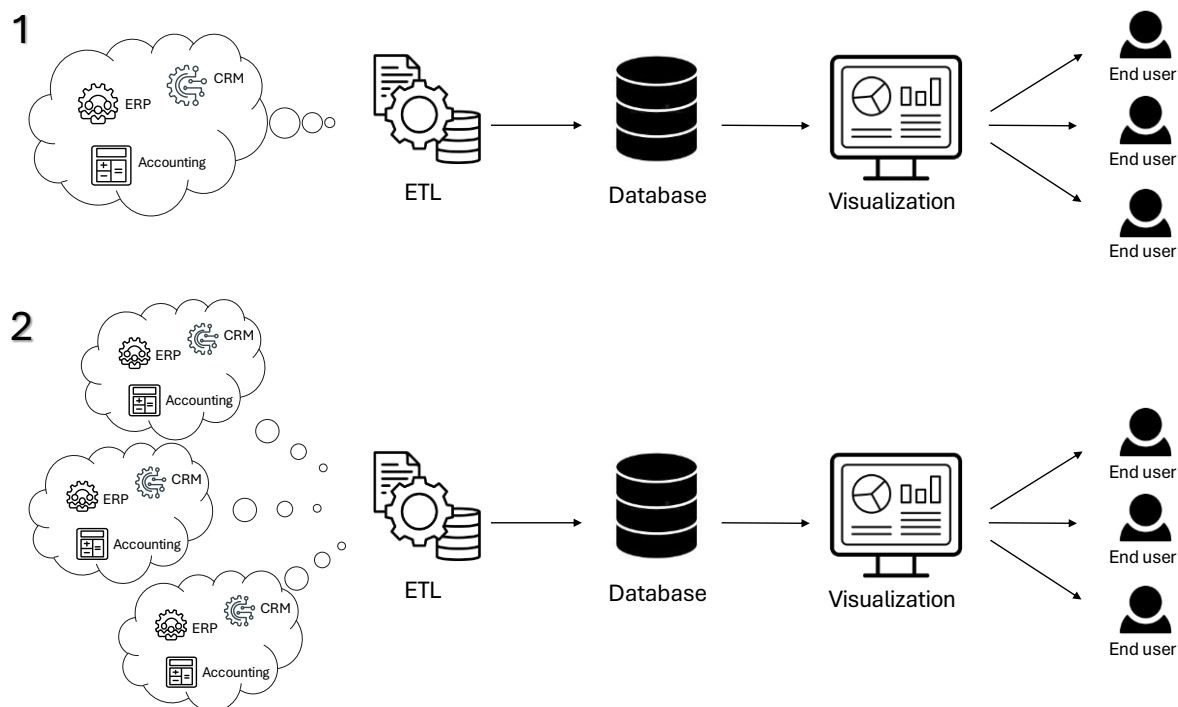
Exhibit A. (1) Data Structure for Multi-Location Company, (2) Data Structure for Franchise

a. Data Autonomy

i. Each company should have autonomy and ownership over their own data

ii. This requires the means to host the data in-house

iii. Data hosting requires a secure, archivable, reliable, and fast database (data warehouse and/or data lake)

b. Data Maintenance

i. Each company should ensure they are keeping only relevant data in their system

ii. ii. This requires procedures to clean the data or handle missing data and ensuring the data flow is continuous

iii. Whenever necessary, a primary key or identifier should be created to connect data sources

c. Data Management

i. Each company should have clear rules and standards on who can access this data and how

ii. Proper data management also involves clear definitions and naming conventions for data tables and fields, which will allow correct and consistent data entry

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BUSINESS INTELLIGENCE REPORTING

While the foundational backend processes (data extraction, transformation, load, integration, centralization) are crucial to maintaining a robust data infrastructure, the ultimate goal of any company is to report and analyze its data to derive powerful insights into the operation and the performance of the company. A few of the more popular and widely used tools for creating Business Intelligence reporting dashboards are Microsoft Power BI and Tableau. These software products allow users to visualize data coming from multiple sources in real-time with their robust analytical capabilities.

Business Intelligence reporting dashboards could play a pivotal role in both multi-location companies and franchises. In the case of multi-location companies, Business Intelligence dashboarding enables companies to compare similar metrics across various locations even if each location is using a different software. Having standardized reporting across all locations allows companies to evaluate performance and set consistent goals on individual location and organizational levels.

Similarly, for franchises, Business Intelligence reporting allows companies to establish a centralized source of data to build reporting dashboards for performance comparison of different franchises. These comparison dashboards allow companies to evaluate and identify areas of improvement across all different franchises. In addition, franchisors can use these standardized data points to coach each franchisee to perform better by providing unique data-driven business insights that could help them increase their sales and reduce their costs.

We will explore two examples of how leveraging Business Intelligence could improve both short-term and long-term decision-making and overall performance improvement of two companies with two different business models. The first company expands through series of roll-up acquisitions in new locations. The second company follows the traditional franchising business model where the company is a franchisor with over 100 franchisees. We will go through each of these businesses in more detail and discuss how Business Intelligence can impact their short and long-term success.

CASE STUDY 1: MULTI-LOCATION HEALTHCARE SERVICES ROLL-UP

In the first example, we investigate the use of Business Intelligence in a growing company that uses the multi-location business model in the healthcare services industry. This company has been growing over the last few years, and now they have over 15+ clinics. All these clinics are fully controlled and monitored as an extension of the central head-office, focused on managed services. To navigate the complexity of managing 15+ different clinics, this company is leveraging custom-built KPIs that let CXOs monitor and improve various facets of its operations. By implementing data-driven KPIs, the company aims to enhance and optimize performance, to streamline resource allocation, and to increase customer satisfaction and the satisfaction of the entire internal team. Here we are going to delve into some key KPIs this company is utilizing to achieve operational and performance excellence and discuss how these KPIs are unique to their business model needs (Exhibit B).

Exhibit B. KPIs monitoring in healthcare services roll-up with 15+ clinics: Daily Production (Top Left), Accounts Receivable Report (Bottom Left), Daily Purchasing Report (Top Right), Supplier/Inventory Report (Bottom Right)

Summary

This dashboard mainly focuses on day-to-day activity across different clinics. This focus allows management and offices to promptly address issues, optimize operations, and maintain financial stability. In contrast, the franchising dashboard (Case 2) will provide a broader overview of each franchise and company overall.

KPIs#1: Daily Production (Top Left)

The multi-location healthcare services dashboard offers a dynamic view of daily operations and financial performance across various practices. Comparing daily production against budget targets with location-specific filters enables real-time monitoring of each location's financial goals, allowing management to make immediate adjustments to meet these financial goals. The detailed table below the graph tracks critical daily metrics such as production, net collection, and average collection over 60 days, providing a granular view of the financial health and revenue trends of each location. On the operational side of the business, additional KPIs include completed visits, net revenue per visit, no show and cancellations rate, all of which highlight daily patient flow and service effectiveness. And lastly, new and lost patient metrics offer valuable insight into patient acquisition and retention. These metrics can be used to evaluate marketing and patient relationship success.

KPIs#2: Accounts Receivable (AR) Report (Bottom Left)

Tracking accounts receivable (AR) is crucial for maintaining the financial health of each clinic. This dashboard has two bar graphs dedicated to AR for Insurance (insurance claims)and Patient(out-of-pocket patient payments). AR is divided into four aging buckets including Current (0-30 days), 30-60 days, 60-90 days, and above 90 days. These graphs provide a clear visual representation of outstanding payments, helping to identify and manage overdue accounts. Aging buckets allow the business to implement targeted strategies in addressing collections and improving cash flow. For example, the aging buckets provide data points that allow businesses to set up timely follow-ups on overdue payments.

KPIs#3: Daily Purchasing Report (Top Right)

Spending metrics and distribution by different procedural categories provide vital information for the healthcare services practice. These metrics help management identify areas of high expenditure and optimize procurement strategies to ensure resources are allocated efficiently. This dashboard displays three key metrics in a card visualization including total orders, items order, and current month spending. These three metrics provide a quick snapshot of procurement activities. Below these metrics, a donut chart breaks down spending by procedural category. This helps analyze and manage expenses by category.

KPIs#4: Supplier/Inventory Report (Bottom Right)

Understanding the distribution of inventory acquisitions among different suppliers is critical for streamlining supply chain management. In this dashboard, the pie chart provides a visual breakdown of supplier distributions and their contributions. This offers valuable insights into vendor relationships, purchasing trends, and potential avenues for cost optimization along with supplier diversification.

CASE STUDY 2: FRANCHISE IN THE COMMERCIAL SERVICES INDUSTRY

In the second example, we investigate the use of Business Intelligence in a growing company that uses the franchising business model. This is a fast-growing company with around 100 franchises in the commercial services industry. They have been able to achieve a high growth rate over the last decade by licensing their business and branding to aspiring entrepreneurs with enough capital and aligned values.

Managing a network of 100+ franchises comes with a set of unique challenges as well as opportunities for strategic management and coaching. This company has recently adopted the usage of franchise-level KPIs as part of the management's overall performance evaluation and coaching initiatives of franchises. Since then, these KPIs have become instrumental in ensuring operational and performance consistency of franchises. We are going to delve into a list of KPIs and describe how management is leveraging KPIs and BI dashboards to monitor the performance of each franchise, to compare and standardize operations across all franchises, to bring transparency to each franchise's financial reporting, and to identify areas of improvement to maximize profitability (Exhibit C).
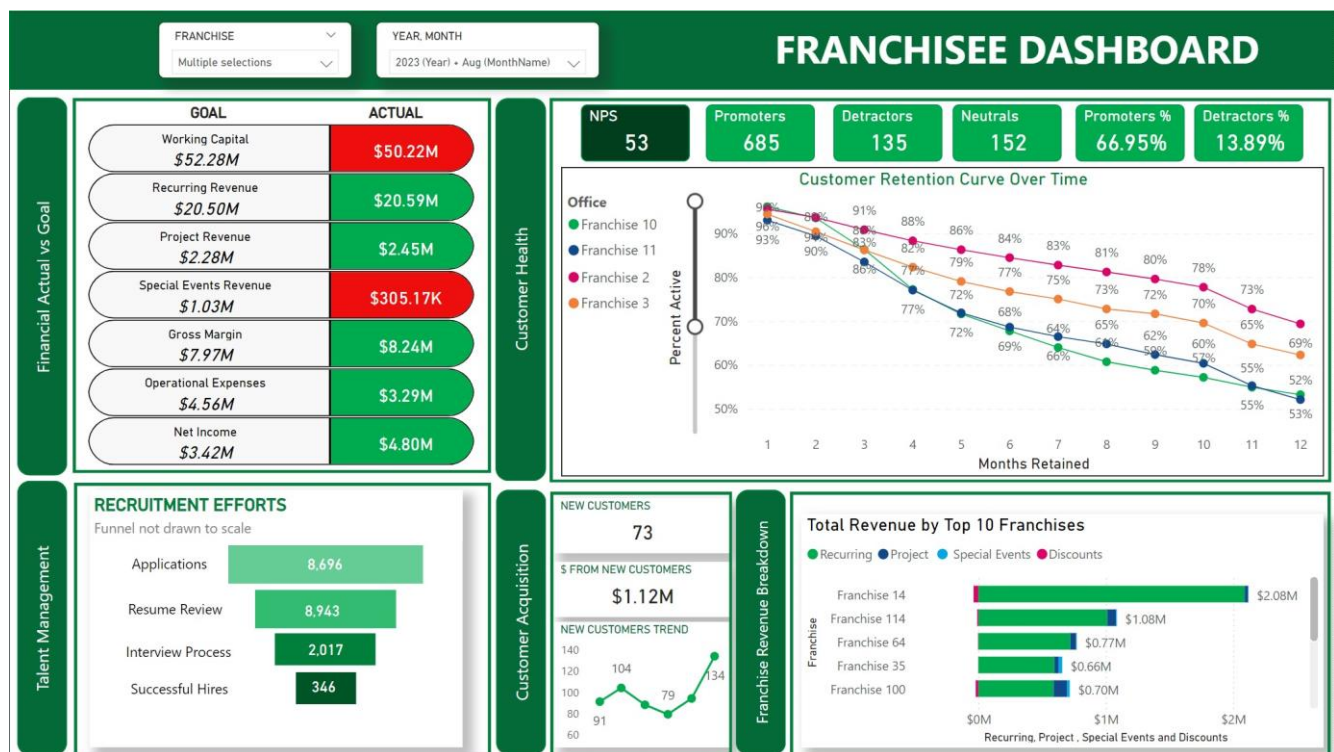
Exhibit C. KPIs monitoring against benchmark in Franchise with 100+ locations: Financial Actual vs Goal for each franchise (Top Left), Talent Management and Recruitment Efforts (Bottom Left), Customer Health (Net Promoter Score (NPS) and Customer Retention) (Top Right), Customer Acquisition (Bottom Middle), Revenue Breakdown (Bottom Right)

Summary

The franchise dashboard provides a more comprehensive overview of the overall performance, focusing on long-term strategic management rather than day-to-day operational details. It serves as a centralized platform for owners and managers to assess key metrics and trends across all important departments of a company such as financial health, customer health, and talent management.

KPIs#1: Financial Actual vs Goal numbers of each franchise (Top Left)

Evaluating financial and operational performance is vital for the success of a franchise business, especially one with 100+ franchises. The franchise dashboard offers a comprehensive comparison of key financial metrics such as working capital, recurring revenue, project revenue, special event revenue, gross margin, operational expenses, and net income, against established goals. By getting a side-by-side comparison between goal values and actual performance data, franchise owners and management gain valuable insights into their financial standing which allows them to identify the areas of strength and concern which ultimately help them to make data-driven decisions to enhance profitability and operational efficiencies.

KPIs#2: Talent Management and Recruitment Efforts (Bottom Left)

Monitoring employee recruitment and talent management is critical for optimizing operations, especially in a high-turnover service industry. The franchise dashboard provides insight into the recruitment process by tracking the number of applications, applications pending resume review, applications in the interview process, and successful hires. This KPI offers valuable information for franchise owners and management to ensure a steady influx of qualified personnel to mitigate the challenges associated with frequent turnover in the service sector. Additionally, the KPI funnel provides an overall view that helps identify bottlenecks in the hiring process.

KPIs#3: Customer Health (Net Promoter Score (NPS) and Customer Retention) (Top Right)

Customer health is a pivotal part of any business for sustaining growth. The customer health section of the dashboard encompasses key metrics such as Net Promoter Score (NPS), Promoters, Detractors, Neutrals, and the ratio of promoters to detractors. These metrics offer insight into customer satisfaction and loyalty, enabling the owners and managers to understand the overall health of the customer base. Additionally, the customer retention graph provides a visual representation of customer retention rates over a 12-month period for each franchise. This graph highlights trends in customer retention rates and identifies areas where improvements may be needed.

For example, a significant drop after a certain period might be a flag to get in touch with the customer before that point. By understanding and addressing factors influencing customer retention, franchises can enhance customer satisfaction ultimately leading to long-term success and profitability.

KPIs#4: Customer Acquisition (Bottom Middle)

Customer Acquisition is a fuel for the growth for any business. Expanding the customer base is always tied to customer retention, so it's important to showcase customer acquisition metrics alongside customer retention metrics. The franchise dashboard includes two key metrics for customer acquisition: the number of new customers and the revenue generated from these new customers. These metrics provide insight into the effectiveness of sales and marketing efforts in attracting and reaching new customers. Additionally, a line graph displaying the trend in customers added over the last six months provides visibility into the customer acquisition trend over the previous months. By monitoring these metrics, franchise owners and management can evaluate the success of their customer acquisition strategy and make adjustments to the current strategy if necessary.

KPIs#5: Revenue Breakdown (Bottom Right)

Analyzing franchise revenue breakdowns helps management understand the financial performance and contribution to the different revenue streams of individual franchises. The franchise dashboard features a graph showcasing the top ten franchises by total revenue, along with a detailed breakdown of their revenue sources, including recurring revenue, project revenue, special events revenue, and discounts. This visualization enables owners and management to identify top-performing franchises and gain insight into the revenue distribution across different sources. Owners can identify the areas of strength and allocate more resources and coaching to areas of weakness. Implementing targeted strategies maximizes overall revenue and profitability across all the franchises.

HIGH-LEVEL COMPARISON BETWEEN KPIS IN MULTI-LOCATION VS FRANCHISING MODEL

When comparing the KPIs utilized in the multi-location vs franchising model dashboard, a notable distinction arises in their focus and strategic setup. Multi-location dashboards are tailored for operations, emphasizing day-to-day activities, financial performance, and operational efficiency across all the locations.

These dashboards are designed in a way where they can provide real-time insights in a way that can enable management to make immediate adjustments to meet short-term goals and challenges, with full visibility to compare across the various locations.
In contrast, franchise dashboards have a broader perspective where they emphasize long-term strategic management goals and overall franchise network growth. These dashboards focus on assessing the overall performance trends, profitability, customer and employee health, and overall health of the brand, and measuring each franchisee's performance against a general set of benchmarks.

While we mentioned the overall differences in KPI setup in the multi-location model versus the franchising model, it is important to note that both types of dashboards could incorporate elements of the other's focus and include KPIs relevant to both day-to-day operations and long-term strategic planning, depending on management specific needs and goals of the business.

The flexibility of our dashboard design allows organizations to tailor their metrics and analysis to address their operational and strategic objectives, ensuring effective, data-driven decision-making and performance optimization across every department.

SUMMARY

In this paper, we have explored two prevalent business models: the Multi-Location Model and the Franchising Model. Each model has its own opportunities and challenges in various industries. We then delved into the crucial role of Business Intelligence (BI) in driving informed strategic decision-making and improving operational efficiency in both models. Additionally, we discussed the importance of data governance in ensuring data accuracy, quality, consistency, and security, particularly in the context of multi-location companies versus franchises.

A central theme of this paper has been the importance of utilizing Business Intelligence reporting in making actionable and data-driven decisions across both business models. To illustrate this concept in practice, we presented two dashboard cases: one focuses on the multi-location model, and another focuses on the franchising model.

Subsequently, we compared and highlighted the nuanced differences between the two dashboard cases, both their focus and strategic orientation. While the multi-location dashboard case prioritized operational efficiencies and real-time insights, the franchising dashboard case focused on long-term strategic management and overall growth of the franchise network and brand based on a set of goals.

However, we acknowledge that both models can benefit from a blend of KPIs tailored to address both day-to-day operations and long-term strategic objectives.

In conclusion, utilizing Business Intelligence reporting effectively enables all businesses to navigate complexities, optimize operational performance, drive growth, and achieve sustainable success in any competitive business environment. Using business intelligence tools such as Power BI and adopting robust data-governance practices is becoming more and more crucial to the success of any business in today's competitive business environment.

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