

White Dog Cafe

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After reading the case study "Walking the Walk: Putting Social Responsibility Into Action at the White Dog Cafe" I feel White Dog should explore franchising opportunities and the benefits of franchising outweigh the potential challenges, and the White Dog Cafe can innovate, grow and profit while still keeping their message strong.

The White Dog Cafe has a lot of potential to expand while keeping true to their philosophy. A good example of a mission and values based company that started small is fast food restaurant Chick-fil-A based out of College Park, Georgia. Like the White Dog Cafe, Chick-fil-A started off small in 1946 when Chief Executive Officer and founder S. Truett Cathy opened his first restaurant called the Dwarf Grill in Hapeville, Georgia. Mr. Cathy made significant strides from a small business owner to pioneering the process of cooking chicken for fast food and establishment of fast food restaurants in shopping malls. He has also credited with inventing the chicken breast sandwich. Chick-fil-A has steadily grown to become the second largest fast food chain in the United States.¹ Even with Chick-fil-A's success Mr. Cathy has kept true to the company's mission, "to glorify God by being a faithful steward of all that is entrusted to us and to have a positive influence on all who come in contact with Chick-fil-A."² The White Dog Cafe has a similar foundation like Chick-fil-A which is rooted in its service to the community and the beliefs of its founders.

An article in from the Christian Post noted that Chick-fil-A is 'Blessed' with 42 consecutive years of sales growth. Chick-fil-A's retention rate continues to be among the highest in the food services industry – at 97 percent. Mr. Cathy's small company from Hapeville, Georgia has grown into a large business looking forward to reaching the \$4-billion mark now that it has surpassed \$3 billion for the first time – just three years after surpassing the \$2-billion mark and nine years after surpassing the \$1-billion

¹ Chick-fil-A Website, The Chick-fil-A Story - <http://www.chick-fil-a.com>

² Christian Post, Chick-fil-A 'Blessed' with 42nd Straight Year of Sales Growth - <http://www.christianpost.com/article/20100203/chick-fil-a-ceo-credits-god-for-42nd-straight-year-of-sales-growth/>

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mark. This all comes from a faith centered company that closes its doors on Sunday, "as way of honoring God and directing their attention to things more important than their business."³

While the focus on financials is important for the long-term viability of a business you will notice that each business has a strong commitment to the community. The White Dog sponsors programs like The Sister Restaurant Project, Table Talks and Annual Multicultural Events. Similarly Chick-fil-A also sponsors programs like the Windshape Foundation which gives back to children through a scholarship fund and develops leadership skills. The key difference between both companies and their ability to contribute is the scale at which they operate. One effect franchising has on a business is the amount of revenue it earns each year.

	White Dog Cafe	Chick-fil-A
2006 Revenue	\$60,560 ⁴	\$2,275,000,000 ⁵

Table 1. Comparison of 2006 Financial data

In Table 1, you will notice Chick-fil-A's revenue is more than 2 billion dollars than the White Dog Cafe. As an organization franchises its market expands and its increases the probability it will obtain new customers. "PricewaterhouseCooper recently conducted a study which projects that the number of franchise units will grow 2.5% in 2011 to 784,802. Last year, franchise units increased just 0.3%, and their ranks declined 3.6% in 2009. Franchises are also expected to create 194,000 new jobs in 2011, a

³ Christian Post, Chick-fil-A 'Blessed' with 42nd Straight Year of Sales Growth - <http://www.christianpost.com/article/20100203/chick-fil-a-ceo-credits-god-for-42nd-straight-year-of-sales-growth/>

⁴ Walking the Walk: Putting Social Responsibility Into Action at the White Dog Cafe

⁵ Hoovers, Chick-fil-A -

<http://premium.hoovers.com.ezproxy.sju.edu/subscribe/co/fin/history.xhtml?ID=ffffhrfkkfykyjtky>

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2.5% increase that will bring total employment to an estimated 7.8 million. Franchises expanded their payrolls 0.6% in 2010 after shedding 2.8% of their employees in 2009." ⁶

Another reason franchising would make sense for a socially conscious company is the greater impact they could make to important causes. For example, if in 2006 White Dog Cafe's Social Responsibility contribution was \$1,577, about 2% of the net profit. If you apply the same percentage to a large franchise like Chic-fil-A you could potentially direct upwards of \$45 million towards community giving and programs. Many franchises are promoting social responsibility, for example Quizzno's who has a goal to save over 6 million pounds of material from reaching landfills by updating their packaging to be more compostable or using less paper. ⁷ Similarly companies like The Gap have sought to protect natural resources, improve factory conditions and help women advance their careers. ⁸

In summary, there are many strong examples for why franchising is a good move for the White Dog cafe. The cafe could extend its customer-base and increase their revenues by expending outside of their area. In addition to increasing revenue the White Dog Cafe can also increase the good they do for the community outside of their primary area. Many companies have been able to build and maintain a strong identity and still grow past a one or two location company. If White Dog does decide to franchise their business they should clearly define the programs franchise owners should adopt, standardize and document their operations and invest in training for franchise owners and staff to ensure consistency across all franchises.

⁶ Wall Street Journal, Franchise Industry Shows Glimmer of Recovery - <http://online.wsj.com/article/SB10001424052748704739504576067963222356734.html>

⁷ Quiznos Social Responsibility, http://www.quiznos.com/about_toasty_green.html

⁸ Gap Inc and Social Responsibility, <http://www.gapinc.com/public/SocialResponsibility/socialres.shtml>