



Cheesecake Franchisee Profitability up 7.5% in 2018

Average profits rose 7.5% in 2018 for franchisees of the popular cake bakery chain The Cheesecake Shop. Managing Director, Ken Rosebery said that, "We're proud to have achieved improved performance for our franchisees when franchising in general is copping a lot of negative media lately."

There are 212 Australian and New Zealand based franchisees who typically operate a suburban shop with cakes baked on the premises. The Cheesecake Shop franchise brand has been operating for over 25 years and began from a single store in Rozelle in Sydney's inner west.

The Cheesecake Shop implemented cloud based accounting, payroll and reporting systems back in 2014, which significantly improved monitoring of franchisee financial health and payroll compliance. Franchisees receive monthly data on their financial performance and comparisons with other franchisees. "This has really helped us to better manage franchisee profitability and ensure they get value from their investment," said MD Ken Rosebery.

The Cheesecake Shop financial benchmarking data has shown that the measure of cash profit for all TCS stores on average, called EBITDA (Earnings Before Interest Tax Depreciation Amortisation) and Owners Wages has increased from 18.9% for the year to 30 June 2017 to 19.6% in the 12 months to 30 June 2018. This is an increase of 0.7% points for this ratio over the past 12 months. On average (same store) sales have also grown by 3.6%, which means with higher sales and a higher ratio of cash profit to sales – that in dollar terms on average, store profits are up by 7.5%. "That is a great result in a mature, steady business like ours," said Ken Rosebery.

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Mr Rosebery commented that, “These are averages and of course, depending on the franchisee’s circumstances they may do better or worse than the average. We have some under performers (around 10% of stores), where profits are not satisfactory and we have a program of additional support to help these franchisees improve.”

“We’re very proud of running a good business and helping our ‘Mum and Dad’ franchisees do well, and the recent stories of poor behaviour in the franchising sector have saddened us. We want to stick our head up and say that most franchisors we know, like us, want to run good businesses and look out for their franchisees and employees.”

The Cheesecake Shop has plans to open another 14 stores next year, including four in the U.K.