

# Smart Talk

Insights from  
entrepreneurs

## MICHAEL SHERLOCK ON THE OWNER'S EYE



**Smart Talk is a weekly column by successful entrepreneurs about their daily challenges. This week Michael Sherlock, founder of Brumby's Bakeries and co-author of soon-to-be released growth strategy book *Jumpshift!*, talks about developing "the owner's eye".**

● The recent floods across eastern Australia have wrought significant changes to the prospects of small businesses.

We hear stories of employees working without pay to assist their employers clean up and restore businesses so they can begin trading again. This situation is a heaven-sent opportunity for employers to build on this newly forged relationship by reinforcing what I call "the owner's eye".

One example of a Together Everyone Achieves More (TEAM) member who displays the owner's eye is a junior taking a phone call as they are about to walk out the door at the end of their shift because an owner would take that call – owners never clock off.

The best example of the owner's eye I have seen occurred during my most amazing day in retail in 30 years on January 13 – the peak of the Brisbane floods. Together with my son Tim, who runs a Brumby's store in the suburb of Kenmore, we got up early to see how our three stores were coping. I expected them all to be closed as the whole of Brisbane resembled a scene from *The Day After* movie. The water was lapping the front door of the first store (Tim's) and the second store was in a locked mall and could not be accessed. We were amazed, however, to find that the third store at Kenmore Plaza was the only store in the whole suburb and surrounds for miles open and trading (at 5am).

Even at this early hour there was a long queue of customers. Although people had been advised over the radio and TV to stay at home, we found the bakers, Alvin and Elvis, baking away furiously using drinking water from bottles as the water mains to the centre had been turned off. At the front of the store two casuals (the only TEAM members not cut off from the floods) were trying to cope. One of these casuals who was not rostered on had driven past the store and gone in to investigate. She had telephoned the main franchisees who were totally cut off. She took the initiative and phoned everyone who might be available. What an owner's eye!

As a postscript, Tim and I spent the

rest of the day keeping supplies up to the bakers by bringing flour and yeast from other bakeries, restocking the fridges and serving customers. Most of the time, the store had almost no stock because of panic buying. People were waiting in line for the next batch of bread to come out of the ovens. We gave away free samples of Christmas fruit mince pies to those waiting in line for half an hour to keep their spirits up.

Having been involved in franchising for more than 30 years, the concept of "the owner's eye" best summarises what franchising means to me. Franchising is about taking a known brand and system and putting it in the hands of owner-operators who become the business owners and therefore have a lot of "skin in the game". Typically new franchisees move from fixed salaries to owner-operators whose livelihood depends on the profitability of their new businesses.

I find that salaried TEAM members are keen to participate in a profit share or bonus arrangement but I am yet to meet a person who is prepared to bear a salary cut if the business loses money. The franchisee, however, as the business owner, can find he in this territory. If a business is interrupted through floods and lack of insurance, these are borne by the franchisee.

They then have to look for every possible way to increase revenue and reduce expenses to get the business back on track. The franchisee will work seven days a week, 10-plus hours a day, be polite and look after every customer, rotate the stock, maintain product quality and excellent service.

At the end of the month, however, there might not be enough left to pay themselves a wage. Franchisees are prepared to take this risk as they are usually optimistic and confident of achieving independence and profitable returns that are greater than the fixed salary they previously may have taken for granted.

The reality is that an owner cannot be there 24/7 and serve every customer. Therefore he or she has to rely on TEAM members to produce excellent products, and create and maintain an excellent service environment. The most successful franchisees try to get TEAM members to act like them and to view the business through an owner's eye. **BRW**

**Next week: Rulsan Kogan, founder of Kogan Technologies**

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