

Why Every Franchisor Needs Localized, Profit-Focused Decision Making.

Corporate strategy is necessary. Franchise profitability is won or lost at the local level.

40%+

of franchise locations underperform system avg

3–5x

profit variance top vs bottom quartile

90 Days

to see results when local strategy is clear

The Franchise Strategy Disconnect

Franchise systems are built on consistency. Same brand, same standards, same experience. This is what makes the model work for consumers. But it creates a blind spot: the assumption that what works at the corporate level works at every local level.

It does not. A location in suburban Houston faces fundamentally different dynamics — competition, demographics, labor, growth constraints — than downtown Toronto or rural Alberta. Corporate strategy provides direction. Profitable execution requires local decisions that account for specific market realities.

Where the Money Leaks

The profit variance between franchise locations is staggering. Same brand. Same product. Same training. Yet the gap between top and bottom quartile is often 3–5x on key profitability

metrics. The root cause is almost always the same:

- Local competitive dynamics the corporate playbook does not capture.
- Customer segments that behave differently across geographies.
- Labor and real estate cost structures that vary dramatically by market.
- Adjacent competitors that do not exist in other markets.

CASE IN POINT: Multi-Unit QSR Operator — North American Franchise System

Situation: A regional operator running 40+ locations within a major franchise brand saw persistent underperformance in 12 locations. Corporate initiatives — new menu items, marketing campaigns, training programs — helped the strong locations get stronger but did not move the bottom quartile.

Approach: We worked with the regional leadership to apply structured strategic tools at the local level. Each underperforming location's market was assessed: local competition mapped, customer segments analyzed, product-market fit evaluated against the specific trade area. Operators built localized action plans within the brand's guardrails.

Result: 8 of 12 underperforming locations moved to system average or above within two quarters. The operator estimated \$2.4M in annualized profit improvement across the portfolio. The franchise corporate team is now exploring system-wide deployment.

What Localized Strategy Looks Like

Localized strategy does not mean every operator creates their own plan from scratch. That would destroy consistency. It means giving operators a structured decision-making system that cascades from corporate strategy to local execution:

CORPORATE	Direction, brand, product priorities, capability investments
REGIONAL	Market-specific priorities, resource allocation, performance targets
LOCAL	Trade area execution, local competitive response, P&L accountability

AI Makes This Scalable

The historical objection has been scale: "We have 800 locations — we cannot facilitate strategic planning for each one." That objection is no longer valid. AI can process local market data, competitive intelligence, and financial performance to pre-populate strategic

assessments for every location. Regional leaders review and refine in hours, not weeks.

The financial impact of closing the gap between top and bottom quartile operators is measured in hundreds of millions for large franchise systems.

Franchise systems that deploy structured, localized, profit-focused decisions at every level create an advantage competitors cannot replicate. It compounds quarter over quarter.

YOUR NEXT MOVE

Ask yourself and your leadership team these questions this week:

- **What is the profit variance between your top-quartile and bottom-quartile locations — and do you know why?**
- **Do your operators have structured tools to assess their local market, or are they executing a generic corporate playbook?**
- **If you could close half the performance gap in your bottom quartile, what would that mean in dollars?**

Start the Conversation

Thinking Dimensions Global works with CEOs of \$300M–\$4B companies to build strategies that connect to P&L outcomes. We facilitate decisions and help leadership teams own execution across four continents.

Schedule a call: tlewko@thinkingdimensions.ca

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Read the book: *MOVE: AI-Powered Strategy for a Fast World* (Routledge, 2025)

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