

Pacific Management Consulting Group

Chain Restaurant Analysis and Advisory



John A. Gordon, MAFF

Restaurant Subject Matter Expert

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Detailed Biographical Statement, August 2019

Overview: Restaurant subject matter expert. Analyst and management consultant. Primary expertise: restaurant strategy, operations analysis, financial analysis, restaurant earnings and economics. Subspecialty, restaurant franchise standards of practice. Extensive experience in store level operations, restaurant corporate organization, systems, restaurant M&A, franchisor and franchisee conditions, publicly traded restaurant conditions.

Education and Certifications:

- B.S., Business, Indiana University, 1981.
- Certified Master Analyst, Financial Forensics (MAFF).

Employment Summary:

Segment One: Restaurant Operations (1976-1982): Formative first years of work experience in restaurant level positions advancing to general manager and later, multiunit Supervisor, 100% store operations focus. Worked for both franchisee and franchisor corporations, QSR and Family Dining.

Segment Two, Restaurant Corporate Staff Roles (1982-2000): Eighteen years in chain restaurant (NYSE traded) and hospitality corporation management corporate staff roles, including operations analysis and financial management (advancing from cost analyst to Manager FP&A, and later, Director of Finance. Worked for franchisor and franchisee companies.

Segment Three: Management Consulting. (2000-present) Two years at global strategy management consulting firm (Booz Allen) as manager of financial practice. Since 2003: founded and operating my own niche restaurant analytical consultancy, Pacific Management Consulting Group. My consulting practice has three major elements:

- a. operations and earnings analysis for investors (include private equity, hedge funds, franchisors, franchisees and other investor groups), an investment banking firm sell side restaurant team, and operations, economics and restaurant management systems work for a premiere global strategy management consulting firm, as well as other engagements

involving granular restaurant operations and financial analysis, and brand/HOLDCO assessment. Due diligence for investors.

b. operations and financial analytical support for restaurant operators, potential franchisors, franchisee associations on franchise space operations, economics, organization assessment, valuation, and other franchise standards of practice topics. Valuations and outyear proforma projections.

c. expert engagement support on restaurant litigation matters: investor earnings matters (SEC 10b5 earnings topics), franchisor and franchisee related, also, wage and hour, operations standards of practice, real estate and site selection, marketing analysis, business valuation, lost profits, menu mix analysis, and landlord/tenant topics.

Operations analysis involves conceptualization, assessment, creation and improvement of restaurant systems and process, including sales, marketing, menu mix, discounting, brand strategy, cost of goods sold, supply chain, labor control and systems, employee management, supplies, capital expenditures, restaurant site selection, franchise practices, restaurant IT systems. Also, corporate staff function organization, G&A costs, and organizational structure. Review of franchising operations, standards operating practices and organizational practices. Review of brand background and market niche for investors and others.

Financial management analysis involves utilizing operations analysis to predict, project and improve restaurant corporation earnings and economics viewpoints and perspectives, to include proforma and ROI analysis, investor investment analysis and due diligence, comparison to peer and benchmarking. This includes IPO analysis, existing stock analysis. Feasibility reviews, capital spending ROI analysis. Track all publicly traded restaurant chains, and many privately held firms. Valuations, lender reviews.

Expert Litigation engagement support on restaurant topics involves expert research, expert consulting and expert_witness on restaurant issues, typically restaurant earnings investor disclosure (SEC 10b5 matters), franchisee/franchisor topics, restaurant sales and economics topics, damages and lost profits, and menu analysis.

Selected Representative Operations Analysis Project Examples:

-Review, analyze and compose recommendations to improve restaurant marketing plans to determine marketing event profitability achieved.

-Examine food, labor cost and profitability patterns in unit; creation of restaurant theoretical food and labor cost systems for use and application; composed recommendations of yield, loss and scheduling factors.

-Conceptualization and recommendations of issues and plans to optimize gross profit mix from standard and non-promotion periods.

-Review and assess in store restaurant management culture attributes.

-Define startup and mature stage restaurant and restaurant franchisor general and administrative management structures.

- Review of franchisor supply chain practices.
- Review and recommendations to restaurant menu price plans.
- Analyze restaurant scheduling practices to detect better and worse practices.
- Assessment, creation and teaching of restaurant hourly employee scheduling and placement tools, review and recommendations of restaurant theoretical labor cost systems.
- Review and recommendations of restaurant management staffing, required hours, wage base and incentives.
- Assess supply chain practices to see if optimal costing is in place
- Review of potential brands for investors, franchisors, franchisees, and private equity firm's interest among alternatives; create multiyear free cash flow proforma projections.
- Prediction of better site selection, geography, store density characteristics for new restaurant site development.
- Assess and recommend improvements to restaurant physical plant and capital spending plans and practices.
- Review and recommend corporate headquarters and regional support staff functions, staffing and organization. Provide regional and corporate structure recommendations.
- Review and assess revenue enhancement and cost containment plans and actual results achieved.
- Conceptualize characteristics of ideal restaurant site; market due diligence of potential brand and site purchases
- Restaurant operations practices review, basic restaurant quality, service, cleanliness and value attributes.

Selected Representative Financial Management Project Examples:

- Preparation and analysis of prepared company revenues, expenses, capital spending, EBITDA, net income, earnings per share projections, and free cash flow actual results achieved versus peers, including for credit and debt community assumptions, investor projections.
- Benchmarking and prediction of restaurant earnings fundamentals.
- Working with investors (private equity, hedge funds, large franchisees) in restaurant target selection and analysis.
- Conceptualization of unit level, market, divisional and company new store multiyear proformas, including revenues, expenses, G&A, earnings, CAPEX, and free cash flow.

- Creation of Composition of restaurant peer benchmarking analysis, including operating and financial metrics.
- Valuations and lender reviews of restaurant loan packages.
- Investigation of corporate earnings disclosure for adequacy and SEC compliance.
- Recommendation of store operational and capital budgeting practices
- Investigation and analysis of targeted stock investments.
- Corporate cash flow projections analysis versus investor and creditor covenants.

Professional Affiliations:

Speaker, Facilitator and Panel Member at Restaurant Industry Events: 2019 (forthcoming), 2017, 2015 and 2014 Restaurant Finance and Development Conference; 2014 National Association of Certified Valuators and Experts National Convention; 2013 National Restaurant Show; 2012 Women’s Foodservice Forum; 2010 Nightclub and Bar Conference, among others.

Publication in Restaurant Business Journals, including Restaurant Research, Restaurant Finance Monitor, Research Recap, QSR Magazine, Franchise Valuation Reporter, Nation’s Restaurant News, and others. Cited in Private Equity at Work (2014).

Press Quotations: widely quoted restaurant subject matter expert, in Wall Street Journal, The New York Times, The Economist, CNBC, The Associated Press, Bloomberg Business Week, Bloomberg, CNN, CBS, The Deal, Debtwire, CBS Radio, National Public Radio, Los Angeles Times, San Diego Union Tribune, Denver Post, Chicago Tribune, Indianapolis Star, Columbus Dispatch, Washington Post, New York Post, Atlanta Journal Constitution, Dow Jones Newswire, The Sacramento Bee, Adweek, Hartford Courant, Franchise Times, Yahoo Finance, among others.

Membership Groups, current: National Association of Certified Valuators and Analysts, Member, San Diego Food and Beverage Association.