**Upper Midwest Region Breakout meeting – 2-28-17 Austin**

President Bryan Robinson welcomed everyone to the meeting. He hopes everyone has had a good time in Austin and learned a lot. The agenda has been different and he hopes it’s worked for everyone. Looks like we have a full house for our meeting today which is great. He recognized several new franchisees in attendance. Eddie Abadi/Todd Burnett from Chicago. Also Hazel and Albert Fong from Chicago. Donald DeLaria Jr and his wife Missy are here. Happy to see Eric and Oryn Carlisle here at convention.

One thing we have to do that normally would have been done at the fall meeting is present our Vendor of the year Award. We are very happy to present our Vendor of the Year Award to Angie Kirby from Winston Industries. Angie was instrumental in providing maintenance training to our RGMs at our spring meeting and we very much appreciate their partnership.

Minutes- We had no minutes because there was no meeting in Savannah.

Secretaries Report – Kevin had handed out a Secretaries report about the convention and the region.

Treasurers Report– Bob – Sharon was unable to attend so Bob handed out the reports and went through them. On a motion by Noah and a second by Mike Kohlman the Treasurer’s report was unanimously approved.

Leadership – Bob – explained that he is the leadership chair and that we unfortunately had Terry resign because of the sale of their restaurants and we have an idea how to handle that but we still need a person for this fall to run as second vice president. We feel the 2 year terms really help us from a leadership standpoint. We have been very fortunate to have great representatives from our region who have served in the highest levels nationally. We have undoubtedly the two best NCAC members and that is just the start, but new people need to step up over time to ensure we continue to have great representation. We have a great mentoring program for those that are interested.

Spring meeting – we need to get registered and especially make room reservations by March 15th. We are back at the Kalahari from April 19-21st.

Fall Super Regional meeting – Tradewinds Resort in St. Petersburg, FL – October 9-11. It’s a wonderful resort in a great area.

Convention in 2018 will be in Anaheim right next to Disneyland. Should be a hit for families. We will again be at a Marriott.

2018 Spring meeting – Mystic Lake – just SW of Minneapolis. They have been adding rooms and convention space and it is very nice.

AKFCF President Greg Atwell, 1st VP Eric Overcash and Ron Gardner came in. Greg thanked everyone for their support and attendance. He then gave Jason Zakaras his Shining Star Award, which would have been awarded in Savannah if we could have.

Ron said that a motion had been made from Peter Helf regarding the AKFCF taking a position to allow individual franchisees to remodel their own restaurants according to the same standards and with the same benefits of using Lendlease. Ron said that the motion would have to come from the region and not from an individual. We will need to discuss in this meeting whether to ask the officers to present this to the AKFCF Board.

Bryan asked for ideas for future fall meeting sites. Napa Valley, Cancun and Aruba were suggested, but didn’t really take into consideration the logistics and how that would affect our vendors who are so important to the success of our meetings. A good suggestion was to try and find places with direct flights from major hubs, although many of our members aren’t near major hubs so they have to do connections anyway.

Bryan recognized our world class NCAC members Pete Wasilevich and Mike Kulp for all their contributions to our success, and asked if there were any questions for them. Gene had a question about the proposed new pre-packed cole slaw. The ops sub members took note of that. Pete said that since the acceleration agreement the NCAC meetings have been much smoother and the relationship is better than it has ever been. Jason Marker really pushes his people to understand that this is a franchise business and they must cooperate and get the buy-in of the franchisee members on everything. Pete believes that the ops subcommittee will ensure that the prepacked cole slaw will be proper when it comes from them to the full NCAC.

Mike said that they send out a one page newsletter from the NCAC every month, but a lot of folks opted out of receiving them. They give a lot of information about what is being worked on. If you aren’t getting those please contact Executive Director Cynthia Koplos to get those.

Chris Held came in to represent the RSCS. Unfortunately, their presentation is tomorrow during the Town Hall so you’re being asked to ask questions before you hear the presentation. Justin suggested Chris talk about the COGS for 2016, which due to the RMI ended up being 3% deflation. For 2017, they are looking at .9% inflation but they are still working on that. His goal is to have deflation every year through their RMI efforts and better negotiations. While the brand controls what projects are undertaken, they are really working toward simplification as well as cost savings. They are having the supplier summit this morning with the suppliers and the suppliers are getting really excited about where the brand is going now.

Mary Donahue came in from Polaris, our DC lobbyist. She had Leslie Sharp and our own GAC Chair Peg Duenow with her. They are taking PAC contributions and selling raffle tickets. She explained about the fly-ins and how important working with Congress is. You can go to the booth this afternoon and do your PAC donation or buy raffle tickets and please consider going to a DC fly-in someday.

Peter Helf has concerns with the remodeling process and he thinks with the delays and problems with Lendlease that operators who are able should have the option to do their own remodels with the same standards and benefits as Lendlease. This was a motion on the floor. There was much discussion, but for lack of a second, the motion was not voted on.

Pete said that this was a key part of the acceleration agreement and as Jason said, we just need time. This is a very complicated process. There are signed contracts out there. He would ask that we just give them some more time to get it right. You can opt out, but you will not get the benefits. The whole reason for this program was to do a large amount of restaurants and get the advantage of volume purchasing. The framework makes all the sense but the execution hasn’t been right yet, but all the efforts are being made to get it right. Funny that everyone wanted to put off remodels and now they are unhappy that they aren’t being done yet.

Mike Kulp said that he had sent a bunch of money to Lendlease and could have pulled out but it would have caused problems and lawsuits with hundreds of restaurants. If we pull out it will put a lot of franchisees in a really bad place and throw the whole program into chaos. We need to just be patient and get it done right since this is a key to our future success.

Scott King has had experience with other concepts and this is a really good deal and we need to stay the course or the whole thing will fall apart. We had very high goals which were probably not doable.

Bryan said we were all in the meeting yesterday and heard from Jason that it is not going well with ASAP, but Bryan believes that what has been done has earned them some more patience. Their passions and intentions are in our best interests and we need to trust them.

He is also concerned about how we have tied our hands on pricing by having the $5/$10/$20 price points.

Justin talked about how careful the ops subcommittee is to ensure that nothing will damage the brand.

Mike Kulp talked about the real story behind the Popeye’s turnaround. They have stolen a lot of our $5 strategy and when you remove their newly built restaurants from their numbers we are actually doing better than they are. Our $5 strategy has been the key to our success and we cannot go away from it. We need to figure out how to maintain it when other cost pressures happen into the future. Stores that sell more $5 fill-ups show higher sales increases. If you have a $5 Fill-up mix over 23% of sales those stores show higher sales increases.

Bryan is part of the new OEC, and the reorganization has made it much more efficient and productive. They deal with training, recognition and measurement. Question about items that will be addressed by the remodels but since they haven’t been done yet, how do we deal with that. The move from 15 deviations to 10 is on the FSCC, not on the ROCC. You cannot fail a ROCC because of maintenance issues. Question about if the Lendlease delays cause these problems should that not be taken into consideration. Doug Smith said he was able to get the ASAP chairs ahead of time to deal with the torn cushions.

Mike Kohlman – Merit/IT Advisory Comm. – Business intelligence – (moving to the cloud) will happen sometime in Q2. This will bring real-time data to being available all the time. This will eventually include VOC information so you could correlate that to sales.

IPads for manager tasks are in test and working well. Kevin suggested that being able to scan the barcodes doing inventory would be of a great help to the RGMs.

Dashboards in the restaurants will be updated with BSC information.

Next Generation network – trying to move to cable internet for higher speed. DSL is not fast enough for our needs anymore. EMV (chip) will hopefully be rolled out by the end of Q2.

Digital commerce – kiosk ordering – looking into that.

Also discussed Hot Schedules and Macromatics – Both still have their issues but they are still working on them.

Last item is loss prevention – KFC has recently done a deal with Delaget which ties in with Envysion, which is tied to Merit, which can tell you when something untoward is done on one of your registers. There is a workshop called “Taking back your Profits” on Wednesday that talks about this.

Discussions on a range of topics – chip cards, bar code reading, projections, etc. Projections are just based on sales. Best Practice - If you follow projections you will run out unless you bump the projections up to cover inefficiency. You can only do this a week in advance. Mike will ask about this. Kevin made the comment that we are so fortunate to have Mike involved because there are only four members of that committee and only 3 regions have reps on there.

Donald DeLaria Jr. and Missy have been in attendance and thanked everyone for the flowers at his Father’s Celebration of Life. He has found the convention very interesting. Would love to hear stories about his Dad.

With no more business to address the meeting was adjourned.

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