STAR FRANCHISE ASSOCIATION

NEWSLETTER

Volume 3 - February 2020

Please join us for our 16th Annual Charity Golf Classic

GOLF CLASSIC

The Crossings at Carlsbad
March 31 - April 1, 2020

STARS for HEROES

Sponsorship with or without golf available from $1,000-$5,000.

All player packages include:
Tuesday Kick-Off Dinner & CKE Franchisee Awards, Breakfast, Driving Range Balls, Green Fees, Cart, Premium Gift Package, Lunch and Beverages on course, and Post-Event Reception

Tournament Hotel
Rooms are available at a discounted rate of $199 at Park Hyatt Aviara Resort.

Agenda

Tuesday - March 31, 2020

12pm Tune-Up Tournament sponsored by Wasserstrom at Camp Pendleton - $250/player
4-6:30pm Registration at Park Hyatt Aviara
6:30pm Cocktail Reception, Kick-off Dinner & CKE Franchisee Awards at Park Hyatt Aviara

Wednesday - April 1, 2020

All events at The Crossings

7:30am Registration, Breakfast, Driving Range
9am Shotgun Start - $300/player
3pm Reception & Awards sponsored by KDM

For more information and registration, visit www.starfran.com

A Letter From CKE

I can honestly say that I've enjoyed my journey here at CKE, and my experiences with both the Hardee's and Carl's Jr. brands. My "life at CKE" began in a Carl's Jr. restaurant, and that's where and how I learned everything about Carl Karcher and our great Carl's Jr. legacy and traditions.

To start, a little about me:

I have been with Carl's Jr. since 1984, starting as a crew person at restaurant 119 in Lakewood. I'm happy to say I still remember my original employee number also (57888) . I am truly proud to say that Carl's Jr. has been a primary part of my entire adult life. I wouldn't have it any other way! I am a 'happy star' for life!

My fondest memory of the Carl's Jr. brand:

Star-B-Qs. Lots of Star-B-Q events. Awesome memories from them all. The other great memories I have was being a part of the international growth story in Mexico and all over the world. Getting the chance to see Carl's Jr. Mexico increase 10-fold and work with some of the best people in the industry is a highlight I will always cherish!

What is my go-to menu item of choice when I'm in a Carl's Jr. restaurant?

Famous Star with Cheese. Carl Karcher's favorite burger. The classics never go out of style!

What do I do when not thinking about Carl's Jr. and the business?

Not a lot of time there, but I am an unabashed Trekkie. LLAP (for you non-Trekkies out there, that stands for 'Live Long And Prosper')

Beam me up Scotty!! OK ... back to work now! Lots to do!

Is there anyone special who made a significant impact on my Carl's Jr. life?

Don Karcher. What a great man. My memories of him visiting my restaurant in my early days were a true highlight. He was the second heartbeat with Carl that made this company what it is today. We should always remember, respect, and cherish the influence he had on the company, and on all of us.

My focus and commitment now with our Carl's Jr. franchise community as COO:

We are working hard here at CKE to keep operations front and center in how we manage our business. Initiatives like Operation QSC and our plans to layer in additional field support this year showcase our dedication to this cause. Through each of you and your teams, we together execute the best operations in the QSR industry. That is our secret weapon that will always keep Carl's Jr. on top! Working together, our star will continue to shine every day. As Carl would say, "We're GREAT!"

Ron Coolbaugh
COO – CKE Restaurants Holdings, Inc.

Refreshing Insights: Q4 Update on Hot Topics and LTOs

REFRESHING INSIGHTS Coca-Cola

- State of the industry and breakdown of latest channel performance
- Updates on trends most impacting the foodservice industry
- Review the best Limited Time Offers and new items of 2019
- Cover the summer of the Chicken Sandwich Wars

To request access to the presentation for this Foodservice Industry Insights web event on February 20, 2020, please contact Amanda McMahon at ammcmahon@coca-cola.com

A Letter From The Board

SFA Members:

As Jennifer laid out in the December Newsletter, the SFA Board has launched a new Mission Statement to provide additional clarity and guidance on our Brand's future.

Our mission is to unify franchisees and lead our Brand to enhanced financial viability by living our Carl's Jr. culture and utilizing the resources and talents of our franchise community while leveraging our strength to demand best-in-class vision and support from our franchisor.

Technology is one of the resources referenced in the mission that we need to utilize. As minimum wage continues to rise in many western states, the need for technology advancements in the restaurants is more important than ever. Many businesses and competitors are branching out in ways to reduce their reliance on human labor by replicating it with technology. For example, NFL fans are able to purchase concessions in a cashier-less setting on game day, and bartender-less taps are increasingly taking over local beer halls.

As a brand, we can no longer overlook technology that can make our restaurants operate on fewer man-hours and provide additional convenience to our guests. Technology can assist our crew with mundane tasks such as changing out promotional POP and swapping out pricing stickers, to assisting our GM's and DM's with inventory counts by outfitting product cases with RFID's that enable better supply chain management, more accurate inventory counts, and quicker audits at the restaurant level.

As Co-Chair of the IT Star Committee, I would like to see our brand continue to make strides in technology, but we have a lot of ground to make up! CKE currently has five restaurants up and running with Par Brink POS and Crunchtime. This is a lower number that we would like to see installed at this point but we are pleased that CKE has started the on-boarding process with two franchisees. Integrated third-party delivery through the Omnivore platform has successfully been piloted in both Corporate and Franchise restaurants, giving us the opportunity to remove tablets from restaurants and provide more streamlined menu management across multiple third-party delivery providers.

If you or any of your related companies are currently piloting any IT initiatives, I encourage you to communicate your findings with both the IT Star Committee and CKE so that we can share more information and start to implement technology across the brand faster than we have in the past.

The Q1 IT Star Committee meeting is currently scheduled for February 19th at the restaurant support center in Franklin TN, and please feel free to reach out with any comments or concerns for the IT Star Committee.

I hope to see many of you at the Charity Golf Classic at the end of March, and I look forward to another year of serving on your board to support our mission, advocate for our franchise community, and to do what I can to move the brand forward.

With Regard,

Jay Hafemeister
SFA Treasurer

Delivery Update

By: Bryce Olson

The delivery committee and CKE had all the delivery service providers at the Franklin offices for an entire week for Quarterly Business Review meetings. The primary intention and focus was to lay the foundation on where the future of our brand stands with the providers, and how we can protect our customers, data, and profits through this new vehicle of revenue. We made many good advances during our meetings and have a lot more work to do. CKE is currently finalizing the "Best practices guide" and "How to" which will allow for an easier and smoother implementation and rollout of delivery in your market. The current average delivery time sits at 31 minutes from "store to door" and we have seen an annualized average check sit at $17.00 with 4% of sales coming from delivery. There are still many idiosyncrasies between the different platforms and the way they provide reporting analytics, sales data, and reimbursements. Our continued efforts are to close these gaps and push them all to be more consistent with the data they provide.

POSTMATES DOORDASH Uber Eats GRUBHUB

There has been a lot of chatter about the new bill (Assembly Bill 5 in California) that recently passed and how it would affect the DSPs and eventually the service they provide to us. So far they have committed to meeting the guidelines and adapting their model to be compliant with the new bill.

It is important we understand that while these drivers are all 1099 employees, they are also representatives of our brand when they are delivering our food. While we have no control over how they are managed, their performance affects our guest satisfaction, and repeat visits. We want to understand how they are held accountable and how they are monitored to uphold the standards expected.

A Quick Note from the SFA President

My Fellow Franchisees:

With 2020 now upon us, we look forward to having a great year. The SFA Board will continue with its primary focus—representing the best interests of all Franchisees to help shape CKE's vision to achieve our collective goals. In accordance with our newly updated mission statement and our goal to foster transparent communication with CKE, we now have CKE representation on all SFA committees. In addition, we implemented a bi-monthly newsletter and will continue to provide ongoing monthly committees updates. We are continuing to work closely with CKE to achieve our goal of protecting the brand and moving Carl's Jr. back to the forefront of the QSR market.

Stay tuned for upcoming email updates regarding specific topics on a variety of issues. As always, I am available for any questions or comments.

Sincerely,
Amir Siddiqi

Window 2 (2/12 -3/17)

Introducing the new Big Fried Cheeseburger

The Return of Beer Battered Fish Sandwich and the New Spicy Fish Sandwich