



JOHNSON

LEADERSHIP SERIES
ROB COOMBE - CRAVEABLE BRANDS.

Johnson is one of Australia's leading Executive Search and Leadership Advisory firms with a 15-year history working with ASX100, multinational and private equity backed organisations at the Board, CEO and c-suite level. Johnson has the privilege of interacting with Australia's leading Chairs, Directors, CEOs and executives across some of the country's most iconic brands. With intimate access to these leading industry professionals, we have embarked on a journey to document some of their stories. Throughout the series, we will be interviewing incredible individuals who have not only made a significant mark professionally, but who have also been responsible for influencing the lives of many others throughout their illustrious careers.

Episode 1: Rob Coombe's Secret Sauce to a Successful Trade Sale

THE LEADER: Rob Coombe - Banker turned Fast-Food Trailblazer

Rob Coombe is a highly successful executive and director with over 30 years' experience in financial services and fast-food QSR. He is a proven Chair and Non-Executive Director who has developed a portfolio of NED roles across fast-food (craveable brands.), Banking (CIMB), Indigenous Affairs (AIEF) and Private Equity (5V Capital, Generation Development Group, and Tibra Capital). He is also the Deputy Chair of Surfing Australia.

Prior to building his director portfolio, Rob had a 21-year career at BT Financial Group and the broader Westpac Group – culminating in running BT Financial Group and then Westpac's Retail & Business Banking operations, sitting on the Group Executive Committee reporting to then CEO, Gail Kelly.

Rob left Westpac Group in 2012 and had a brief period with FtB – a leading advisory firm to banks and international financial institutions. He was then approached to lead the Archer Capital-owned QSR Group (now craveable brands.) in which he led the turnaround and transformation over a six-year period before steering it to a successful acquisition by PAG Asia Capital in July 2019.

Rob commenced his career as a lawyer, working in various financial services organisations. He also served on the Bankers Trust Executive Team, working initially as Senior Legal Counsel then Head of International Bankers Trust.

Rob holds a Bachelor of Laws with Honours from University of Technology, Sydney.

THE COMPANY: The History of craveable brands.

Founded in the early 1970s and 1980s, Red Rooster, Oporto, and Chicken Treat quickly grew into some of the largest fast-food franchises in Australia. By 2007, Quadrant Capital had all three brands in its portfolio. In June 2011, Quadrant then sold the three businesses, by then known as Quick Service Restaurant Holdings, to Archer Capital for \$450 million. Archer held the business for eight years, rebranding the holding company to craveable brands. In May 2017, before ultimately selling the business to the current owner, PAG Asia Capital in July 2019.

Across the three brands, craveable brands. now employs 12,000 staff across 600 restaurants and serves 150,000 customers per day, both in Australia and offshore. The group has over \$750 million in revenues, making it the largest Australian-owned Quick Service Restaurant operator.

Rob joined the group as CEO in 2013 after the group had gone through four CEOs in two-challenging years. All key financial indicators were lagging; EBITA was regressing, sales were declining across all brands, franchisee engagement was lacking, stores were closing, and margins were eroding.

Furthermore, employee engagement was below 50% and bank covenants were being breached.

Under Rob's leadership, he turned around the business – lifting EBITDA from \$40 million to \$52 million which ultimately led to a successful trade sale to PAG Asia Capital.

THE INDUSTRY: Mortgages & Investment Trusts to Secret Herbs & Spices

A financial services veteran, Rob's switch from the high-margin, regulatory-heavy banking industry to the fast-paced, low-margin, fast-food industry was an exciting yet challenging shift with many new learnings along the way. "I was quite taken aback, actually. It was a difficult transition for me. You couldn't think of two businesses more dissimilar. Even though structurally they had similar functions, the nature of the work is completely different".

Rob has never felt he was defined by the industry he was in. He has always been very curious and wanted to leverage skills he learnt in one industry to bring a new way of thinking to another. Rob feels strongly that it is not the industry you are in, it is who you work with that gives you the most enjoyment.

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It's frightening when you change industries. You go from having a huge network to leverage, to not knowing anyone.
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After he made the switch, he realised he had some connections who had crossed industry, particularly Gordon Cairns, Bob Mansfield, and Peter Bush. He feels their counsel helped fast-track his knowledge of the industry by 12-months.

The most important thing he feels in changing industries, is to seek out people who have built successful careers in that industry and get them to set you up with their networks. He notes that you need to spend time immersing yourself in the industry and get up to speed quickly with all stakeholders including the employees, unions, suppliers and shareholders.

THE PEOPLE: From Seasoned Bankers to Job Hungry Millennials

"The shift from running a team in financial services to QSR couldn't be more different", says Rob. "In financial services, they tend to be motivated by bonuses. In QSR, the average age is 16. There is not a natural level of engagement or sophistication. But that demographic is very, very keen to learn. For many this is their first job".

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The stores are basically run by kids. As a leader in this industry you really have the task of helping set them up for the future.
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One thing Rob learnt from running a team of millennials was that they really love feedback. He inherited a 'set and forget' culture where success was not celebrated as much as it could have been, and he quickly realised the level of impact a 'pat on the back' can bring.

In celebrating success, Rob started to write staff cards and sent them through the post, which he notes was probably the first time many of the younger generation had even received a letter. Initially, he would write 10 notes out to stores doing well at the end of every week. Six-months later he was writing 300-400 cards to the network. They were incredibly proud of being recognised. Rob believes part of his success in driving engagement scores so high was this strategy of celebrating success. "People doing the right things needed to be recognised", he says.

THE 100-DAY PLAN: Twice Over

Rob believes in a 100-day plan to create change. That said, given the change of industry, he had to take the approach a little differently.

"If it is a new industry, just take at least three months before you tell people what you're going to do. My instinct was to try and get that out earlier than that, but you don't really know what needs to be done until you've fully immersed yourself in a new industry. So, make sure you buy yourself the 100 days and then start another 100-days."

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I spoke with the original founders to understand what made the brands great in the first place.
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THE "TRANSAROUND": Transformations, Turnarounds, Innovation & Marketing

Rob came up with a term for his job at craveable brands., he called it the "Transaround" – essentially both a transformation and turnaround at the same time. From a turnaround perspective, he needed to get all of the metrics right to ensure the shareholders were happy. Bank debt was refinanced, capital drawdown was facilitated for investors and he drove the movement from being partly franchised to a fully franchised system.

From a transformation perspective, he also had to bolster the team, systems, processes & marketing strategy to ensure the group was able to compete with the dynamic market. "We had to turn it around and get ahead of our competitors at the same time", he says.

Part of the transformation came through the marketing channels. As Rob notes, "QSR and retail have to be infinitely better than in financial services. So, marketing has to be relevant and highly directed. It has to be good otherwise you don't survive."

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*In QSR, you live or die by
your daily sales*

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Rob initiated the concept of 'one kitchen, many dining rooms', saying "to drive an effective multi-brand strategy, you need to make sure the back-office operations are all in tune." Rob expands on this when discussing some of the innovations he drove. They rolled out an app-based loyalty scheme to ensure marketing campaigns were better targeted and pushed into the delivery space. "We were the first outside of pizza to do delivery."

THE PE-FIRM: Navigating a Private Shareholder

Running a PE-owned company tends to bring with it a much higher focus on the bottom line with a focus on lean operating models. But it also brings agility.

Rob notes, "the owners essentially sit at the leadership table so decisions can be made quickly and dynamically". Rob says, "critical to being a CEO in a PE-backed organisation, is needing to be clear on exactly what the owners are trying to achieve. You need to work the agenda with the PE firm".

Additionally, you must be consultative with the owners around metrics as there are many other important inputs than just bottom-line figures such as the engagement of staff, the customer value proposition, engagement of suppliers etc.

THE BENEFIT OF HINDSIGHT: How to Better Success?

While the turnaround was ultimately successful, the six-year journey contained many challenges along the way. One of the key learnings Rob speaks to is that initially he and the team tried to do the turnaround too quickly, particularly having inherited a sub-optimal team. If Rob had the time again, he would have put more effort into getting the team right initially, before rolling out some of the key projects.

An example he speaks of is in the IT space. He inherited 23 different POS systems across the three brands, and quickly he sought to reduce this to one - to get better reporting, make sure all the cash was going into the system, and so loyalty schemes could be effectively rolled-out and synchronised across the stores. The roll-out was particularly challenging with Rob noting that he hadn't ensured he had an effective IT leader and team at the time to do such a difficult project.

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*No matter how much of a
rush you are in, you need to
get your team in place
before executing.*

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