



Powering RETAIL Growth

With an ambitious strategy to open 100 new retail stores in five years, Battery World is serious about growth.

Images by Fullframe Photographics

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- Rowan Hodge

Battery World’s General Manager Rowan Hodge knows retail. Cutting his teeth at franchising world-beater Domino’s Pizza, he started out as a store trainer and worked his way up to being a corporate area manager, then becoming a multi-unit franchisee himself. After stints at Westfield and Corporate Travel Management, Rowan returned to Domino’s. He went on to work for the listed Australian pizza company around the world, including moving to Paris to help Domino’s expansion into France and Belgium. When family needs beckoned in 2011, he returned to Australia, where his franchising focus continued as the operations manager for Quest Serviced Apartments.

In 2014, he took on the top job at Battery World, with an aim to use his experience in franchising to grow the business. “Battery World has been around for 18 years, but was a business that was only slow but steady in terms of its growth trajectory,” Rowan says. “We opened only 18 stores in the last 12 years. By contrast, we will probably open 18 this year. So the

difference in the velocity of growth has been a real step change.”

Rowan brings to Battery World a clear vision and a solid plan for how the company will achieve that vision—by increasing its store numbers and franchise profitability. “[I wanted] to give the business a crystal-clear vision that everyone in the business can participate in. Our vision is to open 20 new stores per year for five years, and to lift franchise operating profit to at least 14 per cent.

“When I joined the business last year, the market research was telling us Battery World had a tremendous reputation. It’s well understood that we are experts in our subject matter. We’re very trusted. However, we are not very convenient. We have only 82 stores as a national leader. We are dramatically under-represented across the Australian retail market, and that’s particularly so in the major metropolitan markets of Sydney and Melbourne, on top of some huge opportunities in regional markets. So the first and foremost goal is to see us dramatically increase our store count.

“The second part of the new strategy is going to be the fuel for that growth, and that is that we must see franchise profitability increase. We have a very stable franchise pool here which I see as a wonderful advantage, but it is certainly nothing towards which we feel entitled. Franchisors must earn the loyalty of their franchisees. We are making great strides in earning this loyalty, but I still feel we owe them a tremendous debt. To stay tightly aligned, we must see their operating profit increase.

“We take a 7-per-cent levy as a royalty on retail sales. My goal and the goal we’ve communicated across our team and across our franchise community is to see all franchisees achieve at least twice as much return from the business as we do.”

The next part of Rowan’s plan to lift the network was enacting a cultural change in the business. He said that the key to being a successful franchise is to treat franchisees with respect. “A cultural change was very necessary in the business,” Rowan explains. “Previously, there was a very >



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conventional franchising model here in operation, and that was fine. But I think that in modern franchising, a new opportunity exists. So two new decision rules have been implemented across our entire support team.

“First, we exist for the purpose of helping franchisees grow their wealth. Second, and on a closely related note, we work for the franchisees, not the other way around. I think if you’re a franchisor and you take 7 per cent or whatever percentage from a franchisee—and you never apologise for that; that’s what you do for a living—then you owe them your service in return. You work for them. They are akin to your boss; you serve them. You must treat them with that level of respect. You must be that responsive and, if in any doubt, then refer back to rule number one.

“The new vision and the decision rules are all very tightly aligned and they are very clear. Most

importantly, they are well understood across the business. As a result, we are seeing a real difference in the attitude of the franchisees with greater positivity and respect in the relationship.”

Rowan has also ensured the company works very closely with suppliers to manage product supply and that franchisees also have a close relationship with them. “The customers’ needs over time evolve. And one place we see that is in the stores where the franchisees receive inquiry for new products. This year, we brought on three suppliers to increase our approved suppliers to fourteen. Importantly, the decision was shaped by a committee comprising 75 per cent franchisees. Bringing on a new supplier to meet compelling demand is very exciting. As the category experts, if somebody needs it, we have a role in bringing that to market to help them solve their problem.

“The other part is of course to work with your suppliers on occasionally retiring a product. So there might be a product that has had its day—perhaps it has been surpassed in its technology or seen its demand wane. There is a really important part of the relationship with the suppliers here to manage their total product offering. The other part, of course, is to engage with them. This goes far beyond just involving them in our annual conferencing. Because of the technical needs of our products, it is really important to have the suppliers participate in training our franchisees. As a result, we give them quite unfettered access to our franchisees in regular regional meetings. This is one of the key mechanisms we leverage to fortress our unique selling proposition: extraordinary product knowledge.”

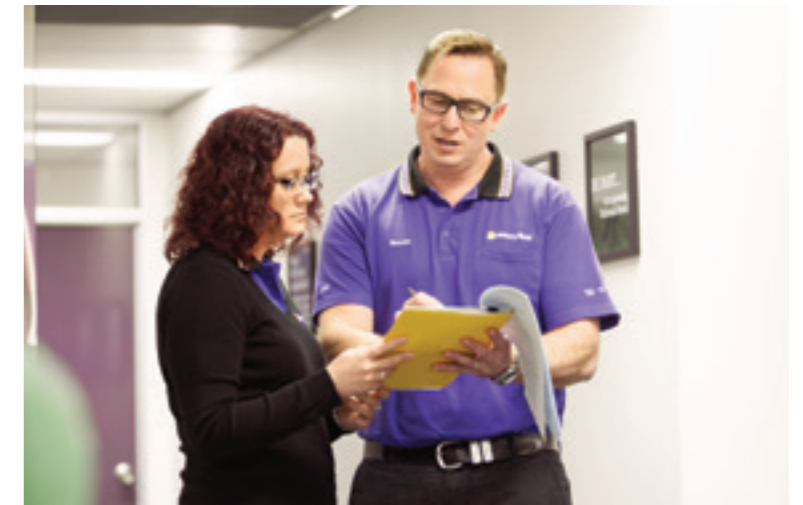
One of the other issues that Battery World, and the retail industry in general, is coming to terms with is the move to e-commerce. “There is

absolutely no doubt that change has happened and that it will continue to happen.” Rowan predicts: “As to when things go more and more online, it is not a question of if; it is a question of how and when. I believe our conventional retail model will remain relevant because it offers something that is quite poorly delivered by the online experience—the delivery of expert knowledge and advice. Far from turning our back on e-commerce, we see it as a means to gain the best of both worlds. I think there is an opportunity to offer range, choice, and in some respect education, using online tools. I think what I see as the value of our in-person retail model is the exchange of expertise, and the trust that accompanies that nature of transaction.

“We are doing a completely new website as we speak, and we have a new retail management system, NetSuite. Both are world class. We are doing both of those things with built-in capability to enable and future-proof the model for e-commerce.

“Like any evolving technology, our online offer will evolve. We will begin with click and collect, and then move on from there to something that can be delivered. But for that to be successful in our model, at no point must we take our eye off our USP. Our customers need to be properly informed with expert advice. The internet can give information very, very well, but it struggles to give trusted advice. That is the Battery World specialty. I expect we will grapple with balancing these offerings in our contemporary retail and e-commerce models over the years. What will define our success will be getting this balance right, ASAP.”

For the future, Rowan says, Battery World’s plan is clear: keep



building stores and growing franchisee returns. “We have a very, very clear vision of the future. We are the number one already, but we say that to stay number one and to continue to grow is absolutely critical to our vision. We must put 100 new stores in the ground and see our franchise profitability increase.

“Something I am known for saying an awful lot around here—and it’s a rip-off of a John F Kennedy quote—is that ‘franchise profitability is the tide that lifts every boat.’ And it must be through our endless focus on increasing the profitability of franchisees that we will propel the success of our entire network.” ●

“Powercell is proud to work with Battery World and its extensive network of retailers. Through excellent communication and sharing of market knowledge we are mutually able to maximise product opportunities to achieve sustainable business growth, profit, and market share.” - Tom Farrow, Director - General Manager National Operations, Powercell Australia

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We are proud to be strategically aligned and in partnership with Battery World.