**PHASES OF CRISIS MANAGEMENT**

**PHASE I**

1. Stop all OT
2. Reduce Schedules
3. Stop all capex including remodel and new store
4. Freeze on all raises, raises go to VP’s

**PHASE II**

1. Reduce Salaries by 15% – half by performance and half offered hourly positions
2. Announce no bonus indefinitely
3. Set lower starting wages to lower average wage chart by store
4. Re write all shifts to cover reducing number of employees by the percent of the decline
5. Gather contact list for landlords to prepare for contact
6. Slow pay Sales Tax
7. Postpone ad spend as franchisee and franchisor
8. Postpone new store development and acquisitions

**PHASE III**

1. Owner cut pay in half
2. Leadership, salaries and employees pay cut 10-15%
3. Redeploy Area Directors as GM’s charge half their salary to stores
4. Reduce salaries further by culling those with poor disengaged attitudes
5. Contact Landlords for deferral of rent probably 3 months
6. Press Franchisor to lower, waive or defer ad fund and royalties substantially

**PHASE IV**

1. Leadership pay cuts now at 20%
2. All team members and managers cut pay 20-25%%
3. Contact Landlords for further deferral or payment plan or renegotiate
4. Close weaker stores

**PHASE V**

1. BANKRUPTCY
2. Shed weak leases
3. Renegotiate leases