

Report

Inflation, Fragmentation and Margin Squeeze: How Restaurant Franchises Can Stay Resilient



Sage

Table of contents

Page 3

Introduction

Page 4

The strategic evolution of the franchise finance leader

Page 5

The restaurant franchise landscape in 2025

Page 6

The path to efficiency

Page 7

Conclusion

Page 10

About Sage Intacct



Introduction

Restaurant franchises operate in a high-velocity, thin-margin segment defined by rapid unit growth, multibrand portfolios, and omnichannel demand. Operators often run dozens to hundreds of locations, requiring precise cost control, real-time visibility, and scalable financial operations to keep lenders, franchisors, and boards confident.

The sector is also facing significant challenges that drive urgent transformation, like inflation, wage pressures, and data fragmentation. The U.S. chain-restaurant segment reached \$241.5 billion in sales in 2025, expanding at a 10.4% CAGR since 2020, with a forecast to \$264 billion by 2030. However, profit margins remain slim at $\approx 4.6\%$ due to rising food, wage, and utility costs.

The strategic evolution of the franchise finance leader



Just as SaaS CFOs have expanded their roles to drive innovation and collaborate across the C-suite, franchise finance leaders now oversee accounting, reporting, cash, budgets, and financing for every entity, ensuring GAAP and covenant compliance. These leaders often oversee between 20 and 150 entities through shared services, where daily KPIs and GAAP-ready reporting are essential for maintaining operational excellence.

The need for real-time financial visibility, multi-entity automation, and seamless API integration is urgent, as these factors directly impact margin recovery and bonus attainment for CFOs/COOs. And these issues are amplified by PE-driven roll-ups, third-party order and delivery platforms, and legacy IT obsolescence.

The restaurant franchise landscape in 2025

Right now, restaurant franchisees are operating on razor-thin margins (4%–6%), especially since food and labor, the two biggest restaurant inputs, have recently jumped 30%+. Margins at multi-unit franchisees running on sub-10% EBITDA are now compressed to 4%–6%, forcing operators to watch daily prime-cost KPIs or risk covenant breaches and shuttered stores.

Drive-thru AI, kiosks, third-party delivery, mobile wallets, and adjacent-concept systems have exploded, creating half-a-dozen order sources per store. In fact, 80%+ of chains are juggling three or more delivery partners, magnifying reconciliation risk. Yet store back-ends remain siloed, forcing the finance teams to wait days to reconcile sales and royalties, delaying lender and franchisor reporting. Additionally, relying on spreadsheets means errors often go unnoticed, and correcting those errors takes even more time, costing sales. In order to tame the chaos, ERP-grade consolidation is now essential.

Data highlights

\$1.6T

Projected restaurant sales in 2026



Operators planning to open new locations



Operators reporting off-premises sales as a larger share of revenue



Operators say recruiting/retaining employees is a significant challenge



Operators investing in loyalty/reward systems

The path to efficiency

Manual reporting and reconciliation consume valuable time and resources, delaying decisions, and frustrating teams. With margins squeezed and complexity rising, more than half of operators are budgeting for a back-office tech refresh and modern finance platforms are a necessity for resilience and growth. Franchisees who use automated flash reports and cloud-based platforms are already freeing up 20 hours/month, enabling same-day pricing and faster closes.

Charcoal Group recently modernized their operations

by switching to Sage Intacct. This transition allowed them to automate reporting, streamline multi-entity management, and integrate seamlessly with their point-of-sale, payroll, and inventory systems. As a result, they achieved real-time data access for managers, enabling rapid, data-driven decisions across all locations. Automation reduced manual tasks, cut financial statement preparation time from hours to minutes, and enabled the organization to expand by adding new restaurant locations without increasing accounting headcount.

Franchisees need real-time financial dashboards, automated reporting, and cost control. Centralizing financial data and monitoring KPIs for locations and segments is critical. Automated multi-entity consolidations, real-time financial visibility, and audit-ready controls elevate franchise finance teams from bottlenecks to strategic enablers of profitable growth.

Five steps to resilience:

- 1. Embrace technology and automation**
- 2. Engineer menus for value and profitability**
- 3. Invest in workforce strategies**
- 4. Centralize financial management**
- 5. Differentiate through customer experience**

Conclusion

Turning resilience into results

Restaurant franchises are operating in a high-pressure environment where every day, every dollar, and every decision matters. Inflation, labor volatility, and data fragmentation aren't going away. The most resilient operators are those who've embraced automation, centralized financial management, and real-time visibility to stay ahead of margin erosion and investor expectations.

To shift from a reactive to a resilient finance function, franchise finance leaders need to rethink their operating model. This includes replacing spreadsheets with integrated systems, enabling access to daily KPIs, and leveraging automation and AI to create more time for strategic decision-making.

Next steps for franchise finance leaders

1. **Audit your current reporting rhythm.** Identify where delays occur (month-end close, reconciliations, royalty reporting) and assess the cost of inaction.
2. **Define your critical KPIs.** Focus on metrics that drive margin control: prime cost %, daily unit profitability, labor per sales hour, and royalty variance.
3. **Connect your systems.** Use APIs to integrate POS, payroll, and inventory with your accounting platform to eliminate manual data entry and reconciliation risk.
4. **Pilot automation and AI.** Start with high-volume tasks like AP coding, bank reconciliations, and flash reporting to unlock time and accuracy.
5. **Upskill your finance team.** Shift their focus from assembling reports to interpreting insights and partnering with operations.

With the right technology, restaurant franchises can stay resilient and positioned for growth, even in the face of economic challenges. Register for the upcoming webinar to learn how automation and AI can support modernization and long-term expansion.

Sage capabilities for restaurant franchises

Restaurant franchise operators are reporting measurable results, including:



Reducing month-end close time by 50%.



Cutting reporting effort by 80%.



Saving 20+ hours/month with flash reporting.

Gaining real-time visibility across locations and brands.

Integrating POS, payroll, and inventory systems seamlessly.

Delivering audit-ready GAAP and lender reporting.

Scaling multi-unit growth without adding headcount.



What Sage customers say:

We would never have been able to handle this kind of growth without Sage Intacct's automation, which increased our team efficiency by at least 50%.

Tammy Getschman

Director of Accounting, Culver's Franchise Group

Sage Intacct provides a strong foundation for long-term success. In a fast-moving industry, real-time access to data is invaluable. The platform delivers a complete set of tools that empowers teams, saves time, and supports ambitious growth strategies. With this technology in place, organizations are well positioned to scale confidently.

Bruce Dimytosh

CFO, The Charcoal Group of Restaurants





About Sage Intacct

Sage Intacct is a cloud-native financial management platform designed for restaurant franchise operators. It goes beyond traditional accounting software by providing multi-entity visibility, automated workflows, and franchise-specific reporting to help finance teams manage complexity and scale with confidence.

Restaurant finance leaders choose Sage Intacct to streamline operations, reduce close times, and unlock real-time insights. This enables teams to focus on strategic growth, protect margins, and maintain confidence with lenders and franchisors across all locations and brands.





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Finance Software**

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