

13 Simple, Effective and Inexpensive Ideas You Can Implement Immediately to Improve Franchisee Relations

Keeping Commitments

Catherine Monson, CEO, FastSigns International

Keep your commitments – it sounds so simple and obvious that it’s almost silly to mention. But occasionally, we all drop the ball – sometimes even a few. No matter how hard we try to be perfect, something always slips through the cracks. That is why Catherine Monson’s *‘Keeping Commitments Worksheet’* is such a brilliantly simple idea!

Monson, an IFA Board member who also serves on the Franchise Relations Committee, formally headed up Franchise Services’ PIP Printing & Marketing Services and knows a thing or two about keeping commitments with her franchisees. Every year at the PIP annual convention, Monson and her staff use a simple pen and paper worksheet to keep track of *every* commitment made to a franchisee. Post-convention, the worksheet is circulated among the PIP corporate staff until every commitment is completed and followed up on.

“Any time you are with a large group of franchisees, lots of commitments are made,” says Monson. “One of our pledges to PIP franchisees is that ‘we will keep every commitment we make.’ The Keeping Commitments worksheet ensures that even during the hectic times at our annual convention, when it could be easy to forget a commitment – especially a small one – we capture it and then follow up to ensure it is handled. Sometimes it’s the smallest ideas that make all the difference.”

Getting to Know Your Franchisees

John Francis, Area Franchisee, PostNet

Spend time with the people in the system, outside of or away from the business if possible. Develop relationships on a personal level as well as a professional level with the key individuals.

Franchisees That Are Paid Attention To Are More Satisfied and Perform Better

Kathleen Kuhn, President, Housemasters

Few businesses truly require the assistance of a franchisor to succeed. Franchisees join franchise systems because they know they can’t or in some cases won’t be successful if they go it alone. Most people think of the value of franchising in terms of the turn key operations and marketing systems that the franchisee will have access to as a result of their joining the system. Clearly this is a significant element of value that the franchisor brings to the franchisee. However, the day to day coaching, and the ability to hold the franchisee personally accountable for their results is a significant element to franchisee satisfaction AND franchisee success. Franchisees that are paid attention to perform better and are happier.

Our franchisees were concerned when we announced the company was going to be acquired in 2008. Many franchisees were concerned the system would lose its “family atmosphere”. The number one thing we implemented immediately after the acquisition was regular proactive, business coaching calls to all

franchisees. So simple, yet one of the most well received moral and business boosting efforts we have ever done. It showed the franchisees that our new partners wanted to listen to them. Electronic communication should not replace regular, proactive one to one communications with franchisees.

Painting a Picture

Brian Scudamore, CEO, 1-800-GOT-JUNK

It goes far beyond just simply having a strong vision for your company. You need to communicate your vision to your staff, your franchisees and your franchisee candidates repeatedly. Your vision needs to be so vivid and clear that everyone can see it... feel it... believe it. It's what Brian Scudamore, founder and CEO of 1-800-GOT-JUNK and IFA's *Entrepreneur of the Year* for 2008, calls "Painting a Picture".

Scudamore's 2012 vision for 1-800-GOT-JUNK is driving them toward his goal of a \$1 billion in sales, operating in ten countries and having a globally admired brand. "Admired not for what we've built, but how we've built it," says Scudamore. It is those crystal clear, concrete goals – "painted" with exacting detail – that keep his home office staff and hundreds of franchisees focused on where the company is going and how it is going to get there.

Don't Try and Be All Things to All People

Kathleen Kuhn, President, Housemasters

If you try and be all things to all people you will be more likely to fail. Years ago our business was less complex. If a franchisee suggested a new marketing idea it probably resulted in creating a new direct mail piece or brochure. And when your system is small you don't have as many demands coming in from the field. However, business systems, marketing, just about all aspects of business are more complex today. If you try and be all things to all people you will get overwhelmed, but more importantly your franchisees will lose their focus. Your initiatives should always have a clear return on your investment. You need to provide franchisees with the core elements they need to operate and grow their business and then after that, talk to them on a regular basis. You can't minimize the value you will bring to your franchisees by simply coaching them and helping them stay accountable to their goals and yours.

In Business Together

Bruce Seidman, President, Sandler Training

Sandler Training President Bruce Seidman credits their "together we're stronger" culture with helping them maintain very strong relations with their franchise owners. Part of the "We're in business together" legacy left behind by founder David Sandler, the life-long learning never stops for Sandler Training franchisees and corporate staff.

While many franchise systems struggle to get franchisees to attend their annual conference, Sandler hosts three national conventions every year with 95% attendance. And it doesn't stop there. With a highly active franchisee advisory council, regular regional meetings, an on-call coaching staff of retired franchisees, and coaching videos online or in MP3 format, Sandler Training franchisees have unlimited resources at their disposal. On top of that, each franchisee has their own 'accountability coach' – another franchisee that they talk with regularly to make sure they are hitting their own goals. "Because we're a training company, we're

good at training,” continues Seidman. “We do what we say and follow through with our franchisees. It’s all just basics but so true – and we deliver.”

Communication Flows Both Ways

Paul Hogan, CEO, Home Instead Senior Care

Good communication is a challenge with just about every organization, franchise or non-franchise. We all remember those games of ‘telephone’ from our youth. The art of being a great communicator starts with being a great listener – actually hearing the other person’s word and more importantly, the meaning behind those words.

In a franchisor-franchisee relationship, as in any relationship, it is important to put yourself in the other person’s shoes and see (and hear) the issue from their perspective. Ask questions, listen to their responses and respond thoughtfully. Repeat any issues or concerns you’ve heard and create a solutions-based plan together.

Paul Hogan, founder and CEO of Home Instead Senior Care knows a lot about the art of listening. “We do a lot of listening,” says Hogan. “We talk to and survey our franchisees more than any company I know. We’re seeking to grow the whole organization, not just one aspect of it. We don’t leave any stakeholders out.” For Hogan, all the listening has paid off ten-fold. Home Instead’s franchisee satisfaction and performance ranks among the highest in the industry.

Don’t Assume Franchisees Understand Their Own Unit Economic

Kathleen Kuhn, President, Housemasters

I had a franchisee that was very distraught and thinking about leaving the system because his business was down. We checked and his business was actually up by a small margin from the previous year. He had no idea. His business was not growing as fast as it had been and everyone in his area was complaining about how bad things were he just thought he was significantly behind the year before. We revisited his marketing efforts, stream line his operations, and helped him implement our Budget Generator and Financial Dashboard Tools to set goals and help him monitor results and we set up monthly review calls to help keep him focused.

Engage Early and Often

Joe Lindenmayer, President of TSS Photography

Having franchisees involved throughout every level of a franchise organization is critical to the overall success of any franchise system. The franchisees are on the front-line interacting with customers every day and it is important to have a feedback loop to the corporate team. While many companies setup a franchisee advisory council specifically for this purpose, some go an alternative route that can work just as well.

Joe Lindenmayer, President of TSS Photography and a 14 year veteran with the youth sports and events photography company, knows that “without listening to franchisees and having them engaged in the vision and the direction of the company, you’re really in a glass house – you don’t know what you’re truly missing. There are opportunities out there and you can shorten the learning curve if you engage with the franchisees earlier.”

Lindenmayer, who views franchisee advisory councils as often too political, came up with a better solution. “What we do is go out into the franchisee community and look at who has best practices – people who are experts in a specific area that we look to add value to,” says Lindenmayer. “We then engage those people and ask them to participate on our panels. They then recruit like-minded people that will contribute to the progress of that project in a very positive way.”

Rules of Engagement

Steve Carley, President/CEO, El Pollo Loco

Having established ground rules for how franchisees and the franchisor work together can be a powerful tool for successful franchise relations. Just ask El Pollo Loco President and CEO Steve Carley. El Pollo Loco (“The Crazy Chicken”) specializes in fresh, flame-grilled chicken and Mexican food with just the right amount of spices. Yet in 2001 when Carley stepped in as the new President and CEO, he experienced a little more spice and flame than he was expecting.

“The first week I was on the job, the president of the franchisee association called and informed me that the franchisees had already collected the money, set aside a war chest and were going to sue us if we didn’t address the following points in the next two weeks,” recalls Carley.

Carley quickly tossed his 90-day action plan out the window and immediately sat down with his franchisee advisory council and executive team to draft a new action plan together. “The vast majority of our franchisees’ issues were around communication, respect, the ability for the franchisor to listen and respond thoughtfully and things like ground rules,” says Carley.

Together, Carley and his franchisees drew up a set of “rules of engagement” centered on a true partnership orientation. These rules laid out the responsibilities for the franchisor and the franchisees on exactly how they were going to work together going forward. Now the central core of their franchisee-franchisor relationship, Carley proudly introduces the rules to prospective franchisees during the recruitment process. “We sit down [with candidates] and talk about the kind of relationship we want to craft.”

The rules of engagement must be working. El Pollo Loco is enjoying incredible growth, highly profitable stores and now has one of the highest franchisee satisfaction ratings in the QSR segment – and that’s definitely not *crazy*!

Leadership Summits

Liam Crowe, President / CEO, Bark Busters USA

Bringing your top-performing franchisees together for a few days of brainstorming and “vision-sharing” not only builds strong bonds, but also produces amazing results. “Once a year we fly in 10-15 exemplary franchise owners for a three day vision-sharing summit,” says Liam Crowe, President and CEO of Bark Busters USA, which has trained over 400,000 dogs worldwide.

Bark Busters Leadership Summits are not just another fluffy business gathering, long on pie-in-the-sky dreaming and short on actionable items. They are results-focused power gatherings of the best and the brightest in the Bark Busters system.

“These are franchise owners who are excelling in their business, are operating within the parameters of their franchise agreements and are true thought leaders,” Crowe continues. We start each program sharing

our long-term vision and then dial it back to the next 12 months. It's a dynamic, energy-filled time that always generates some phenomenal action plans.”

Masterminds

John Hayes, President / CEO, HomeVestors

Many systems offer different types of franchisee mentoring programs designed to bring franchisees together and coach each other to achieve better business results. These programs may be organized formally through the corporate office or informal groups setup by interested franchisees. President and CEO John Hayes and the team at HomeVestors have taken the idea of mentoring to a whole new level with a program they call Masterminds.

To begin, franchisees cannot join a Masterminds group until their third year of successfully operating a HomeVestors franchise. While at first this may seem counterintuitive since new franchisees usually need the most help, reserving the ranks of Masterminds for more senior people makes these groups more powerful and effective. And for those new franchisees – HomeVestors offers many other training, coaching and mentoring programs specifically designed to meet their needs.

Each Mastermind group includes a half dozen franchisees from different parts of the country and a corporate facilitator. The groups meet quarterly with each franchisee member taking turns hosting the 2 ½ day sessions. **Day 1** (Thursday) begins with a brief follow-up report from the previous meeting followed by an all-day presentation by the host franchisee. Mastermind presentations are “full-disclosure” sessions where the host franchisee gives a detailed report on the status of their business, going deep into P&Ls, employee issues, market analysis, current projects, and business forecasts. Visiting franchisees are allowed to ask questions but no advice is given during the presentation stage.

After a group dinner and a good night's sleep, Masterminds **Day 2** (Friday) begins with a morning meeting of the visiting franchisees (without their gracious host). This is an intense session where the group picks apart every detail of the host's business. After a short lunch, the host returns for an afternoon of open business discussions and invaluable advice from his five seasoned colleagues.

Day 3 (Saturday) wraps up by noon with final discussions, action planning and fond farewells until the group meets again next quarter – when another Mastermind member will be on the hot seat.

Royalty Re-Investment Program

John Francis, Area Franchisee, PostNet

I was working as VP at The Barbers and we acquired the 150 unit franchise system of We Care Hair in Chicago. They were struggling at the time and there was ill-will from the franchisees towards their former franchisor. Two weeks after the acquisition was final we were named in lawsuit together with the former franchisor and its parent company, typical claims of breach of contract and misrepresentation etc. During this time I was the lead person to work with these units and help integrate them into our larger system of 750 units, operating under various brands largest was “Cost Cutters”.

Proceeded on a 5 city road-show to meet the newly acquired franchisees and see the units in the field. Drove the markets and many, many miles to see and meet with owners to share with them and convince them we were only going to help them move ahead. Offered 5 options for them to each choose: **Sell it,**

Close it, Move it, work with me, or get ready for arbitration. They had to choose what they wanted to do. If they wanted to sell, close or move (convert) that was straightforward. If they wanted to work with me I was able to offer more training for staff, additional support from HQ, royalty deferral and reinvestment programs and other various creative ways to help them come forward and grow. Otherwise they were lined up for arbitration to resolve issues and balances owed. Over time, most of the owners who wanted to close did so quickly, we closed about 50 units in 6 first six months. Several owners were reasonable and willing to work with me on royalty re-investment program where we allowed them to temporarily spend the royalty amount on unit improvements such as paint and signage and inventory improvements.

Then the first arbitration cases were processed and in franchisors favor. Overall, most all the franchisees who wanted to stay in business did and saw the benefits of being reasonable and working with the new franchisor. Few did not want to do that and lost in arbitration and closed and non-competes were enforced.

LESSON for the future – spend much time listening to the newly acquired franchisees, let them air their issues and grievances. Then provide a reasonable, mutually-engaged process to help them move forward. The royalty re-investment program created good will and added value to the units and built a relationship of trust and long-term perspective. Overall, this was a difficult yet rewarding process!!

For additional information about how to improve franchise relations to help drive system-wide performance please call Eric Stites, President and Founder of Franchise Business Review at **866-397-6680** or by email at eric@FranchiseBusinessReview.com.

About Franchise Business Review

Franchise Business Review is a national franchise market research firm that performs independent surveys of franchisee satisfaction and franchise buyer experiences. The firm's services include commissioned franchise research projects, as well as industry-wide studies of franchisee satisfaction. Franchise Business Review is headquartered in Kittery, ME and can be reached at 866-397-6680. For more information about the company, visit <http://www.FranchiseBusinessReview.com> and for a full list of this year's award winning franchise companies, go to <http://www.FBR50.com>.