THE TECHNOLOGY ISSUE

Franchise update

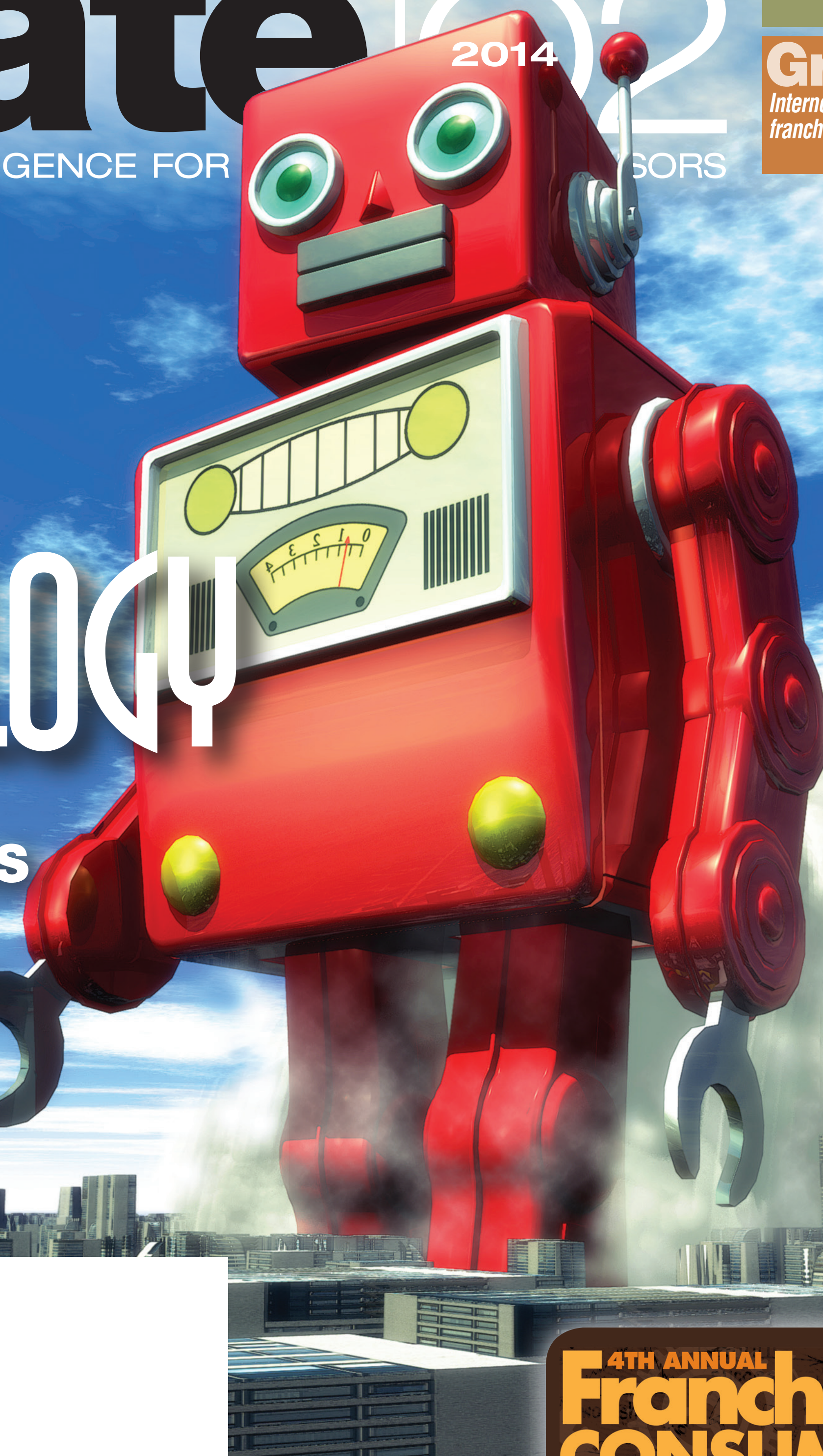
Q2 2014

BUSINESS INTELLIGENCE FOR ... SORS

Lead! Training your operations consultants and field staff

Market! Stealing share from the competition

Grow! Internet portals as franchise sales generators



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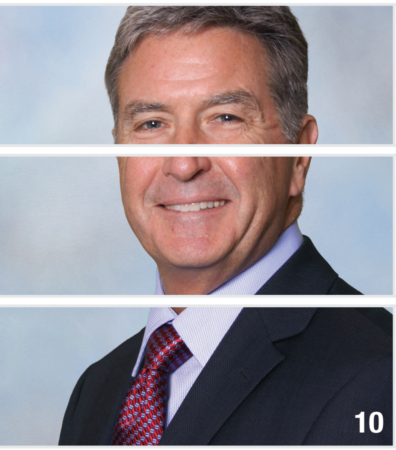
BUSINESS INTELLIGENCE FOR GROWING FRANCHISORS

Lead 8.



10

Market 24.

15

Grow 44.

40

From the editor's desk

BY KERRY PIPES

Make It Personal

I've just returned from a week in Las Vegas at the 2014 Multi-Unit Franchising Conference. The event has grown enormously over the past decade. It brings together not only the finest multi-unit franchisees, but also the brands and suppliers savvy enough to go where the top franchisees are in an effort to make themselves known and get to know these top operators.

One of the common threads among these seasoned business owners is a clear understanding of the role of technology *and* genuine human interaction. Technology is everywhere these days, with the proliferation of smartphones, tablets, Wi-Fi, and cloud technology, among many other tools. But technology was never meant to exist without human touch.

Yes, there were exhibitors in Las Vegas whose product can collect, analyze, slice, dice, and interpret data, and show you how to refine the whole process to achieve the results you're seeking. But none of this technology works without people. I witnessed this theme again and again at the conference, and it reminded me that it's especially true in franchise recruitment and development.

We've written about the role of technology in the pages of this magazine before, but it bears a fresh look now and again to recalibrate strategies and stay ahead of the curve—and the competition. It's important to use the best tools available to develop a franchisee profile, determine the best places to generate leads, and to make contact and stay in touch with leads and prospects—but not at the expense of a live phone call or meeting in person.

Increasing lead quality is important, dashboard analytics are important, a strong effective CRM is important, understanding your cost per lead is important… I could go on. And I wouldn't be telling most of you anything you don't already know. But my question to you is, how are your sales teams and recruiters reaching out to leads and prospects? How much of what they do depends on technology, and how much is good old-fashioned face-to-face contact?

I might sound like a broken record, but technology should complement the personal touch, not replace it. Joanne S. Black, author of the book *Pick Up the Damn Phone! How People, Not Technology, Seal the Deal*, talks about the importance of personal contact. Her manifesto is simple: to make a real connection and achieve true, meaningful communication, you have to make personal and even in-person contact.

"It's easy to get sucked into technology," she says. "But the personal touch is the best deal-maker there is. Relationships matter more than anything else. The digital world, as great as it is, threatens personal connections. Humans need personal contact with others. Email, texting, and social networking certainly have a place in business today, but none of them replaces the power of a personal connection."

Does that echo the recruitment philosophy—and practices—of your brand? ■

Franchise update IQ2

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Courtney Carrasco, Director of Marketing & Communications, ShelfGenie

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CEO profile:

Lifelong Learner

Leading by example at Goddard Systems

BY KERRY PIPES

Joseph Schumacher, CEO of Goddard Systems and its 410 locations, traces his franchising career back to 1977 at Maaco. Founded by his brother-in-law Tony Martino (recently inducted into the IFA's Hall of Fame), Maaco was a good fit for Schumacher, who was making a good living and enjoying the work. A few years into it, Schumacher noticed that certain legal ramifications could determine system and franchisee success or failure and made a career-changing decision: while still working at Maaco corporate, he began attending law school at night.

"My last few years at Maaco I was director of legal administration," says the 59-year-old. "It was a great role, and I enjoyed it so much that I left the brand to go into private law practice, where I provided outside counsel to Maaco and other franchise brands."

He spent the next two decades working with brands including McDonald's, Auntie Anne's, GNC, and numerous start-ups, gaining experience in all aspects of franchising and distribution, including the creation and growth of franchise programs, transactional and regulatory matters, day-to-day business consulting, and litigation and arbitration.

One of Schumacher's clients was the The Goddard School, a childcare and preschool franchise that had begun franchising in 1988 under Tony Martino's leadership. In 1992, Schumacher's brother Phil became CEO at Goddard and grew the brand over the next decade. In 2002, Goddard was sold to private investor Wind River Holdings.

After 20 years as outside counsel for Goddard, Schumacher left his law practice behind to join his brother, and in 2007 became COO. His legal career had provided him with a wealth of information that would come in handy in his new position. He understood franchisee relations and support, operations, quality assurance, advertising and marketing, human resources, accounting, and legal. When his brother retired in 2009, Schumacher took over as CEO. He says his background gives him a unique perspective.

"Everyone in the franchise system has to work together to make things successful," he says. "Often it can just be little things that get in the way and,

Name:	Joseph Schumacher
Title:	CEO
Company:	Goddard Systems, Inc.
Units:	410
Age:	59
Family:	Two adult daughters, Kimberly and Courtney
Years in franchising:	35-plus
Years in current position:	5

if allowed to fester, can wreak havoc."

Since 2009, he has assembled a great corporate team. One part focuses on education, curriculum, and measurement under the vice president of education, a new position added last year; another is focused on franchisee support under the direction of the vice president of operations; and both are supported by the company's vice president of marketing. "It's important to support our franchisees and the educators who work with them," says Schumacher.

Today, he says, the brand has a very active and healthy working relationship with its franchisees. "We're very transparent at Goddard. We want our franchisees to be involved in the processes and to play a role in what goes on here."

For example, he points to Goddard Systems University, an internal training facility for school faculty and directors. "There should be reasonable expectations on both sides, and we strive to create that kind of environment," he says.

The company has been growing at a good clip in the past couple of years, with more growth ahead. "I expect we'll open another 18 units this year, but it's never growth for growth's sake," says Schumacher. "We want to continue to refine our educational programming, build an adequate infrastructure at home to support our growth, and, of course, help our franchise operators be successful."

LEADERSHIP

What is your role as CEO? To set the mission for our company, to keep all stakeholders focused on our strategic plan, and to drive the mission through our teams. Goddard Schools are fully integrated educational facilities designed to inspire children to learn and grow through play. Our mission is to provide leading-edge tools, service, and quality assurance for our franchisees to ensure that we deliver the highest quality preschool and childcare experience available anywhere. As CEO, I ensure that all of our projects are designed to achieve the mission and that all employees know that our franchisees' success is directly responsible for our success.

Describe your leadership style. My leadership style has always been based fundamentally on the talents of the people around me. I work very hard to select bright people with new ideas and a passion for helping our franchisees succeed. I try to lead by example, especially in situations that involve our franchisees. A good leader allows their team enough freedom to help them shine and then ensures that they receive credit for all they do. It's a virtuous cycle that has worked for me since my very first management position.

A good leader allows their team enough freedom to help them shine and then ensures that they receive credit for all they do.

What has inspired your leadership style? An eclectic mix of lessons learned, from being mentored as a young manager by Tony Martino and others to watching how the folks at our parent company, Wind River Holdings, approach strategic issues today. I try to use everything that happens, good and not so good, as an opportunity to learn and grow. But my biggest inspiration has always been the people with whom I work.

What is your biggest leadership challenge? Keeping all stakeholders focused on our strategic goals. There are always a lot of interesting things that come up in a given year, and it takes discipline to stay focused.

How do you transmit your culture from your office to front-line employees? We work very hard at making sure that we communicate on a regular basis. We have a significant number of people who work in the field, and their roles and job satisfaction are very important to our success. I have learned, and continue to learn, that keeping people informed of the company's goals, progress, and pitfalls is essential. Just as essential is being open to feedback on any issue presented. Our people are very passionate about the assistance we provide to franchisees and the programs they deliver to families. It's important to harness that passion. We employ a number of different communication tactics, but the strategic goal of communication and engagement is paramount.

Where is the best place to prepare for leadership: an MBA school or OTJ? While I think education is very important, education can only prepare a person to begin to learn by doing. Being in the fray is where the true lessons are learned. I've known highly educated people who just couldn't seem to be productive on the job. So I think education is critical, and I look for it, but a practical sense of how to get things done while working with others is what defines success. Someone who does not have an MBA, but who can do these things is, in my mind, just as qualified as the MBA—sometimes more.

Are tough decisions best taken by one person? How do you make tough decisions? When you hire really good, thoughtful people, the informed dialogue among the team points the way to the correct decision the vast majority of the time. In situations where that has not been the case, I will make the call based on the information I have at the time and input from my people. To me, that's the ultimate job of the head of the company: to guide thoughtful discussion and to make those tough calls. And then you have to move on.

Do you want to be liked or respected? I don't think the two are mutually exclusive, but my job is to help our company succeed through the good work of our franchisees and our team at GSI. We maintain a very collegial atmosphere at work. I like to say we take our work very seriously but we're not solemn about it. Intellectual curiosity and fun at work are critical to success. In the end, however, delivering extraordinary service to our franchisees is an absolute requirement. So my likability is really not factored into the analysis.

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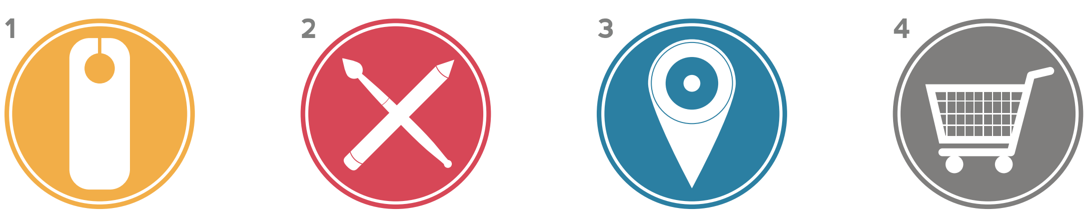


1 CHOOSE MEDIA

2 CUSTOMIZE CREATIVE

3 SELECT DISTRIBUTION

4 CHECK OUT AND EXECUTE

Advice to CEO wannabes: Know what you're good at and what you're not good at. Develop your ability to recognize complementary strengths in other people who challenge you or make you think. Leverage strengths and conflicting positions for the good of your department or company. Look for people smarter than you are, and once they've demonstrated they have the right intentions and the right tools to do the job, give them the freedom to do it. Your ability to draw talent together for the common good will define your leadership.

MANAGEMENT

Describe your management style: I try to be very open and collaborative. I look to surround myself with bright, passionate people and give them the freedom to do their jobs. I'm not big on formal meetings, although I recognize the necessity for them in a company like ours. But my preference is to walk around and talk to people. That's generally where I learn the most. Accountability is also important. If you're giving someone the freedom to do a job, you have to ensure that they are; and if they're off course, corrections need to be made. I find that good people generally want to be accountable anyway. It's also very important to give credit where it's due and celebrate the accomplishments of each person.

What does your management team look like? CFO, vice president of operations, vice president of education, and vice president of advertising, marketing, and public relations. All are very smart, very strong, and very dedicated to the success of our franchisees.

How does your management team help you lead? We have a very collaborative team, and while each person has their own specific area of responsibility, all are also involved in the management of the company. We meet at least weekly as a group and more often as situations arise. They are all smart, capable people who are truly collaborative with me, with one another, with other employees and, very importantly, with our franchisees.

Favorite management gurus: Do you read management books? Malcolm Gladwell, Marshall Goldsmith, Steven D. Levitt. I read some management books, but prefer those with a different approach, like pretty much anything by the gurus I've named.

It's very important to give credit where it's due and celebrate the accomplishments of each person.

What makes you say, "Yes, now that's why I do what I do!"? Presenting the annual Anthony A. Martino Memorial Scholarship to a high school senior who has graduated from The Goddard School pre-K or kindergarten program and is going on to college.

PERSONAL

What time do you like to be at your desk? Exercise in the morning? Wine with lunch? I exercise every morning, usually arrive at about 9, seldom go out for lunch, and don't drink when I do.

Do you socialize with your team after work/outside the office? I frequently have after-hours conversations with members of my team in the office. These conversations tend to mix business and social topics.

Last two books read: *Savage Continent* by Keith Lowe; *The Heart of Everything That Is* by Bob Drury and Tom Clavin.

What technology do you take on the road? Cell phone, iPad, iPod, Lenovo Ultrabook.

How do you relax/balance life and work? Lots of exercise, have fun at work, draw boundaries between work/life and respect them, a very supportive girlfriend.

Favorite vacation destination: Any place with a beach.

Favorite occasions to send employees notes: Whenever the opportunity arises.

Favorite company product/service: The best, developmentally appropriate education that makes learning fun for preschoolers.

BOTTOM LINE

What are your long-term goals for the company? Continual improvement as a franchisor, reasonable and responsible growth, and continued and evolving educational excellence in our schools.

How has the economy changed your goals for your company? We definitely scaled back our development goals during the economic downturn. But we always want the right franchisee in the right location. We've become more focused on our educational programming.

Where can capital be found these days? We have an affiliate bank, Conestoga Bank. We also work with Franchise America Finance, Wells Fargo, BBVA, TD Bank, and Loans for Business (a loan broker that works with TD Bank and Stearns Bank).

How do *you* measure success? On if we've achieved our goals as a company in an ethical, transparent manner and in the balanced best interests of all stakeholders, including our franchisees, employees, and ownership, Wind River Holdings.

What has been your greatest success? Helping to raise my two daughters, Kimberly and Courtney, to become happy, healthy, productive adults.

Any regrets? None yet.

What can we expect from your company in the next 12 to 18 months? About 20 new Goddard Schools, continued evolution of our educational and franchisee support, and continued dedication to excellence. ■

CEO profile:

From Summer Job to CEO

Rich Wilson leads a turnaround at CertaPro Painters

BY KERRY PIPES

Rich Wilson needed to earn money for his college education. The way he saw it he had two choices. "I could either spend a summer crab fishing in Alaska or start my own business," recalls Wilson, president and CEO of CertaPro Painters. "I decided to stay dry."

So in 1987 he became franchisee of College Pro Painters, a painting company that targets business-minded students. It worked out: he made enough money to pay off his tuition bills and enjoyed running a business so much that, rather than following his plan to attend law school after graduation, he joined College Pro's corporate team, becoming a division vice president by 1992. He spent the next 5 years with the organization before a couple of career turns at Aamco and Maaco before settling in at CertaPro Painters in 2003.

When Wilson took over as the company's executive vice president, growth was stagnant, with annual sales of about $50 million. He spearheaded major company-wide changes, revamping hiring processes, improving franchisee relations, and adjusting marketing strategies. In 2008 he became COO, and in 2010 was named president. Under his leadership, the company saw major results: since 2009 CertaPro has charted year-over-year double-digit growth, and in 2013 the company notched $265 million in sales.

And he's far from done. In January 2013, CertaPro launched two new initiatives designed to make it the most well-known name in painting. First, the company is getting a paint job: all CertaPro logos, clothing, and marketing materials now will use gold as an accent color. The idea is to focus on brand recognition instead of direct response marketing.

"The way people associate blue with Facebook—that's what we expect for CertaPro," he says. "We want people to recognize the company instantaneously."

Second, and perhaps even more ambitious, CertaPro is changing the way it handles customer feedback. The company has always made customer satisfaction its highest priority, and surveys a third of its clients annually. That's all changing. CertaPro has begun using Net Promoter Score (NPS), an industry standard that uses a third-party agency to survey customers anonymously and assign companies an overall satisfaction score between 1 and 10.

"We could just finish the job and move on, but customer satisfaction is vital. We want to know how to exceed our clients' expectations," says Wilson.

Between the image revamp and the

Name: Rich Wilson

Title: President and CEO

Company: CertaPro Painters

Units: 345

Age: 47

Family: Wife Ellen, married 23 years; sons Luke, 17, Mark 13, and Sean, 11

Years in franchising: 25

Years in current position: 4

new feedback system, Wilson is confident that CertaPro will see continued growth—and most important, the ongoing corporate changes will benefit the company's 345 franchisees. A strong network of support and extensive corporate training (CertaPro University) helps franchisees recruit and retain talented staff members, which Wilson says has improved productivity and sales.

"To grow as a company, we need to help our franchisees grow. Through these new initiatives, as well as our existing franchisee support system, we can create a culture of growth and success that benefits the whole company," he says. And when franchisees are happy, others want to join the team.

The economy has certainly played a role, as CertaPro's growth is helped by the housing industry's recovery. With home prices gradually returning to pre-bubble rates and more people finding jobs, the Home Improvement Research Institute projects an 8.1 percent increase in home sales this year. This translates to more people investing in their homes—just the kind of news CertaPro likes to hear.

Between the housing recovery and Wilson's leadership, CertaPro is poised for another record-breaking year, with expectations to continue its double-digit annual growth. Wilson expects to double annual sales to more than $500 million by 2016 and has plans for CertaPro to grow to $1 billion in annual sales within the decade.

"We're already the biggest company in the industry, but there's nowhere to go but up," he says. "Breaking the $1 billion mark isn't a dream—it's rapidly becoming a reality."

LEADERSHIP

What is your role as CEO? To provide opportunities for great people to build big, profitable painting operations that consistently gain market share through extraordinary experiences.

Describe your leadership style. Situational, based on the person and the circumstances that leadership is required.

What has inspired your leadership style? Mentors and experience. Certainly, CertaPro founder Charlie Chase would be at the top of the mentor list. As for experience, having spent so many years in this industry has given me the opportunity to learn to work with all kinds of people in a concerted effort to work together to make it successful for everyone involved.

What is your biggest leadership challenge? Recruiting great people. That's everyone from support people and executives at the corporate level to field support and our franchise partners. It's important during times of fast growth to be careful and disciplined to make the kinds of decisions that will develop and produce strong leaders.

How do you transmit your culture from your office to front-line employees? Living the values of the organization.

Where is the best place to prepare for leadership: an MBA school or OTJ? I don't have an MBA. However, I value education and continuous improvement. So all I know is that I need to learn from whomever and whatever resources are available.

Are tough decisions best taken by one person? How do you make tough decisions? Decisiveness is critical to leading any organization. Decisions should be thoughtful, collaborative with all stakeholders, and owned by the CEO.

Do you want to be liked or respected? No.

Advice to CEO wannabes: 1) Live the vision and values that you espouse. 2) Continuously improve.

MANAGEMENT

Describe your management style: Put the right people in the right seats. Support them. Challenge them. If deserved, then give them more responsibility.

What does your management team look like? I'm proud to say that every direct report is far more competent than I am at their role.

How does your management team help you lead? If, and only if, I have the right management team in place, then this great organization can attain its vision.

Favorite management gurus: Do you read management books?: *Good to Great* and *Level 5 Leadership* by Jim Collins.

What makes you say, "Yes, now that's why I do what I do!"? Providing opportunities for thousands of people and their families to improve their lives.

PERSONAL

What time do you like to be at your desk? Whenever I need to. I abhor routine and try to be nimble day to day.

Exercise in the morning? Wine with lunch? My wife and I engage in CrossFit. It's a competitive and rigorous workout that does not allow us to have wine at lunch.

Do you socialize with your team after work/outside the office? I do my best to hire and surround myself with people who I respect and like. So the simple answer to this question is "Yes."

Last two books read: *Atlas Shrugged* and *The Furies*.

What technology do you take on the road? MacBook Air, iPad, iPhone, and Livescribe.

How do you relax/balance life and work? Engage with my three boys and dog in some sport.

Favorite vacation destinations: Hatteras, Eleuthera, Palm Springs, and still looking.

Favorite occasions to send employees notes: As often as the occasion warrants.

Favorite company product/service: I hire our local franchisee to paint every year.

BOTTOM LINE

What are your long-term goals for the company? Our vision is to consistently deliver extraordinary experiences.

How has the economy changed your goals for your company? It has not.

Where can capital be found these days? A bank is still one of the best places for financing. It's local and allows most business people to establish credit and a proven track record that often keeps the doors open. We've seen credit loosening up a *little* and 401(k) retirement can be a good source, but home equity as an investment tool is gone. We're also fortunate in that we have a relatively low barrier for entry.

Decisions should be thoughtful, collaborative with all stakeholders, and owned by the CEO.

How do *you* measure success? Goals. One of the ways we measure our brand success is through customer satisfaction. We survey our customers and seek to improve in any areas necessary. Beyond that, it's important for our franchisees to be successful and achieve their goals. That could be an income goal or a quality of life goal, but that success is one of the ways we measure our success as a brand.

What has been your greatest success? It's yet to be realized.

Any regrets? No.

What can we expect from your company in the next 12 to 18 months? Year-over-year growth of 20 percent. We'd like to see another 35 franchisees come on board. We're working to increase our mix of commercial clients so that we are closer to a 50/50 mix of commercial and residential. Everything we're doing right now is a part of a bigger 3- to 5-year plan. ■

ANATOMY OF A BRAND

BY MICHAEL ABT

Any Meal, Any Time

Keeping core values intact during a brand refresh

Change in a franchise system is inevitable. All franchise brands across all segments—food, home services, health and wellness, B2B, and others—eventually come to a point in their growth where the choice is clear: either change and continue to grow, or remain stale and gradually fade away as more progressive competitors pass you by.

Having been in the restaurant industry since age 14, I've seen my fair share of "change gone good" and "change gone bad" situations. Some of the most expensive events are when change isn't handled correctly. I've learned that whether it's small tweaks to a menu or entire system-wide rebranding programs, in a primarily franchised system the deciding factor of the success or failure of change and of enlisting the support of the franchise partners has been, and always will be, trust.

Of course you need validation, data, proven ROI, a clear vision, and a commitment from the team to help promote the change, but it all starts with trust. Trust is paramount. If you are asking franchise partners to invest in change of any kind, they have to embrace the idea. But for them to embrace the idea, they must trust the source and trust that the change will ultimately improve their bottom line. My experience is that if the franchisor is willing to invest in company restaurants or invest along with the franchise partners to help validate that the change efforts will result in an acceptable ROI, you then begin to build trust. With franchise partners, the saying, "Put your money where your mouth is," goes a long way!

That's why when I joined Huddle House as CEO in 2012, building trust before executing change was a key step. Our 400-unit, full-service family restaurant chain that serves "Any Meal, Any Time" was, and still is, loved by thousands of loyal customers for our delicious comfort food and value pricing. Founded in 1964, we had experienced 44 years of positive growth—until the recession in 2008. Unit count growth slowed, and the C-level executives soon began to exit. When I came on board, the reality was that longstanding franchise partners were not inspired by a common vision for the brand and had little trust in the management team.

Michael Abt

The rebranding vision

I was brought on to rebuild and reignite unit sales and franchise growth. To do that, I knew a brand refresh was necessary. I had a vision for this concept to evolve so that Huddle House could continue serving existing brand loyalists while gaining new customers for the next 50 years to come. My plan involved the following elements:

- **Accelerate system remodels.** We developed a remodel that drove significant comp transactions and sales. The franchise partners were excited and proud of the new image, which included a signature tower entrance, plush seating, contemporary furniture, and vibrant lighting. To ramp up participation, we developed an aggressive incentive program for our franchise partners, and they jumped on board. We offered a \$2.5 million fund for the first 100 franchisees who would commit to a restaurant remodel by July 31, 2014. These franchisees receive financial support to help offset the costs of the remodel and for local marketing efforts.

• **Optimize the menu.** We hired a best-in-class culinary director with a proven track record to develop more differentiating, "crave-able" LTOs, appetizers, and desserts, and to improve on the flavors and recipes of some of our core items. A new menu eliminated high-cost, low-selling items, improved navigability, and helped grow margin by promoting incremental purchases of appetizers, drinks, and desserts.

• **Strengthen the leadership team.** We brought on a new chief development officer to lead franchise sales, a new chief marketing officer to drive progressive marketing programs, and a new chief operating officer to improve restaurant operations and franchise partner relations.

• **Improved franchisee communication and support.** When I began the new job, I spent the first two weeks interviewing franchise partners, company directors, and field personnel so I could understand exactly what the system issues were and begin working on the right priorities. I also hit the field and visited nearly 100 restaurants in the first three months. We instituted monthly systemwide calls and created a franchisee forum, which sent the executive team on the road to meet with franchisees. We also hired four additional franchise area directors, a director of training, and instituted an improved help desk.

Keeping sight on core values

In the process of change, we wanted to make sure we did not lose sight of our brand's original core objectives and values. That's why we constantly remind ourselves of the key values that have remained at the forefront of the brand: great service, everyday affordability, quality food, and an environment that is warm, friendly, and comforting. We have long been known for our great breakfasts, but we serve "Any Meal, Any Time," as our tagline promises, allowing guests to enjoy their favorite breakfast, lunch, or dinner items any time of the day or night. We know who we are and what our guests want; you won't find us chasing every latest food fad.

As we enter our 50th anniversary year, Huddle House experienced robust growth during the first quarter. We closed 8 deals to open 15 new restaurants, and our remodeled locations are experiencing renewed energy and significant sales growth. Currently, 21 percent of our system has been remodeled. By the end of this year, we expect that share to reach 30 percent of the system, with the entire brand being remodeled by 2019.

Through it all, you can sense the excitement and energy across the entire system and at our support center. While we have a long road ahead, all signs point toward a "change gone good" scenario. ■

Michael Abt *is CEO of Huddle House.*

Lead Market Grow

BY EDDY GOLDBERG

TECH TRENDS

Mobile and social and digital, oh my!

As new technologies—and combinations of them—proliferate, it's hard to keep up, much less evaluate which platforms, apps, and systems will best serve your brand's goals. From smartphones and mobile apps to the cloud and online services to GPS and geofencing, and with the number of integrators and aggregators offering solutions, what's a girl to do? Here are some brands showing the way.

• **Mobile—gotta have it!** Pizza brands have been leaders in online customer services since business discovered the Internet in the mid-1990s. Pizza Hut, Domino's, and Papa John's all reported that digital ordering is fast approaching 50 percent and continuing to grow. "Mobile" also includes vehicles. Last fall, Domino's announced its Easy Order platform using the voice-activated SYNC system in Fords, integrated with its Pizza Profiles platform.

As more brands offer customers integrated versions of their ordering, payment, and loyalty programs, these apps and services are becoming more of a must-have than the competitive advantage they were, for both fast-casual and QSR brands. Wendy's and Burger King have started to offer mobile payment, and McDonald's is reported to be testing a mobile product that incorporates online ordering, payment, and a loyalty program.

• **Tablets to tabletops.** Tablets, most notably the iPad, have been a huge game-changer, with restaurants using them for in-store ordering, menus, and payment—all integrated with their POS system. In its "What's Hot" survey of 1,200 professional chefs last fall, the National Restaurant Association reported that 27 percent named tablet menus as a hot trend for 2014, more than any other technology.

In April, *Restaurant Hospitality* reported that many well-known restaurant franchises are moving ahead with tabletop tablet systems. The list includes Chili's, Applebee's, Buffalo Wild Wings, Olive Garden, and Uno Chicago Grill. According to the article, "[S]ome of the sharpest operators around… have investigated tabletop tablet technology and decided it can be a huge difference-maker for their restaurants. You could do worse than follow the lead of operators like these."

Service brands also are deploying tablets, with home repair and maintenance companies using them not only for payments, but also for marketing, e.g., to show customers different remodeling options.

If you're not thinking about using tablets, now is a good time to start.

• **Jersey Mike's.** Sub shops are also jumping into the digital/mobile fray. Last November, Jersey Mike's announced a home-grown mobile app that lets customers use their smartphones to order and pay online, manage rewards, post to social feeds, and find the nearest Jersey Mike's. The company said this was one of the first apps to roll digital ordering and loyalty rewards program management into one, providing customers with a seamless experience. The brand also installed new customer-facing terminals that allow customers to pay for their order more easily and securely by swiping their credit card themselves at the register.

"Technology is changing at an extraordinary rate," said Scott Scherer, CIO at Jersey Mike's. "We built our own customer terminals so we can accommodate existing and upcoming innovations—barcodes, chip-and-PIN or EMV credit cards, NFC technology, UPC codes, data entry, QR codes, or whatever comes next."

• **Panera 2.0.** In April, Panera Bread unveiled Panera 2.0. "It's more than a mobile-payment system or simply a digital-ordering process," said CEO Ron Shaich. "It's an integrated, comprehensive, end-to-end solution that we believe will reduce friction such as wait times, improve order accuracy, and minimize or eliminate crowding—all while creating a platform for an ever more personalized experience."

Noah Glass, founder and CEO of OLO Online Ordering and an early advocate of online ordering, wrote in *Fast Casual* that "Panera 2.0 is live in 15 stores around the nation, and the early results are quite impressive. Shaich shared that Panera 2.0 stores are seeing 20 to 30 percent of orders coming in digitally, and volumes in a store visited by *Fortune* were up more than 50 percent at lunch."

• **Social media—DIY or outsource?** As the task of managing social media platforms grows ever more complex and time-consuming, if you don't want to build your own, plenty of suppliers are offering integrated management services that aggregate all of a brand's digital marketing efforts.

Splick.it is an enterprise-level SaaS (software as a service, i.e., the cloud) platform for ordering, payment, geo and trigger marketing, and a technology integrator to create "super apps" that include in-store and app loyalty, stored value cards, and mobile wallet technology.

Manalto, founded in Australia, is offering a scalable, enterprise-level solution for franchise brands seeking a consistent brand identity spanning its home page and all its local websites. Its Enterprise Solution can be used to manage a brand's Facebook and Twitter accounts across the entire system; control who manages social media accounts; and to run national campaigns across all of a brand's social media accounts or filter them to promote offers locally or regionally.

Build it yourself or "order out," the time is now. ■

The focused ceo

BY KEITH GERSON

Training Your Trainers

Coach your support staff for improved franchisee performance

In one of our most recent franchise surveys, 62 percent of CEOs and operations VPs and directors responded that they do *not* have a formal training program for their operations consultants and field staff. For those who do, 83 percent indicated that their training lasts from only hours to two training days at most. Not much of an investment given what's at stake.

The support staff has the responsibility to: 1) drive franchisee performance; 2) drive franchisee satisfaction; 3) ensure franchisee compliance; and 4) create engagement and alignment.

What follows are some general thoughts on how to increase and improve franchisee performance through improved coaching and development of your support staff.

• **Coach the coaches.** Most of us would agree that franchisees do not intentionally or knowingly engage in self-destructive behaviors (despite appearances to the contrary). More likely, they often lack the ability, knowledge of what to do, how to do it, or the capital. In my experience, it is the rare franchisee who is simply "unwilling." Having well-trained support managers with effective coaching skills will turn around all but a handful of the most headstrong. Through proper training, an operations consultant can readily learn to identify what is influencing a franchisee's unsatisfactory performance and effect sustainable behavioral change.

A good point of beginning is to read and implement the practical training wisdom found in one of the best books I've encountered on the subject: *Coaching for Improved Work Performance* by Ferdinand F. Fournies. He provides a brilliantly simple and executable process, complete with checklists for understanding what is affecting substandard performance and how to conduct the coaching discussion.

• **A tiered support system.** More and more, we are seeing the trend toward the creation of specialized support roles to manage franchisees based on their status, tenure, and performance levels. Organizations such as BrightStar have made significant investments in franchisee support, as shared at this year's IFA Conference by BrightStar founder and CEO Shelly Sun. BrightStar has three specialized roles: 1) new franchise onboarding (BrightStart); 2) improving performers who are running behind system average; and 3) helping franchisees who have purchased existing locations through a transfer. HouseMaster has created a tiered support system with specialists who are assigned based on their expertise at each phase of franchisee growth, culminating in special training and support for their highest-volume performers.

• **Prioritize your training calendar.** If you agree that focusing your franchisees on the importance of customer creation and retention is one of the most important factors in success, wouldn't it stand to reason that more time should be devoted to this in your initial and ongoing training? Yet it's a fact that most franchisors devote less than 10 percent of their initial franchisee training to sales and marketing. Rather, they spend the majority of training on teaching technical skills, which often creates confusion for franchisees about what their true priorities should be. Instead, focus your support staff on developing growth-minded entrepreneurs, not technicians. The best way to help your franchisees out-execute the competition is to get them started right by devoting at least 20 percent of your training time to the skills associated with how to create and keep more customers. Also rebalance your online training and development content to ensure your curriculum is populated with professional sales and marketing programming, which will further help to deliver consistency, engagement, and focus.

• **The new hierarchy of support communications.** Despite improvements in recent years in the ratios of operations consultants to franchisees, allowing more focus on unit economics, we are seeing a trend toward more "virtual" visits—thanks to the advent of cost-effective technology that allows franchisors to affect more franchisees with greater frequency than face-to-face visitations permit.

Many are gravitating to inexpensive videoconferencing capabilities available on most laptops, desktop computers, and tablets. Two popular programs for accomplishing this are Skype and GoToMeeting. Both provide the ability to conduct virtual one-to-one, or one-to-many meetings in which members can see one another on camera. This has many advantages, including that you can ascertain whether your franchisees are engaged or are distracted with email or interruptions in the background.

One highly recommended strategy is to record all interactions and discussions. There are no additional costs associated with recording, only the need for storage space. I recommend creating a shared drive where videos are uploaded. This approach is invaluable in not only having a record of communications, but also as a powerful "game tape" for coaching the operations staff on how to be more effective. ■

Keith Gerson *is president of global operations for FranConnect, a provider of franchise management systems. FranConnect has more than 500 franchise brand clients and more than 70,000 franchise locations on its cloud-based platform. Contact him at keith@franconnect.com or 703-390-9300 x159.*

BY BILL WAGNER

If Six Were Nine

Evaluate your direct reports to accelerate growth

Recently, I presented at a CEO peer-to-peer group in Ottawa and was having dinner with the group's facilitator, Carlos Fox. Carlos has a game he plays with his CEO members and it goes like this…

Rate your direct reports on a scale of 1 to 10, 10 being excellent. I'd like you to consider their performance, but more so their potential. The challenge is that you can use only two numbers, 6 and 9. Clearly a 9 is a person who is a great performer as well someone with high potential. There are two types of 6's: one will always remain a 6 and will rarely grow beyond a 6; the other has the potential to grow to a 9 in a relatively short time.

We are always looking for ways to measure leaders and their capacity. We are looking for ways to justify a decision about hiring, promoting, and/or keeping an employee, and we want to have more objective feedback in this pursuit. Consider evaluating your direct reports and rating them with either a 6 or a 9. Here are six questions that may help you in the process:

1. Think about the positions that report directly to you. Are they more strategic or tactical in their requirements? Then compare the behavioral requirements of the position to the capacity of your direct reports.

2. Do your direct reports think more strategically or more tactically? As a rule, a strategist can think more tactically, whereas a tactician has difficulty with bigger-picture thinking.

3. When considering your direct reports and the strategic or tactical question, ask yourself what strategic initiatives each of your direct reports has brought forth in the past year.

4. Imagine you have just taken ownership of an identical operation just a few miles away and can take as many of your direct reports to this new company as you want, no questions asked, and there are no legal, moral, or ethical considerations. How many would you take? If you're not willing to take all of your people, you have issues.

5. If each of your direct reports came into your office tomorrow and submitted their resignation, based on their performance and potential you can either accept their resignation or try to convince them to stay. How many are absolute keepers?

One of the greatest challenges leaders have is that they have very little appreciation about why others can't do what they so easily accomplish.

6. Ask your direct reports about their own direct reports by saying, If you were paying your direct reports from your own pocket instead of mine, would you still want them on your payroll?

One of the greatest challenges leaders have is that they have very little appreciation about why others can't do what they so easily accomplish. How long has it been since you've missed a day of work because of illness? Years? Of course, and that is the issue. You hold yourself to high standards. Wouldn't it be nice to begin holding others to those same standards? You can—you just need to be able to measure those standards. So the $64,000 question is how?

First, it's essential to use a behavioral tool to measure the expectations for all positions in your company. If you don't know what your specific expectations are someone will probably be disappointed, and it will probably be you.

Second, measure the personalities of every employee. You'll then want to compare their role against your expectations. The greater the gap, the more difficulty they will have doing the job.

Third, I highly recommend that each leader of your company participate in a behavioral 360-degree leadership survey. This will compare the incumbent's perception of their performance against the perceptions of their supervisor, peers, and subordinates. Again, what we are looking for are the perceptual gaps. It's one thing to desire a change in one's leadership style. It is, however, better to know what changes will provide you with the greatest result for the least effort.

Finally, consider conducting an employee engagement survey with all your employees. The results will provide you with a sense of organizational health or potential dysfunction.

Getting the people side of the business right is not an HR function. It is a function that is the responsibility of the C-level. In no other area of the company is there such criticality as in the selection, promotion, and development of your people, yet it's the one area where many invest the least. It's not because they aren't willing to make the investment, it's because they don't know who to make the investment in, what that investment or training looks like, and how to measure the results. ■

Bill Wagner *is CEO and co-founder of Accord Management Systems in Westlake Village, Calif. The firm works with franchisors and other franchising professionals to get the people side of the business right through behavioral assessments. Contact him at 805-230-2100 or info@accordsyst.com.*

Market

Consumer marketing initiatives

2014 CONFERENCE CHAIRMAN

Heather Neary
Chief Marketing Officer
Auntie Anne's Inc.
@HeatherLNeary

GREETINGS!

This year, we're raising the bar on the Franchise Consumer Marketing Conference. More speakers, stronger content, more attendees, all the vendors you need to be expert franchise consumer marketers... this is the place to be to learn what you need to be successful in 2014 and beyond, network with your peers and engage in meaningful conversations and find new vendors to help you solve your challenges.

Change: The New Marketing Currency. This isn't just the theme of our event this year, but it's a way of life for so many of us. If you're not green and growing, you're ripe and rotting. Learn how to adapt to be the most nimble you can be in an ever-changing marketplace. Our consumers are flooded with information every day. How can your brand be seen, and more importantly, engaged with, in such a cluttered marketplace?

We'll kick things off with intense, information-packed boot camp sessions on brand-building and marketing in a digital world. Next, we'll take a deeper dive with breakout sessions in four specific tracks geared to help you define what you need from this conference. Choose from:

- Start-up/Evolving Brands and Markets
- Marketing Execution
- Blending Old & New School Media Strategies
- Create and Keep Positive Brand Buzz

Jump on one track for the entire conference, or hop around to meet your goals and the needs of your brand.

Join us for a first-time general session focusing on cause marketing and how brands are enjoying success with charitable and philanthropic outreach. How can you be a responsible, community-minded franchisor and build a stronger reputation with your key stakeholders?

Our advisory board is packed with brand leaders just like you who are eager to share their experiences, and their expertise to make this the best conference ever. Check out our 2014 advisory board on page 6. Through our planning, we bring real world issues to light and identify key speakers to help us all solve the problems of today's divergent marketplace.

Mark your calendar, bring your iPad, notebook and pen, and jump in to fully devour all the great content we'll be sharing at the 2014 Franchise Consumer Marketing Conference. This is your time to learn, grow, connect and become a better marketer.

REGISTER BEFORE MAY 16, 2014
FOR THE BEST PRICE!
SEE YOU IN JUNE!

Heather L. Neary

WHY ATTEND

BRAND BUILDING

Learn how to grow yourself and your brand through our various educational programs for all levels of your team. Marketing is the leading industry tool for brand awareness, however it can't do it all. Strong brand awareness entices visit frequency, drives location revenues and interest from prospective franchisees. Cause marketing works to establish brand reputation, essence and overall identity.

MEDIA

Learn about the advances of the media industry. What works best for you and your team? Explore the importance of staying innovative and fresh within your brand. Today's mantra is "We live in a digital world" but old school marketing is far from dead. Integrated marketing strategies continue to provide the best results. What's new with old and new school marketing?

GROW NEW & EMERGING MARKETS

Learn how to grow new and emerging markets from the start. How to budget for, develop, create and implement an effective marketing strategy. Engage your customers and take advantage of their input by using various research tools that work for you.

DEVELOP PLANS & STRATEGIES

The most effective marketing campaigns are a direct result of proper research and planning prior to execution. Once the strategy is executed, you must measure your results to evaluate the success of the program. For example, who is your target audience? What are your consumer-spending trends? What tools can you use to gather this information?

NEW TECHNOLOGY & SOCIAL MEDIA

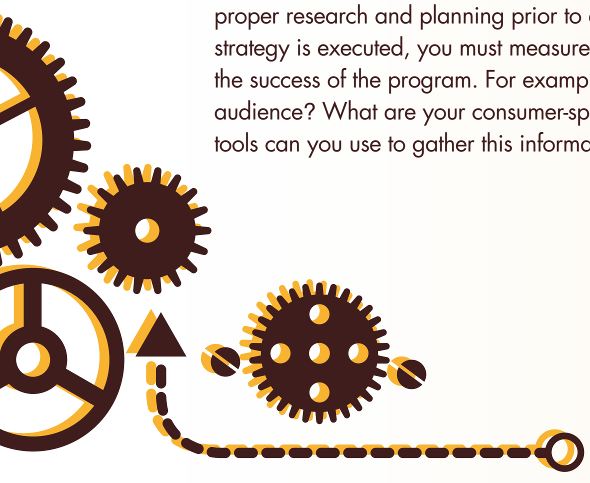
Advances in modern technology allow our industry to thrive. Staying relevant and innovative is crucial to the advancement of your brand. Additionally, how do you apply these advances to an ever-changing market? Social media plays an essential role in this development and franchise execs are entrenched in the battle to optimize their returns for engaging customer conversation.

MULTI-DISCIPLINED APPROACH

Taking a cross-functional approach to effectively grow your brand is vital to entice greater customer awareness. Learn how to fuse marketing and franchise development in order to build a stronger brand identity.

EXHIBITS

You may not now you need them yet! For supplier/sponsor support, visit our exhibit area and attending sponsors to find new ideas, programs and resources.



KEYNOTE SPEAKERS

JEFF LINK
CEO, Analytics Media Group

The 2012 Obama re-election campaign revolutionized the way we look at customer research and media. The campaign developed new ways to identify target audiences and deliver the message with the right reach and frequency. Jeff Link served as an advisor and is one of the media masterminds behind the campaign. He is a founder of Analytics Media Group, an agency specializing in using data analytics to identify the target customer and determine the best media to reach them. He'll share thoughts on how customer research and media are evolving and discuss what's in store for the future of marketing and advertising.

LUKE WILLIAMS
Professor of Innovation at NYU Stern School of Business, and *Executive Director,* Berkley Entrepreneurship Center at New York University; *Fellow, Global Innovation* at Frog Design. *International bestselling author* of "*Disrupt*" and globally recognized authority on disruptive innovation.

Consumer preferences constantly change and grow, almost with the speed of light. The brands on top have stepped outside the box to develop new ideas to attract their customers and marketers play a key role in fostering change. But how do you get there? Luke Williams, a globally recognized authority on innovation leadership, will discuss how to bring innovation o your brand and establish a culture of change.

FEATURED SPEAKERS

Darrell Johnson
President & CEO, FRANdata

Darrell Johnson will discuss the changing economy and what it means for franchising. Where we've been, where we are, and what's projected for the future. He'll share thoughts on jobs, income and opportunities for franchising.

Tom Epstein
CEO, Franchise Payments Network

Tom Epstein will share data on consumer spend today - how much, how often and where the dollars are going. Tom and his team broadly look across the franchise industry and analyze consumer spending in multiple segments and the impact on franchise businesses.

POWER BOARD

2014 CONFERENCE CHAIRMAN

Heather Neary, *CMO*
Auntie Anne's Inc.

Heather oversees the marketing, menu development, communications, operations, and creative strategy for the Auntie Anne's system. Under her leadership, sales grew from $275 million in 2006 to more than $476 million in 2012. Heather works to define and execute brand strategy for the more than 1,330 domestic and international Auntie Anne's locations. In addition, Heather manages the operations support team who provide business consultation and support for all domestic stores in the Auntie Anne's system.

Our conference "Power Board" is comprised of some of the brightest, experienced and creative marketers in the franchise industry. We couldn't bring you the quality programs and content without their support. Please join us in thanking them for their contributions.

Susan Boresow, *CMO*
Massage Envy

For the past 28 years, Susan has worked for some of the biggest names in franchising including McDonald's, Sport Clips, Cold Stone Creamery, Godfather's Pizza and many more. Susan has done everything from overseeing creative, strategy, media, branding, execution, product development, and online initiatives. She's managed research teams, field marketing teams, PR agencies and advertising agencies, national promotions, loyalty and web strategies and cause marketing.

David Buckley, *CMO*
Sears Hometown and Outlet Stores

David leads a team that executes large-scale nation-wide marketing strategies, while leveraging the hyper-local aspect of retailing. David and his team plan and execute marketing campaigns across a wide variety of marketing assets including: newspaper, radio, cable TV, billboard, direct mail, social media, social couponing, E-mail marketing, loyalty marketing, cause marketing, SEO, SEM, store signage/visual planning, POS marketing and local event marketing.

Sara Costello, *Director Lead Development*
Laureate Education Inc.

In the position of Sr. Director, Conversion Marketing for Sylvan Learning Center, Sara Costello developed marketing programs to educate parents on how they can help their children learn better. She developed integrated marketing programs that helped the Sylvan brand grow into the leading brand in the education segment. In her current position of Director, Lead Development for Laureate Education, Sara is sharing her passion for marketing and education internationally.

Rich Hope, *CMO*
Jersey Mike's

Before joining Jersey Mike's, Richard was President and co-founder of Sirius Advertising, Inc., a full service advertising agency, working with such accounts as Steinway Piano, Central Jersey Bank, Purdue Pharmaceuticals, Student Transportation of America, Global Logistics International, Jersey Mike's and many others spanning 23 years.

Paul Macaluso, *CMO*
Moe's Southwest Grill

Paul Macaluso is responsible for all aspects of branding, marketing, advertising, PR, consumer insights, performance analysis, creative services, catering, and communications for Moe's Southwest Grill. He started with Moe's in September 2011 as VP of Marketing.

Wendy Odell Magus, *VP Marketing*
Kiddie Academy

In her role with Kiddie Academy, Wendy is responsible for all of the consumer and franchise sales marketing strategies. With more than 20 years of broad-based marketing and communications experience, Wendy has spent the majority of her career focused on marketing child-centric businesses, both in her current position and at Sylvan, Disney and Kennedy Krieger Institute.

Jayson Pearl, *Chief Brand Officer*
BrightStar Care

Jayson Pearl brings over 25 years of franchising experience to his current position as Chief Brand Officer of BrightStar Care. He leads cross-functional teams responsible for marketing, clinical operations, training and National Account management for over 250 BrightStar Care® locations in 38 states and Canada. Prior to joining BrightStar, Jayson served the global franchise foodservice industry, more recently at San Jamar/Chef Revival, responsible for marketing and new product development for these global brands.

Meg Roberts, *President*
Molly Maid Inc.

Meg Roberts joined Service Brands International in 2007, serving most recently as VP of Marketing, overseeing both the Molly Maid and Mr. Handyman brands. In that role, her primary focus was on national brand marketing with an emphasis on web-related strategy, where her team produced triple-digit consumer lead flow. Her leadership style, team development skills, management, and strategic planning are what led to her appointment as President of Molly Maid in 2012.

Terri Snyder, *EVP/CMO*
Checkers Drive-In Restaurant Inc.

Terri Snyder joined Checkers Drive-In Restaurants, Inc. as Executive Vice President and Chief Marketing Officer in April of 2007. With more than 20 years of marketing leadership experience in the restaurant industry, Terri has crafted the brand identities, advertising messages and new products for several marquee chains in the casual dining and quick service segments.

Edward Waller, *Co-Founder*
CertaPro

Edward oversees marketing and a centralized customer service department, which allows him to focus on making and replicating a positive customer experience at all levels of the organization. Edward was part of the original equipment at CertaPro.com and has seen growth from 1 to 300+ franchises. He's been involved with all elements of the organization including the marketing of franchises, but his main interest and core skill set keeps him focused on consumer marketing.

Luis Zuniga, *VP Marketing & Communications,* CruiseOne

Luis Zuniga has served as CruiseOne's Vice President of Marketing and Communications since 2010. Prior to joining CruiseOne, Luis led various marketing initiatives in both the North America and Latin America divisions for Burger King Corporation. Prior to Burger King, Luis held various marketing and finance positions at financial service companies such as Prudential and Northern Trust.

FULL AGENDA

CONFERENCE DAY 1
TUESDAY
JUNE 24

7:30AM TO 12:00PM
REGISTRATION DESK OPENS

8:00AM TO 12:00PM
Boot Camp - Marketing in a Digital World: All Cylinders on Grow!

The ever-changing digital world provides new and different challenges on a daily basis. This workshop presents real time challenges for franchise marketers today. Get ready for this drill-down session that will tackle the pains and present solutions in conquering four critical areas of marketing technology:

(1) Online Marketing

(2) Mobile Marketing

(3) Loyalty Programs

(4) Social Media

Get set, put on your problem-solving cap and participate in this always-dynamic event.

8:00AM TO 12:00PM
Boot Camp - Brand Building Through Your Multi-Layered Audience

Marketing owns the leadership position for building brand awareness but can't do it alone. Strong brand awareness entices visit frequency, drives location revenues and interest from prospective franchisees. To implement and execute an effective brand campaign requires the efforts of the cross-functional and cross-brand stakeholders. How do you get and keep everyone involved? Join us for this interactive workshop to learn how you can implement cross-functional strategies and gain buy-in from your stakeholders:

(1) Customers

(2) Franchisees

(3) Prospective Franchisees

(4) Stakeholders - Employees, Suppliers, Owners/PE & Stockholders

12:00PM TO 1:30PM
Lunch in Sponsor Networking Gallery - *EXHIBITS OPEN*

1:30PM TO 2:30PM
OPENING WELCOME

Opening Welcome - Therese Thilgen, *President,* Franchise Update Media, 2014 Marketing Intelligence Report

Introduction by Conference Chair - Heather Neary, *CMO,* Auntie Anne's

State of Consumer Spending - Tom Epstein, *CEO,* Franchise Payments Network

2:30PM TO 3:15PM
OPENING KEYNOTE - The State of the Media: Current and Projected Trends

Keynote:

Jeff Link, *CEO* of Analytics Media Group

3:30PM TO 4:30PM
CONCURRENT BREAKOUT SESSIONS

Our breakout sessions are divided into four topic tracks. Each track offers a series of breakout sessions, all relevant to the topic of the track. You may choose to follow one track or participate in sessions of multiple tracks. The four tracks are:

TRACK 1:
Start-Up/Evolving Brands & Markets:

Growing a brand into new territories provides challenges no matter what size your organization is. Whether you're a start-up brand or an established brand entering a new market, you share common challenges. How do you grow your location revenues while growing your number of locations - all on a budget?

TRACK 2:
Marketing Execution:

The most effective marketing programs are a result of proper research and planning prior to execution. Once the program is executed, you must measure your results to evaluate the success of the program. This track walks you through the stages for planning and executing an effective marketing program.

TRACK 3:
Blending Old and New School Media Strategies:

Today's mantra is "We live in a digital world" but old school marketing is far from dead. Integrated marketing strategies continue to provide the best results. What's new with old and new school marketing?

TRACK 4:
Create and Keep Positive Brand Buzz:

Getting and keeping customers engaged is critical for the long-term health of your brand. The brand "buzz" reaches more people, faster today than ever before - the good, the bad and the ugly. How do you plan and support programs that address every aspect of the "buzz?"

Individual Breakout Session Descriptions:

TRACK 1: Start-Up/Evolving Brands & Markets: Local Store Marketing - How to budget for, develop, and create effective, successful marketing programs in newer and undeveloped markets? What does it take to get your franchisee to buy-in to your marketing initiatives and ensure they invest the dollars necessary to successfully compete and grow the business?

TRACK 2: Marketing Execution: Customer Research – Today's brands must know their target audiences; understand their preferences, buying habits and expectations to attract and retain them as loyal customers. What's more, with the ever-growing diversity of ethnicities, lifestyles and family groups, franchisors may be misfiring with consumer prospects they are not effectively reaching. This breakout session is ideal for those seeking real consumer intelligence that will provide insight and answers to help them better identify, target, and service their current and future customers.

TRACK 3: Blending Old and New School Media Strategies: Online and Social Media – What's the latest on social media? Franchise execs are entrenched in the battle to optimize their returns for engaging customer conversation that will help build brand awareness and loyalty, thus enticing new customers. What planning, intelligence and feedback instruments are CMO's utilizing to stay on pace in their race for market share? Find out what key performance indicators have changed and social media victories franchisors are achieving.

TRACK 4: Create and Keep Positive Brand Buzz: Break-through Messaging – Are you creating a brand connection with target customer groups that pledge allegiance to your product or service? Does your brand message cut through the clutter and promote recall with your customer? Speaking the language of your audiences triggers growth and sustainability. What strategies are available to optimize relationships with primary and secondary customer pools? Find out from our panel of pros.

4:40PM TO 5:30PM
Change - Marketing Roundtable Challenge Session
Join us for a new spin on roundtable discussions.

5:30PM TO 7:30PM
Welcome Reception in Sponsor Networking Gallery - *EXHIBITS OPEN*

CONFERENCE DAY 2
WEDNESDAY
JUNE 25

7:30AM TO 8:30AM
Breakfast Call in Sponsor Networking Gallery - *EXHIBITS OPEN*

8:30AM TO 10:00AM
CONFERENCE CHAIR & KEYNOTE

Conference Chair: Heather Neary, *CMO,* Auntie Anne's

Keynote:

Luke Williams, *Professor of Innovation, Executive Director, Fellow, and* ***International Bestselling Author,*** *Disrupt: Think the Unthinkable to Spark Transformation in Your Business*

State of the Industry: Darrell Johnson, *CEO,* FRANdata

FULL AGENDA

CONFERENCE DAY 2
WEDNESDAY
JUNE 25

10:10AM TO 11:00AM
CONCURRENT BREAKOUT SESSIONS

TRACK 1: Start-Up/Evolving Brands & Markets:

Ad Fund Contribution and Management – What role do your franchisees play in your national ad fund and how can you utilize their strengths - while at the same time, overcome their objections without straining relationships? What's the process for launching and promoting your plan and how do you engage your operators in the process? How do you measure success?

TRACK 2: Marketing Execution:

Strategy and Plan Development – You've done your research and identified your target audience. The next step is to develop strategies and a plan to grow awareness, entice visits and purchase your product or service. This session tackles the process of addressing the vital factors required to construct a successful marketing formula... one that franchisees will buy-in to and deliver winning results for all.

TRACK 3: Blending Old and New School Media Strategies:

Print and Direct Mail – Print and Direct mail is back stronger than ever in local, regional and even national marketing. With the growing disappearance of mail in our postal boxes, combined with greater interest in value purchases, consumers are responding to direct mail marketing more than ever. Learn how to drive top-line sales and frequency with this resurgent tool.

TRACK 4: Create and Keep Positive Brand Buzz:

Ensuring Quality Customer Experiences Across Disciplines – You've made a brand promise to your customers that is enticing greater visit frequency. How do you ensure that promise is delivered through the brand to the frontline employee, who engages with the customer everyday? That interaction is critical to the success of your marketing program.

11:10AM TO 12:00PM
CONCURRENT BREAKOUT SESSIONS

TRACK 1: Start-Up/Evolving Brands & Markets:

Growing into Media Efficiency – Panelists will share their experiences in building cost-effective media strategies and programs that produce greater marketing results. This breakout session will address performance benchmarks and intelligence technologies to monitor, measure and improve your ROI. Our session panelists will share their local successes and challenges to capitalize on this digital marketing platform.

TRACK 2: Marketing Execution:

Multi-disciplined Buy-in: Franchisees, Internal Team and Suppliers – The greater focus on franchise performance has spawned a new organizational mindset, driven by a holistic approach to growth. Departmental silos are transitioning to system-wide collaboration, as more franchise systems require participation, inclusion and accountability from all disciplines, with each player contributing to the successful health of the brand. "Separation of state" and "we versus them" won't work in today's market. Experience the true power of cultural unity, as we spotlight a winning franchise team of executives that share their playbook strategy in a session that can't be missed!

TRACK 3: Blending Old and New School Media Strategies:

Public Relations – Public Relations is one of the most effective and cost efficient ways to build brand awareness. A solid PR program that reaches your customers across all media channels is critical for brand growth. This lively forum provides best practices and case studies on navigating the waters, and how to leverage and profit with your PR performance.

TRACK 4: Create and Keep Positive Brand Buzz:

Building Brand Infrastructure to Support Your Customers: Consumers and Franchisees – CMOs are challenged with more competition, tools and opportunities than ever before. They're tasked with developing a customer relationship at individual locations as well as helping to build the relationship with prospective franchisees. But budgets haven't changed. Join our panel of CMOs to learn how they structure their departments to provide, manage and support the growing customer needs for our consumers as well as prospective franchisees.

12:00PM TO 1:45PM
Lunch in Sponsor Networking Gallery - *EXHIBITS OPEN*

1:45PM TO 3:00PM
Cause Marketing - Brands That Give And Get Back

Community outreach, local and national, has become a meaningful responsibility that franchise brands are now embracing. Stepping up to support and acknowledge the consumer marketplace encourages support for our businesses and families.

In this general session presentation, franchise leaders will discuss how they champion their causes and are helping to make a difference. They will share their programs; why and how they chose to support their cause(s); the necessary steps for planning and execution, and goals they were able to accomplish through their activities and support.

3:10PM TO 4:00PM
CONCURRENT BREAKOUT SESSIONS

TRACK 1: Start-Up/Evolving Brands & Markets:

Brand Awareness For Growth: Unit/Location Sales & Franchise Sales – What's the key to brands enjoying solid growth in comparable sales and new unit openings? The Marketing and Franchise Sales teams work together, yet in many brands, they don't even talk. Learn how these teams are working together to drive overall brand growth.

TRACK 2: Marketing Execution:

Execution, Results and Measurement – You've built a great marketing program that is executed flawlessly with the help of all departments of the brand. Now you need to measure your results to determine the location, market and system impact on the brand. New ideas, tools and resources are constantly being developed to bring new intelligence to program measurement. Find out what tools are available and how to use them for maximum customer learning.

TRACK 3: Blending Old and New School Media Strategies:

Broadcast and Outdoor: Buying & Executing the Right Mix for your Business - Capitalize on local/national TV, radio and outdoor marketing as expert session leaders share their strategies, successes and pitfalls to avoid. The broadcast world has expanded, providing new ways to reach your customer. But how do you determine which ones are best for your brand? How creative can you get in media buying? Learn negotiating techniques and how to effectively promote and engage your franchisees in rolling out your campaigns.

TRACK 4: Create and Keep Positive Brand Buzz:

Crisis Communications - Every brand requires a strategic and tactical approach to protect their brand integrity in our unfiltered digital and broadcast world. Learn methods and guidelines franchisors use for monitoring and responding when "under attack," to quickly minimize potential damage, especially within online communities.

4:00PM TO 5:00PM
The New Marketing Currency Mindshare

2014 SPEAKERS

SPEAKER LIST *(AS OF APRIL 25, 2014)*

Boresow, Susan, *CMO*
Massage Envy

Buckley, David, *CMO*, Sears Hometown and Outlet Stores Inc.

Costello, Sara, *Director Lead Development*, Laureate Education Inc.

Dillon, John, *VP Brand Marketing & Product Innovation*, Denny's

Epstein, Tom, *CEO*, Franchise Payments Network

Garstka, Claire, *Director of Sales & Marketing*, Colors on Parade

Hope, Rich, *CMO*, Jersey Mike's

Johnson, Darrell, *President & CEO*, FRANdata

Kleinsasser, Marci, *Director of Marketing*, Handyman Connection, Inc.

Macaluso, Paul, *CMO*
Moe's Southwest Grill

Magus, Wendy Odell, *VP Marketing*, Kiddie Academy

McDougall, David, *CEO*
Backyard Burgers

McLean, Elizabeth, *Director of Field Marketing*, Massage Envy

Neary, Heather, *CMO*
Auntie Anne's, Inc.

Nichols, Scott, *Director of Franchise Business Development*, Sears Hometown and Outlet Stores

Nienaber, Tammy, *Director of Communication*, Great Clips

Reed, Rosemarie, *Marketing Director*, CruiseOne

Rinke, Jeff, *VP Marketing*
Hungry Howie's Pizza

Sadler, Lynette, *Director of Field Marketing*, Massage Envy

Scalese, Tom, *COO*
East Coast Wings

Segreto, Paul, *CEO*
FranchisEsource Brands International

Snyder, Terri, *EVP & CMO*
Checkers Drive-In Restaurant, Inc.

Sullivan, Lisa, *VP National Sales & Marketing*, Cox Target

Waller, Edward, *Co-Founder*
CertaPro CertaPro

Zuniga, Luis, *VP Marketing & Communications*, CruiseOne

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*At Press Time

BY KERRY PIPES

"Revolutionary Marketing"

Schlotzsky's brand and sales "revolve" around its guests

As 2014 dawned, Mark Mears stepped into the C-suite at Austin-based Schlotzsky's to lead the brand's marketing initiatives. By all indications, it's been a great move.

As CMO, Mears oversees the direction of the brand's marketing division, including the strategic management of Schlotzsky's marketing and creative services departments, along with directing brand promotions, advertising, creative design, menu tests, and other initiatives.

Mears, with nearly three decades of experience in QSR, fast casual, casual, and premium casual, is a visionary business leader with a track record of building system value and driving innovation at high-profile brands.

He came to Schlotzsky's from Mimi's Cafe, where as president and chief concept officer he led the brand through a repositioning strategy, related menu optimization, and new concept development. He's also spent time as senior vice president/CMO at The Cheesecake Factory, executive vice president/chief marketing officer at Blimpie International, and at Pizza Hut where his roles included field marketing, advertising, promotions and licensing.

Like many CMOs, Mears knows the landscape not only from marketing positions within franchise brands but also from having spent time on the agency side with firms including Bozell, Jacobs, Kenyon, & Eckhardt, Leo Burnett, DDB Promotions, and Euro RSCG Retail.

Schlotzsky's now has more than 350 locations worldwide, with plans for aggressive growth this year and be-

yond. The sandwich and deli concept is looking to expand in both established and underdeveloped markets throughout Texas and around Denver, Kansas City, Nashville, and Tampa. Untapped markets, including Charlotte, Miami, Raleigh, and St. Louis, are also on the radar screen.

Describe your role as CMO. I am the steward of the Schlotzsky's brand, a passionate advocate for the brand in relation to everything that touches our guests—including high-level strategic thought leadership, marketing calendar development/execution, culinary/menu research and development, mass/micro media, digital/social media and web/mobile interactivity, publicity/corporate communication, franchise and guest relations, and local restaurant/field marketing activities. Overall, my role is to work closely with our franchise partners to deliver a remarkable guest experience that leads to incremental, profitable sales growth.

What's unique about the CMO position at Schlotzsky's? The opportunity to elevate the brand by building on its proud, 42-year sandwich/deli category heritage through the development of a new fast casual/bakery-cafe experience to become even more relevant to the way our guests dine today.

What's the most challenging part of being a CMO today? Given the advent of both digital and social media, coupled with the increased level of control enjoyed by today's more tech-savvy guests, the ability to reach a mass audience through traditional means has become very challenging. As a result, we must employ an integrated marketing communication approach that leverages guest information and data to develop more targeted and measureable plans to reach our desired audiences in an effective yet cost-efficient manner.

What are the 3 most important keys to being an effective CMO leader today? As I see it, there are actually four simple, yet very powerful and interwoven keys to becoming an effective CMO leader that I have learned over many years of working for and with some of the world's most high-profile brands. They revolve around the concept of growth that can pertain to an individual, a team, or a brand, and go by the acronym L.E.A.F.:

- **Leadership—**providing an inspirational vision based on a values-based mission seeking to influence the team to achieve specifically outlined, prioritized, and well-communicated goals.
- **Engagement—**enlisting the total and passionate commitment of one's head, heart, and hands to accomplish our stated goals by knowing *what* to do, *why* we're doing it, and *how* to do it in a way that engenders a deep sense of personal ownership.
- **Accountability—**establishing specific and measurable outcomes, leveraging a best practice mind set within a spirit of continuous improvement, resulting in a culture of excellence.
- **Fun!—**providing a safe environment for both people and thought diversity, leading to a healthy exchange of ideas where individuals can bind together as a team in a fun, collaborative way.

How do you prepare a marketing plan and execute the strategies? I have coined the term, "Revolutionary Marketing" as I believe all brand/sales–building efforts should "revolve" around our guests and prospective guests, based on their respective need states by occasion. For example, what a group of business people may want at lunch is totally different from the experience a family may want to enjoy at dinner, and a dining occasion on a Tuesday is different than one on a Saturday.

How do you measure marketing results and effectiveness? Given the importance and visibility of marketing in building a strong, healthy brand, there are three critical elements that intertwine with one another. However all revolve around our guests: 1) building positive brand awareness; 2) deepening brand engagement among both our external brand (guests) as well as our internal brand (team members); and 3) driving profitable sales. At Schlotzsky's, we develop specific and measurable metrics of performance within each of these areas to help our franchise partners prosper and grow.

Discuss your core consumer marketing strategies and objectives. While I am not at liberty to discuss specific marketing programs, we are focused on growing the brand by building new restaurants and growing comp store sales. We do this by balancing marketing/menu initiatives that increase guest visits (acquiring new guests and increasing visit frequency among existing guests), building guest check average, and delivering a "wow" dining experience that leads to our guests wanting to return to Schlotzsky's and recommend us to their friends and family. We're looking to develop a cult-like following among Schlotzsky's fans that will build over time through both word of mouth and the amplification of social media networks.

Describe your marketing team and the role each plays. At Schlotzsky's, I am blessed to work with a very talented, experienced, and dynamic in-house marketing, communication, and creative services team that works together to achieve our brand/sales–building goals. We do this by integrating several marketing disciplines, including strategic planning, consumer research and insights, menu research and development, creative design and production, field marketing and media planning, digital/social media and web interactivity, co-brand marketing, local restaurant marketing, and both franchise and guest relations. We work collaboratively as a team to ensure the best idea wins and is well executed in the marketplace so our franchise partners maximize the value of their investment in our brand.

Why is it so important for the marketing department to have a "personal touch" when it comes to helping the brand connect with prospects? Quite often, the decision on which brand a prospective franchise partner chooses to invest in is based not only on their financial considerations, but also their perceived "fit" with key members of their support team. They want to see our level of personal passion for the brand and its success, demonstrating that we too have skin in the game.

How does this help your franchise development effort? By bringing the Schlotzsky's brand to life in a small, intimate setting, we can help prospective franchise partners envision themselves being part of our success story. This supports the efforts of our business development teams in answering key questions about the brand that lead to closing a sales agreement.

What ways/tools do you rely on to do this? Members of the executive team have dinner with prospective franchise partners the night before a 1- to 2-day presentation. This allows us to know one another on a personal level, while also determining whether or not Schlotzsky's is the right fit for both parties. We only want to bring in franchise partners who will enrich our unique culture, uphold our brand standards, and help us reach our mutual growth objectives.

Do today's prospects expect more from the franchise marketing department? What, and how do you provide it? Yes, and they most certainly should, given that most, if not all, of our franchise partners have invested their life's savings into our brand. As a result, it is incumbent upon us to help them maximize the return on their investment, treating every single dollar we spend as if it were our own money. We would not have jobs if it were not for the contributions of our franchise partners to our ad fund. We provide all our franchise partners with a comprehensive and integrated support team consisting of both a corporate support center and field marketing representatives, and we have a calendar of national and local marketing programs designed to stimulate profitable sales growth.

How is technology changing the way franchise marketing is done in terms of one-on-one contact? We use a digital communications suite to ensure our franchise partners are kept updated in real time with news and information, as well as with tools and training techniques to execute key programs and initiatives to help maximize their business growth potential.

"It is mandatory that marketing executives who aspire to the C-suite demonstrate a high level of intellectual curiosity and a willingness to listen and learn from a variety of sources."

How are you assisting your existing franchisees with more contact and transparency? What are their immediate needs? At Schlotzsky's, we very much value the experience and ideas of our franchise partners and have established various forums to ensure close contact and transparency in every way. Our Schlotzsky's Franchise Advisory Council is composed of elected franchise partners who meet in person four times a year. Specific subcommittees are formed to address key issues, and those groups participate in monthly conference calls. All franchise partners are invited to attend a biannual convention or series of regional road shows that alternate each year.

How do you manage costs and budgets for the marketing department? Given that our source of funding is based on a percentage of sales, we see ourselves as stewards of this money to deliver a significant multiple on every dollar spent, providing maximum return on the investment of marketing dollars to grow profitable sales for our franchise partners.

Do you see vendors as business partners? Why/why not? Yes, of course. In fact, we rely heavily on our supplier partners to support our key initiatives, which allows us collectively to achieve our mutual growth objectives.

How have marketing strategies/tools changed over the past decade? How have you adapted? Again, given the advent of digital technology, the explosion of social media, and the increase in relevant data and information about our guests, we have adopted new marketing strategies and related tools to more effectively and cost-efficiently reach our targeted guest segments. In fact, we are about to embark on a new mobile app-based guest rewards program we're calling Lotz4Me, which features four key benefits: rewards and recognition, exclusive "insider" news and offers, social media sharing and referral bonuses, and guest feedback and surveys.

How is your marketing/branding strategy developed, and how does it flow through the system? We revolve all of our marketing/branding strategies around our guests. This affects our annual marketing calendar, which serves as the foundation from which all related program strategies and tactics flow.

What advice would you offer to aspiring CMO executives? The pace of change is growing rapidly and the old paths of traditional marketing thought leadership are blurring. Therefore, it is mandatory that marketing executives who aspire to the C-suite demonstrate a high level of intellectual curiosity and a willingness to listen and learn from a variety of sources (external experts, franchise partners, peers, and subordinates). This leads to both personal and professional growth, which will make you a highly valuable and marketable asset to any organization. ■

Company Bio

Working with over 750 franchise brands, Constant Contact provides you with the online marketing tools needed to connect with your customers. Maintain your brand, supply content, and track results at the national level while offering franchisees the ability to connect with their customers at the local level. Our tools and services will help you reach your goals and grow your business. And they're all backed by our award-winning support team, ready to help you anytime, at no extra cost.

How Kampgrounds of America localized their Email Marketing Strategy

Kampgrounds of America, or KOA, has been offering a unique camping experience to families across North America for the last 50 years. Since its start in 1962, KOA has grown to over 475 campgrounds and 60,000 sites in the US and Canada. "As a franchisor, our job is to provide national marketing on a brand level while still giving franchisees the tools and training they need to grow and attract new customers locally," explains Polly Mulvaney, Director of Marketing Services for KOA. "There has always been a pent up demand for more affordable marketing services."

"We were familiar with Constant Contact but didn't realize that a program exclusively for franchises existed," says Polly. "What we found when we did some research was that the partnership with Constant Contact would have everything we were looking for—an affordable product with the education, training, and support to back it up."

KOA officially launched its partnership with Constant Contact in April 2012, after a successful test phase which included 15 of its franchise locations. Within the first six months of marketing this program, 66 of its franchisees had set up accounts to send email communications to their existing and prospective campers.

In addition to finding an email marketing partner that provided its franchisees with a tool to help reach new campers and strengthen ties with returning visitors, KOA has been able to overcome some of their biggest marketing challenges, both at the franchisor and franchisee level, since partnering with Constant Contact.

Mastering communication and awareness

As a franchisor, Polly says that awareness and communication are always one of the biggest challenges of KOA.

"With Constant Contact, there's no reason why all of our franchisees shouldn't be taking advantage of using email marketing," Polly explains. "The biggest challenge is always communicating that message to our locations."

To help KOA and its more than 475 franchisees get started with email marketing, Constant Contact put together a custom marketing plan that would reach all of the locations across North America. Through email communications, custom online training, and personal coaching by phone, Constant Contact is able to help each individual location to upload their list of contacts and to send a professional and effective email campaign.

Prior to KOA's 50th Annual National Convention, the Home Office provided Constant Contact the attendee list in order to set up a free trial for each campground owner. This enabled Constant Contact to co-promote a dedicated Email Marketing panel discussion at the event, and to meet with interested attendees and show them how to access their free accounts and preview the new KOA email templates.

Maintaining a brand in the marketing wilderness

With locations across the US and Canada offering varied and unique experiences to all who stay at their sites, KOA was looking for a way to offer local marketing without undermining their national branding.

"It's crucial to us that we're able to protect the integrity of our brand while also offering our franchisees the flexibility to speak to their audience," says Polly.

To help KOA maintain the brand that so many campers have come to recognize, Polly worked with Constant Contact to develop custom templates designed specifically to meet the needs of KOA.

"For us, the templates are a way to not only control our brand, but also to make it as easy as possible for people to create and send emails," Polly explains. "The home office offers templates for those that declare themselves as less tech-savvy, or just want this done for them, as well as those with a bit more technical experience, who may want to customize more of the message."

Tracking Results

In 2013 alone, KOA's franchisees have communicated with close to 1.5 million customers, with a 47% average open rate and 16.7% average open rate, and the success stories have been trickling in! One of those stories came from Aaron Williamson, owner of Lake Conroe KOA in Montgomery, Texas. One of the biggest weekends of his first season using email marketing, Aaron saw revenue increase by $7,300 over the previous year.

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CMO roundtable:

"How is your brand using technology in its marketing efforts to target and reach customers more effectively?"

Whitney Samuelson
Director of Marketing
Maid Brigade

Over the past several years, we have seen traditional marketing methods decline in effectiveness and increase the cost of acquiring new customers. In the past we were able to send out a direct mail piece or run an ad in the Yellow Pages and customers would come calling. Unfortunately this is no longer the case.

Because of this trend, Maid Brigade has made the shift toward using technology-based marketing to reach prospects in the market for maid service. Most notably, we use SEO and SEM to drive customers to our website to request service. As competition increases—from other national companies, as well as from local companies—it is crucial that we remain top of mind by maintaining a strong presence in both the paid and organic areas of the search engines.

We have also run both site and search retargeting campaigns to target consumers who are searching online for maid service or who have visited our website. Once a customer is on our site, we use live chat to communicate with prospects and drive them through the conversion funnel. In addition, we have experimented with a variety of online lead aggregators and online service directories. These technology-driven companies match prospects looking for service with companies able to meet their needs.

Regarding social media, we have recently started using a software platform that allows our franchisees to more efficiently and effectively manage their local social media campaigns on Facebook and Twitter. We want our franchisees to be able to connect and engage with their local audiences, and this tool allows them to do that. Maid Brigade has also developed customer relationship management software designed to facilitate communication with prospects during the purchasing cycle. The software automates many functions that contribute to booking prospects, which increases booking percentages and helps lower the cost of acquisition.

While we still believe strongly that a multimedia marketing mix is important, more and more we are relying on technology and the Internet to market effectively and efficiently to our potential customers.

Rob Stravitz
Vice President Marketing
Valvoline Instant Oil Change

Valvoline Instant Oil Change relies on two principles in developing our marketing programs: 1) leverage our extensive customer database to gain insights and target our activities; and 2) can we clearly measure the impact so we are confident that we are delivering long-term value to the business?

The reality is that we operate a business that handles a chore consumers have to do, but don't want to do (a lot like the dentist, my apologies to the dental profession). As such, there is a very limited window when a consumer will be in the market for an oil change. While this makes acquisition challenging, it remains the lifeblood of a thriving business. The good news is that consumer adoption of technology is opening a myriad of better ways to reach new consumers when they're due for that oil change.

Not surprisingly, we have found search (organic and paid) to be the best starting point to leverage the impact of technology on consumer behavior. However, doing this well is much more complicated than buying an ad in the old paper Yellow Pages. Leveraging indicators that a consumer is a new customer allows us to be more aggressive in our offer strategy to drive trial among consumers who don't know us.

We're also taking advantage of technology to customize what a consumer sees when they click on the ad and reach our landing pages based on what we know about them, ensuring that the content is more relevant. We have seen both of these drive increases in effectiveness and new customers.

"We operate a business that handles a chore consumers have to do, but don't want to do (a lot like the dentist, my apologies to the dental profession)."

We also are expending a lot of energy to ensure our stores appear in the organic search results. Not only does this drive its own additional store traffic, it makes our paid search efforts more effective.

Another opportunity is leveraging the first- and third-party data that is available and the related programs that use this data in real time. We have found sources that help us not only find consumers who have not been to our locations, but also at the time they are probably due for an oil change. This enables us to reduce waste in the communication and offer distribution, and ensure that we are not subsidizing existing users with trial-level offers.

Finally, we are only now beginning to explore the potential of mobile. Given the changing behavior of younger consumers, we believe this will eventually be the primary method of reaching our consumers in the years ahead. ■

BY JEFF FROMM

Millennial Man

Do beer ads show marketers the way?

Brands have a new love affair with millennial men. Who is the millennial man you might ask? He is a hard worker who is typically happier with his current career and making more money than his female counterparts. He also values social media and loves staying up to date with his favorite sports team and entertainment news. Millennial men are also considered to be gadget gurus and are constantly connected through their multiple devices, including their smartphone, laptop, and video streaming software.

Aside from his various devices, there are a few things that a millennial man cannot live without. One of those things is his favorite beer chilling in the fridge for a night out with the guys or to drink while watching the game on Sunday night. As the youngest legal drinkers, Millennials as a whole have embraced beer drinking and are transforming the entire industry. Craft breweries are popping up all over the country and Millennials are opting to pay more for craft beers instead of public brands. However, there are lessons to be learned from beer brands that are staying relevant and available to the millennial men taking over the market.

Brand love is never static

According to research conducted by BERA Brand Management, there are five stages of development that parallel human relationships: new, dating, love, boredom, and divorce. Like every great relationship, the idea is to remain "fresh" and "exciting" to the other party. Heineken has mastered the art of remaining relevant and leveraging their brand authority to tap into the Millennial thirst for adventure. In its "Departure Roulette" campaign released last year, Heineken pushed Millennial men outside of their comfort zone.

According to Brand Director Belen Pamukoff, "The only way to connect with Millennials is to inspire them and to talk about what they care about. For Heineken, it's go beyond your borders." Millennials responded positively to the new campaign, which kept Heineken in the top spot of favored Millennial beers.

> **There are a few things that a millennial man cannot live without. One of those things is his favorite beer chilling in the fridge.**

Millennial myths

Millennials are often misunderstood as the "over stimulated" generation. This has led to a myth that this generation is disloyal and will jump to the next best brand as soon as they are bored with the first. Clearly people who believe in this myth haven't visited Chipotle to see the line for consumers willing to pay full price for their Burrito Bowl.

Millennials are an extremely loyal generation and will maintain a relationship with a brand as long as they continue to receive functional, emotional, and participative benefits. Mature brands are trying to stay relevant with young Millennials while staying true to what made them great. Budweiser has been around for decades and still remains one of the preferred beers of the Millennial male demographic, though clearly not without challenges. According to a study released last year by marketing technology firm Unruly, Budweiser accounted for 59.2 percent of all alcohol ad shares in the first quarter. Although Bud is considered a more mature beer, new companies have a lot to learn from this old timer.

Corralling the lone ranger

One segment of Millennial men is more likely than women to value the "lone ranger" lifestyle. This segment believes that manhood stems from a desire to be independent. Research shows that men, unlike women, would prefer to eat and travel alone. Brands that target this Millennial man mindset are aligning themselves with Millennial values that rank high in the male demographic. Think of "The Most Interesting Man in the World" campaign from Dos Equis. It's important to note that the main character is never talking about the adventures he has with friends, only of his independent journey. This lone ranger style of communicating with Millennial males is becoming popular among top brands.

Five marketing lessons

1. Understand the headwinds and tailwinds of Millennial culture.
2. Seek the intersection of your brand authority and cultural trends.
3. Keep it fresh because love doesn't stand still (i.e., boys will look at other brands).
4. Engage your consumer as a participant and do not refer to them as a target audience.
5. Disrupt your last success, because if you don't someone else will. ■

Jeff Fromm *is executive vice president at Barkley, a "fiercely independent advertising agency." He is co-author of* Marketing to Millennials, *lead editor of the blog MillennialMarketing.com, and founder of Share. Like.Buy, a conference about marketing to Millennials. Contact him at jfromm@barkleyus.com or 816-423-6195.*

Lead | Market | Grow

Consumer data

BY TOM EPSTEIN

Going Mobile

Help your customers spend with mobile apps

According to the National Restaurant Association:

- 13 percent of all Americans have made a reservation using a smartphone or tablet in the past 30 days;
- 46 percent said they would do it if the establishment offered it; and
- 41 percent said they have used a menu to view what's available.

Consumers are engaged. They see mobile as a way to make life easier for them. With that in mind, when looking to launch a mobile solution don't just try to make it cool-looking or all about the branding (though that is important), and keep your customer in mind, remembering what *they* are looking for.

Most surveys show that consumers rank making an order, tracking loyalty points, making a payment, and finding locations as the order of importance to them. Make each of these components as easy as possible to use and you will find the adoption of your mobile strategy much higher.

Mobile can be used to place orders for takeout, but it can also be used in the store for line-busting. During peak times, patrons can order their meals while they are waiting in line. And if you enable a payment feature, they can pay by showing a QR code on their smartphone or by making a direct payment from their account on the app, significantly reducing their wait time.

Unintended benefits

If you meet the customer needs described above, you will achieve the benefits you intended of increasing brand awareness, locking that customer into your brand as a loyal customer, and increasing your share of their spend.

If you also include the ability to earn and redeem loyalty points by integrating that into the app, you will see ticket lifts (we have seen as high as 17 percent) and increased frequency of visits (we have seen as much as 50 percent).

When looking to launch a mobile solution don't just try to make it cool-looking or all about the branding, and keep your customer in mind.

If you do not include the loyalty program, you will be alienating customers you have worked hard to engage and who have joined the program, forcing them to *not* use your mobile program if they want to earn points.

Here's one idea that could end up paying for your mobile program: include a payment option where customers can register their preferred payment type and pay for the order through that account (think Starbucks Card). QSR operators remember when the Durbin Amendment passed and the card networks basically doubled the cost of a debit transaction. If you provide incentives for customers to pay with the app, you can bypass the impact and lower your total cost of transactions.

For example, if you have an average transaction of $8 (and 70 percent of all of those smaller transactions are done with a debit card), your cost for that transaction will be around 27 to 28 cents (debit interchange is .05 percent + 22 cents + whatever your processor charges). In the prepaid model, where you "top off" a customer's card to $50 when their balance drops to a certain level, you are paying for that transaction only once instead of six times. A $50 transaction on a debit card will cost you around 50 cents, but if the customer paid for six transactions separately those same transactions will cost you more than $1.60. If yours is a concept where your customers come in fairly frequently, this could add up to substantial savings over time.

Geofencing

We've discussed geofencing before in this column. Basically you set up a "fence" around a geographic location, and when one of your customers enters that area a notification will push to their phone with an offer of some sort to drive them in. A new use for this technology is being explored as a means to better serve your current customers. How many times have you ordered takeout from a restaurant and when you got there either the order was not ready, or worse, it had been sitting there getting cold for some time? In the not-too-distant future you will be able to order your meal and the kitchen will know when you are getting close by using geofencing technology. Your order will be fresh, warm, and ready to go as you pull into the parking lot or drive-through. ■

Tom Epstein is CEO and founder of Franchise Payments Network, an electronic payments processing company dedicated to helping franchisors and their franchisees improve system performance, increase revenue, and reduce expenses. Contact him at tomepstein@franchisepayments.net or 866-420-4613 x1103.

BY JACK MACKEY

Claiming Your Share

Popeyes' turnaround in a no-growth world

Growing franchisee profitability usually requires growing the top line, as well as controlling costs. With no rising economic tide to lift all boats, the way to grow sales is to take share from the competition.

This makes sense because most people you think of as "your" customers are also customers of your competitors. If you are franchising restaurants, "your" customers' total spend on eating out is much more than their total spend on eating out with your franchisees. You just get a very small sliver of the customer pie.

But you can increase your share by being different, better, and more desirable to customers. To put a finer point on that growth formula, it looks like this:

Unique offerings + marketing and design that distinguish the brand + guest-focused operations = a growing brand that creates legions of loyalists and generates great wealth.

Your franchisees' sales and profits would explode if they could win away from competitors just one more visit per customer per month. When your brand attracts more customers more frequently, you are creating a growth company. That can happen even in a no-growth economy.

An impressive turnaround

Take Popeyes, for example. Founded in 1972. Bankrupt in 1992. Now, 22 years later, the company is not just profitable, it's the fastest-growing brand in its segment. Popeyes now has more than 2,225 operating restaurants globally, making it the world's second-largest QSR chicken concept based on number of units. "Popeyes' momentum continued to accelerate in 2013," says CEO Cheryl Bachelder. "Our market share of the domestic chicken QSR category grew to 20.8 percent." In 2008 that number was 14.8 percent.

When Bachelder took the reins at Popeyes in late 2007, same-store sales were in decline (-2 percent annually). But for 2013, the restaurant franchisor and operator reported its fifth consecutive year of domestic same-store sales growth (3.6 percent), and seventh consecutive year of international same-store sales growth (4.7 percent).

That's quite a turnaround. Especially considering the poor financial conditions from 2008–2013, including the worst recession since the Great Depression. In this no-growth world, how did a 40-year-old brand in decline suddenly break out as a growth company?

Re-branding success

In 2008, Popeyes Chicken and Biscuits began re-branding itself as Popeyes Louisiana Kitchen. Four initiatives contributed most to the success of the new Popeyes and have the company on a sustainable growth path.

First, Popeyes strives for guest-focused operational excellence. By measuring the guest experience every day in every location, Popeyes knows where "excellence" matters most to customers. Then operators follow disciplined routines that keep attention and effort focused there. Says Bachelder, "Looking forward, we will continue to invest in building leader capabilities to support our ambition of becoming a best-in-class employer, consistently delivering superior service to our guests."

Then the company introduced unique menu items and limited time offers like Bonafide Louisiana Tenders, Wicked Chicken, Garlic Butter Shrimp, Red Hot Popcorn Chicken, Seafood Po' Boy, and Crawfish Tackle Box. Popeyes also introduced un-fried healthy versions of many dishes under the heading "Louisiana Leaux." These are not "me-too" menu items but choices competitors didn't offer. Yet for regular customers, these innovations were natural extensions of the original Popeyes signature dishes of Spicy Chicken and Red Beans and Rice, known to early fans of the brand.

Next, Popeyes made sure their current customers—and potential customers—heard about what's cooking at Popeyes. They increased advertising dramatically, making the leap from local marketing to national media. Popeyes' ad awareness has risen from 14 percent in 2008 to 24 percent last year. In 2009, Popeyes introduced "Annie the Chicken Queen" played by actress Deidrie Henry, to pitch the new food offerings and explain why and how Popeyes' food was authentic and better. "Annie" is a feisty chef with real passion for the "Louisiana Kitchen." Not your average QSR positioning.

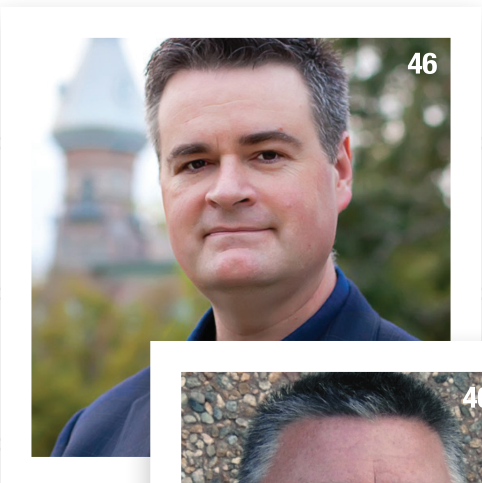
Finally, a new freestanding restaurant building design bolstered the perception that Popeyes is more fast-casual than QSR in its food quality and ambiance. Redesign is the most recent initiative supporting the Louisiana Kitchen re-branding. The positive impact on customers' behavior is impressive. As of December 2013, first-year sales of Popeyes' new freestanding restaurants that opened in 2012 averaged $1.6 million. This is "approximately 50 percent higher than new freestanding restaurants opened in 2007, and approximately 30 percent higher than the current total domestic system average," according to Bachelder.

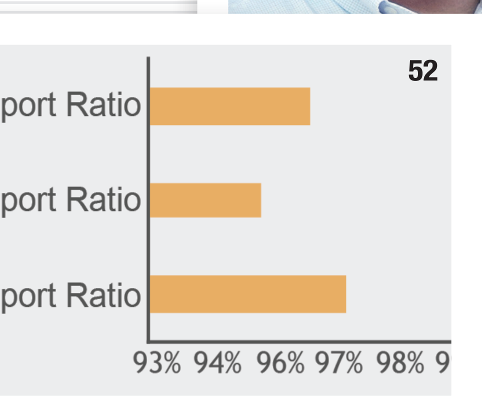
During Popeyes' recent growth, the Great Recession shrank Americans' wealth to 1992 levels and incomes to 1996 levels, adjusted for inflation. Yet they created a growth company in a no-growth world. So can you. ■

SMG Vice President **Jack Mackey** *helps multi-unit operators improve customer loyalty and drive growth. Contact him at 816-448-4556 or jmackey@smg.com.*

Grow

Franchise development intelligence





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"How are you using technology to identify, reach, and track prospects?"

James R. Walker
Chief Development Officer
The Johnny Rockets Group

At Johnny Rockets we use technology not only to drive leads for prospective franchise candidates, but also to ensure that we are spending our franchise recruitment dollars in the most efficacious way possible.

We have found that online franchise lead portals are one of our most effective methods for securing new candidates. We also like the traceability these sites provide us. We use as many as six different online lead portals to drive leads to our sales management system, which immediately segments the lead by a number of qualifiers that include available liquid capital, as well as the candidate's targeted geography. Our sales management system then begins an automated email campaign that is specifically matched to the candidate's profile and area of interest.

We also use our sales management system to track and respond to leads we generate from our own website, franchise and trade shows, and phone calls that come into our Restaurant Support Center. This technology not only ensures that every lead is followed up systematically, it also allows us to focus on following up by phone or in person with the candidates who show the most interest in the brand through their online activities, such as the number of times they visit our website, or clicking on embedded hyperlinks within our generated email campaigns.

Once a month we also use a direct email system to send an HTML-based email newsletter to our entire database of candidates to ensure we continue to be "top of mind" for those who may still be in the pipeline but whose activity may have slowed down.

One of the most important uses of the data generated through this technology is a return on investment, or conversion rate, for any given advertising platform. Every week we look at the lead flow for each active campaign we have and run a quick calculation to show the cost per lead for each. We will then work with the platforms that are underperforming to retool the messaging to increase the number of leads, and subsequently reduce the actual cost per lead that we're paying.

Each year as we enter into our planning and budgeting for the coming year, we look at which campaigns, portals, or shows, have had the highest conversion rate, meaning which methods have actually produced the highest number of signed franchise agreements. The traceability that the technology provides us is invaluable in forecasting budget needs for the coming year, as well as what we can expect to sign in new franchise agreements and see in subsequent new restaurant openings.

Van J. Ingram
Vice President for Franchise Development
Taco John's International

At Taco John's, we are capitalizing on technology in a few areas. Selling a franchise is a systematic process. From solicitation to prospect management to executing an agreement, and then providing support through the term of the agreement, we use technology to provide structure and maintain system compliance.

Today's franchise prospect is tech-savvy. By using technology in our solicitation process we are ensuring that our brand matches up with how they prefer to conduct their research. Prospects want to engage in initial due diligence on their own time and are using smart phones, tablets, etc. We have optimized our website for clear viewing on each device and are finalizing our electronic brochure to allow them to review the opportunity before speaking with a sales representative.

This is a departure from the industry norm of even five years ago, when we relied on initial phone calls and printed brochures. Candidates are clamoring for more information, and the technological advances allow us to provide the data in a professional, easy-to-digest format that eliminates some of the up-front questions of the past.

Taco John's continues to evolve to match up with the technological requirements of an ever-changing prospect base.

We also have implemented a CRM system, with FranConnect as our platform. We can track all our leads, determine their origin, and monitor their progress on key milestones within the selling process. We use an email drip campaign to provide multiple touch points in the process.

Once a franchisee has executed an agreement, we also use technology in the real estate and construction phase. We have an electronic site package that can be completed online. The franchisee is responsible for providing their rationale for the proposed location, and our chief development officer adds his assessment so that our approval committee has a comprehensive package for review.

As a legacy brand in existence for more than 45 years, Taco John's continues to evolve to match up with the technological requirements of an ever-changing prospect base. ■

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Franchise Update MEDIA

Sales smarts

BY MARC KIEKENAPP

Any Portal in a Storm

Re-evaluating portals as lead generators

The Internet portals continue to be one of the most successful inquiry generators for franchise sales. Like all of our businesses, the portals have gone through a transformation and are making many positive changes so they can continue to provide us with good inquiries.

Like a ship on the sea, your brand needs to find the right port (or portals!) to dock. And, just as ships are not all the same size or docking at the same ports, all brands are not created equal. Bigger ships are more expensive and need deeper ports, while smaller ships have many ports to choose from. Think of your brand as a ship and find the ports that fit you best.

The key to finding the right portal for your brand is not just a matter of calling up a provider, but knowing what you are looking for, who you are looking for, and where you are looking for franchise candidates. In addition, talk with other brands similar to your investment level and category and find out what the costs and results have been for them.

Important reminder: Lead costs mean nothing! What matters is the cost per sale—and how competent and experienced your franchise development team is in making the first conversion from an inquiry to an interested lead.

For your brand to have a favorable experience with Internet portals, take a team or partnership approach to work toward the best site conversion rates. Most reputable franchise portals have a marketing and creative department that will assist you in developing your landing pages on their site. It should be a team effort as you develop the content and provide substantial input and educate the portal marketing department on understanding your brand and who you are looking to recruit. For optimal results, you should have a CRM system in place to provide feedback to the portals and make adjustments and tweaks to the site. Also franchise portals are more than willing to give you credit for "bad" inquiries that didn't give real contact information, another way to extend your budget.

Don't let your relationship with the portals turn into a finger-pointing episode when the lead flow or response rate isn't what you expected. Work with the account representative for a solution. Dropping a portal after a month is not the answer, nor a good business decision. You should spend at least 3 to 6 months to properly evaluate the site. Again, you must have a good CRM system to gather this information and ensure that the problem is not on your end with poor follow-up, too many emails, and no phone calls within the first 4 hours. Every year Kiekenapp & Associates conducts the Mystery Shopping research for Franchise Update, and 50 percent of the franchisors don't follow up. Your team does what you inspected more than what's expected.

To generate more sales for your brand, I suggest getting back to the portals as one of your many marketing avenues. I hope some of these ideas and hints may help all of you have the best experience you can and start generating more sales in the future.

Think of your brand as a ship and find the ports that fit you best.

Popular lead programs

- **Cost per lead:** This is a program most franchisors feel comfortable with. It allows you to set a budget each month by setting a limit on leads for expenditure. The cost per lead is not a set price for every brand. As you place filters on your lead flow for investment level and geo-targeting the price will go up.
- **Set monthly fee:** This seems to be a great program, and you can usually lower your cost per lead and cost per sale if your brand is "snappy," timely, or a low investment. There is no limit to the number of inquiries you may receive, nor guarantees for any amount—a bit of a risk, but if it's not working, most portals will let you change to a pay-per-lead model.
- **Pay per click:** This is a relatively new program that several franchise portals are now offering to franchisors. This program will actually allow leads to be redirected to your website. A software program is installed to track where the lead was from, and you pay the franchise portal for those redirected leads. This allows you to provide much more content and a unique visitor to your franchise development website with no other franchisors for the prospect to look at.

Happy Selling,
Marc

GREG TANNER

My Wife Doesn't Want Me Around The House

After 40 years in this business as a franchisor, franchisee and franchise development manager, who has awarded more than 2000 franchises, most people would be ready to retire.

Not me.

You see, my wife, Fran, says she married me for better or for worse, not lunch every day. She believes I have too much passion for franchising, too many ideas to share and too much energy to be underfoot.

You know, she's right.

Give me a call or send an email. Let's talk about the future and how we can help each other build successful franchises.

Greg Tanner

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Market trends

BY DARRELL JOHNSON AND ERIC SIMON

A Call for Global Standards

International expansion demands better information

Over the past seven years, some economies have prospered while the U.S. has been on a roller-coaster ride. With franchising's ability to respond relatively quickly to change, it comes as no surprise that we are seeing more focus on international expansion by U.S. brands. We have seen an increase in international research projects ourselves and addressed this trend by starting a research company in Australia.

In the U.S., we are accustomed to being able to obtain, from both public and private sources, a considerable amount of reliable franchise information. The amount and quality of international information on franchising pales in comparison. Brands typically are left to rely on consultants and their own experience. International franchise information, when available at all, is scattered among government agencies, franchise associations, and within individual brands, with varying degrees of reliability. Maybe we can change all this.

The lure of global expansion can be exciting, risky, and rewarding for franchise brands and multi-unit owners alike. Taking a brand overseas can feel like a rite of passage to adulthood and further validation of the brand's appeal. International development can be a lot like diversifying a stock portfolio. Stocks go up and down, and as we have seen, economies do the same.

So where does a brand begin with international due diligence? How does it determine what countries best fit its products and services? Have similar brands entered the same market, and, if so, have they failed or succeeded? (Franchising has a big advantage in this regard because of the uniformity and conformity of the model itself.) How is operational success measured internationally with no reputable benchmarks or consistency of definitions? What metrics should be used? How does a brand confirm that its action plans are realistic and on the right time line? How are faults within international operations identified, and what adjustments are consistent with good business practices?

Clearly, when expanding internationally there is great value if good information and benchmarking indicators are available to help franchise brands and their multi-unit operators reduce uncertainty and mitigate risk. Having a source for capturing and analyzing international information will allow franchise brands to make better decisions on which countries to penetrate, how to find and provide better support services to their overseas partners, and ultimately ensure that development plans, operational performances, and ROI are in line with the current business plan.

As with most research projects we work on, we begin with the end in mind. What business decisions will be made for which reliable information would help? It seems that they fall into three categories: whether to enter a particular country, how to measure if operations are in line with best practices, and if performance is in line with maximizing outcomes over time. Next comes identifying the right information to collect, using consistent definitions for that information, and creating the right win/win relationships with the people who have the information (including addressing confidentiality of the information from private sources).

FRANdata is teaming up with Bill Edwards, founder of Edwards Global Services (see page 54), to tackle this information gap in international franchising. Our two companies, along with Josh Merin, director of international affairs at the IFA, are beginning work on an international database to answer these and other questions.

We started by identifying what type of information franchisors have, and what information would add the most value for business decisions. This led us to the following key information we're using as a starting point to compile data on U.S., international, and local country franchise brands by country.

1) System level: number of franchise units, number of master licensees, initial unit investment (franchise fee, royalty fee, marketing fee), number of multi-unit franchisees, start date of doing business, franchisee finance options, number of unit closures, franchisor revenue, franchisor international expenses, percentage of franchisees that are local/international, and supply chain solution.

2) Corporate/master franchisee level: pre-entrance expenses, taxes and tariffs, lead generation for franchise development, and operational support expenses.

3) Unit level: initial investment costs, construction costs, real estate terms, COGS and labor costs, other ongoing expenses, average unit revenues (by product line), breakeven timeline, and profitability.

Capturing, analyzing, and providing international information is a big undertaking and will take time, but what a goal to have: information addressing the operational benchmarking needs of mature brands and go/no-go information for first-timers considering whether to make the leap overseas.

One of the franchise community's greatest attributes is its ability to work together when the benefits are clear. Collaborating to create an international database of reliable information, with the proper confidentiality controls that FRANdata uses in all its research work, will provide everyone with the ability to not just say they are a global company, but to *show* they are a successful global brand. ■

Darrell Johnson *is CEO of FRANdata, an independent research company supplying information and analysis for the franchising sector since 1989.* **Eric Simon** *is senior business intelligence advisor. They can be reached at djohnson@frandata.com, esimon@frandata.com, or 703-740-4700.*

International

BY WILLIAM AND HEATHER EDWARDS

Going Global – Socially

Social media use varies by country

Increasingly, U.S. franchisors are using social media sites to build brand awareness, attract new customers, focus marketing on their ideal customer demographic, and even to recruit new franchisees. In the U.S., the primary social media platforms used for these purposes are Facebook, Twitter, LinkedIn, YouTube, and Foursquare. Some of these sites are also important marketing opportunities in other countries. This is especially true in emerging markets with fast-growing numbers of middle-class consumers who we want to be customers at our franchise outlets in their countries.

This article examines social media use by the franchise sector in the U.S. and in other countries where U.S. franchises are growing. We will see some major differences in social media use outside the U.S. and Canada.

In December, *Franchise Update Sales Report* ran an article about a survey on social media marketing benchmarks that clearly showed the pluses and minuses of social media for franchise businesses. On the plus side, this tool can build brand awareness and focus a consumer on what you specifically want them to see about your brand. Challenges include maintaining and managing the content, using high-quality videos online, and marketing to the right customers.

An April 2013 article on the role of social media in small businesses (read franchises) on the Fox Business website stated that more than 25 percent of small businesses plan to invest more in social media, and that 40 percent of the 1,200 small businesses polled say they have already seen a return on their investment in social media.

Writing on FranSocial in February, Paul Segreto stated that the ROI of social media for franchisors is building relationships and a consumer community. Social media allows customers and potential customers to see how a business works and builds a customer experience, if done properly. An article in *Entrepreneur* magazine following the 2012 IFA convention stressed the value of social media to franchise brands such as Painting with a Twist and Nothing Bundt Cakes to get their message out to customers. Since then the value of this marketing tool seems to have grown exponentially in the U.S.

Global Internet penetration is 35 percent, social media use 26 percent, and mobile phone penetration 93 percent of the population.

Outside the U.S., the use of social media is both similar and different. The website wearesocial.sg indicates that of the 7.1 billion people on this planet, there are "only" 2.5 billion Internet users, 1.9 billion social media users, and 6.6 billion mobile phone subscribers. Viewed another way, global Internet penetration is 35 percent, social media use 26 percent, and mobile phone penetration 93 percent of the population.

Facebook. Seventy-five percent of Facebook users are outside the U.S. About 50 percent of the population in Australia, New Zealand, Dubai, Singapore, Turkey, Chile, Canada, and Taiwan use Facebook. More than 25 percent of the population in Indonesia, Eastern Europe, South Korea, Thailand, Brazil, Peru, and Germany is on Facebook. In the U.S., 55 percent of the population are on Facebook.

YouTube. Eighty percent of YouTube traffic comes from outside the U.S., and this social media venue is localized across 61 languages. The U.S. is not even in the top 10 countries for YouTube use.

In many emerging countries, broadband Internet is much more available on mobile devices (largely smartphones) than in a "fixed" mode in businesses and homes (see chart). Cellular service and texting are fairly expensive, but smartphones have at least basic Internet access. Smartphone social media sites are used to communicate with friends and family, to tell people where you are going, and even to recommend stores and restaurants in real time. Of India's 1.2 billion population, only 137 million are Internet users, of whom almost 50 percent are using social media. And there are 934 million mobile subscribers. Mobile social media is the way to capture the Indian consumer.

Eighty-four percent of Indonesian Internet users use social media to stay in touch with family and friends. Twenty-

	North America	South America	Western Europe	Eastern Europe	Middle East	Africa	Southeast Asia	East Asia
Mobile penetration by region	101%	124%	129%	151%	112%	67%	109%	92%
Internet penetration	81%	47%	78%	54%	37%	18%	25%	48%
Social media penetration	56%	44%	44%	33%	24%	7%	26%	43%

Source: wearesocial.sg

four percent of Indonesia's population are Facebook users—62 million people. There are 240 million people in Indonesia and they have 290 million phones! Other countries that heavily use mobile social media sites to communicate with each other are Turkey, the Philippines, Chile, Malaysia, and Brazil. There are 328 million mobile phones in the U.S., 868 million in India, 268 million in Brazil, and 107 million in the Philippines. Tapping into this *mobile* social media phenomenon could result in a good ROI for franchisors as the way to reach a very fast-growing middle class with discretionary income.

Twitter had approximately 310 million users worldwide as of March 2014. The top 10 Twitter markets hold 70 percent of its global users. In the top 10 are Indonesia, Brazil, Turkey, and Mexico.

LinkedIn has a growing presence worldwide as a site/tool for doing business. With more than 250 million users worldwide, LinkedIn's most active countries are the U.S., Brazil, Japan, the U.K., Canada, and Singapore. While "only" 3 percent of India's population use LinkedIn, this represents 33 million users!

So what about China, where Facebook and YouTube are not allowed to operate? There are an estimated 370 million social media users in China on the Sina Weibo site. More than 80 percent were born after 1980, and their estimated income is as large as the total GDP of Italy ($260 billion). Weibo users purchase more than 50 percent of the goods and services in China. And while only 3 percent of China's population uses LinkedIn, again 35 million people! These statistics indicate that social media has huge potential for U.S. franchisors doing business in China.

Well-managed and carefully focused social media in high-Internet-user countries is an excellent way for franchisors to market in real time to the middle- and upper-class consumers who are likely to become customers. While this is an opportunity for social media–savvy U.S. franchisors to attract customers around the world where they are developing stores, it is extremely important to manage the content and message of local sites that relate to your franchise. Your sites must be "mobile friendly" *and* "local." It can be a challenge to manage the content of local Facebook pages when you are 12 time zones away and do not speak the local language. But Brazil, China, India, and Indonesia have more than 600 million middle- and upper-class consumers waiting to buy what your franchise has to offer! ■

William G. Edwards, *CEO of EGS, LLC, has 40 years of international business experience, and* **Heather Edwards** *is a research associate at EGS. He has lived in 7 countries and worked on projects in more than 60. He has been a master licensee in 5 countries, in charge of international operations and development for a U.S. franchise, and has advised more than 50 U.S. companies on international development. Contact him at 949-375-1896, bedwards@egs-intl.com, or read his blog at edwardsglobal.com/blog.*

It's closing time

BY STEVE OLSON

Valid(ation) Concern

Tune up your process to improve sales

Franchisee satisfaction and unit profitability are the essentials for brand development success, according to more than 100 brands participating in Franchise Update's 2014 Annual Franchise Development Survey. (The three other keys for brand growth, in descending order, are: quality prospects, the salesperson, and the sales process.)

It's no surprise that buyers' decisions are greatly influenced by their conversations with franchisees. They're in the trenches operating the business. It doesn't matter how talented and persuasive the salesperson is—poor validation will kill deals, and rightfully so. Boom! Just like that and a once-supercharged prospect can deflate to nothing, instantly bailing out of your process.

• **Stop selling when your model isn't working.** Shut down your franchise program if you continue losing deals through poor validation. Then make the needed changes to revitalize your franchisee success. Unfortunately, this doesn't always happen when it should, and brands burn more marketing dollars, frustrate their sales team, and further cripple their system.

• **Why aren't you selling more when your validation is working?** Surprisingly, I have witnessed brands that boast strong franchisee satisfaction losing deals! One may wonder, "How this can happen?" Usually it's a case of not knowing how to prepare and educate prospects for their franchisee calls, key to getting critical information to help make an informed decision. Another common recruiting error is not knowing how to prepare—and show appreciation—for franchisees taking the time to participate in the buyer's validation process.

• **Help the buyer feel comfortable and set expectations.** Lay the necessary groundwork and guide candidates before they make franchisee calls. Provide tips on how to make their interviews most meaningful, and what questions they may want to ask. Buyers appreciate a systematic approach for validating franchisee satisfaction. Give direction so they'll gain insights about owner information that's important to know in operating your franchise.

• **Add this winning approach to your validation process.** Here's a great way to introduce the validation process that will help candidates better evaluate their interest levels and suitability as owners in your system:

"Like any organization, we have three groups of owners: the star performers at the top; the mainstream franchisees who do well; and those who are struggling. The critical questions for you are, Which group will you identify with? Which appear to have personalities, skill sets, and business characteristics similar to your own? Who strikes you as the type of owner you see yourself being? If you happen to speak with someone facing difficult challenges, try to find out what the problems might be. If the owner says, 'I just don't have time to get out and market in my community,' or 'My employees keep quitting on me,' this tells you something doesn't it! What can you learn about the successful operators? A key decision for you is your belief that you can be part of this group."

• **Provide questions that matter most.** Often your prospects won't know what relevant questions they should ask to get the most out of their conversations with franchisees. It's your role to provide suggestions that will make their validations most meaningful. Here's a sample of questions to offer prospects that will help them better evaluate the satisfaction and success levels of owners they speak with:

• Why did you choose this franchise in searching for a business?
• What was your previous background?
• How was your initial training?
• How is ongoing support and marketing?
• How do you stand up against your competitors?
• What do you like about the business?
• What don't you like about the business?
• How are you doing? Are you meeting your expectations?
• How helpful was corporate in assisting you with site/territory selection?
• What are the keys to success in this business?
• How has your overall experience been as a franchise owner? Would you do it again?
• What one piece of advice can you give me in considering this franchise?

Prospects must speak with at least five franchisees. Successful owner validation opens the gate to Discovery Day visits at headquarters. To get real value from their investigation, a prospect should speak with several franchise owners, both strong and struggling ones. As a sales executive, it always surprised me that people investing their savings and family futures would try to shortcut their call assignments. Contrary to what a naive salesperson may think, this is certainly not a sales blessing… and it could come back to bite you! ■

This is an excerpt from my Amazon.com best-selling book, Grow to Greatness: How to Build A World-Class Franchise System Faster. *For ordering information, go to www.growtogreatness.net. I can be reached at 562-856-1909 or stevenolson@charter.net.*

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