

# Franchise

BUSINESS INTELLIGENCE FOR GROWING FRANCHISORS

Q2 | 2018



# update

## THE TECHNOLOGY ISSUE

Your annual guide to using digital technology to grow your system

### Subway Reboots

Interview with  
Chief Digital Officer  
Carissa Ganelli

### Digital Marketing Tech

Making the most of  
emerging technologies

### Technology Guide

10 suppliers who want  
to solve your problems

### International Growth

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# Franchise update

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**SEND ARTICLE INQUIRIES TO:**  
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**FRANCHISE UPDATE MAGAZINE IS  
PUBLISHED FOUR TIMES ANNUALLY**  
Annual subscription rate is \$39.95 (U.S.)

**SUBSCRIPTIONS**  
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## From the editor's desk

BY KERRY PIPES

### Tech Tools of Tomorrow

The mantra among franchise consumer marketing pros these days goes something like this: employ the latest technologies to find and attract customers, engage them through social media and content marketing, build loyalty through reward programs, measure the results, and tweak. A similar formula holds for franchisee prospects: find, attract, engage, and move them through the sales process, also aided by ever-improving digital tools. And did we mention using behavioral and online data to predict behavior and improve targeting?

It's more complicated than that, of course, and the devil lies in the details, but that's essentially how it goes these days... which is why we've devoted this issue to examining how brands are relying more and more on technology to recruit and support franchisees and to attract and retain customers.

First up is a story about the critical role technology is playing in Subway's ongoing turnaround effort. Our interview with Carissa Ganelli, Subway's chief digital officer, digs into how Subway is using technology to regain its momentum. This March, Subway introduced a new digital loyalty program, integrated into the brand's CRM platform and other customer-facing and back room systems. Here's a unique chance to peek into the inner workings of how a major brand is navigating today's technological seas. Hint: It's not easy making changes to a 44,000-unit ship with more than 21,000 franchisee passengers.

In another feature, we asked franchisors, a franchisee, and a marketing resource management expert where marketing technology is today—and where it's headed. Their responses covered email campaigns, e-newsletters, social media posts, online videos, online display ads, and more. One key takeaway: No matter how good the technology is, it must be easy to use—for both franchisees and corporate staff.

We also asked two CMOs to share how they create online ads that engage customers, build loyalty, and produce the desired results. See what the CMOs at Real Property Management and Club Pilates have to say about content, clicks, and behavior.

We couldn't write an issue about technology without recognizing the ongoing dangers of relying so heavily on digital and online strategies. We asked three attorneys who specialize in computer-related legal issues to provide an overview of the key areas franchisors must watch for regarding cybersecurity and customer privacy laws. Can you spell PCI-DSS? GDPR? Okay, just say data breach.

As a footnote to this issue, let me encourage you to attend this year's Franchise Consumer Marketing Conference in Atlanta, June 19–21. Many of the leading minds in franchise marketing will be on hand to talk about how technology is being used increasingly at all levels of business. One session will examine how geo-fencing, beacons, and other emerging technologies can be used to bring more customers to your brand. Another session will explore new and innovative tools for marketing support, and how many of these technologies can improve both your consumer marketing strategy and your system-wide results.

As technology continues to change the face of franchising, each of us must decide if we want to be ahead of the curve (and the competition) or behind it. ■

# Leadership

FRANCHISE LEADERSHIP AND MANAGEMENT

## **6 Subway Reboots**

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MULTI-UNIT OPERATORS  
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**Jeff Baldwin**

**VP of Development and Franchise, Donatos Pizza**

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BY EDDY GOLDBERG

# Digital Doyenne

## Carissa Ganelli leads Subway's digital transformation

**Y**ou'd need to look hard and long to find a more passionate Subway fan than Chief Digital Officer Carissa Ganelli—and that was *before* she began working there.

"When I was pregnant with my second child I craved turkey footlong sandwiches with extra olives. I would eat half for breakfast and then half for lunch for months. That was 11 years ago, and I've only been here 2 years," laughed Ganelli, who joined the company in May 2016 as vice president of marketing technology. Today, she says, "I'm on a first-name basis with my local franchisee."

She's also leading the company's two-year-old initiative to revamp its global digital strategy and transform the customer experience from stem to stern. In June 2016, Subway announced the launch of a new division called Subway Digital, working with Accenture to integrate its digital tools and build "a comprehensive omni-channel strategy and implementation support team to enhance engagement and build loyalty," according to the announcement.

For Ganelli, omni-channel translates as distributed commerce. "There was e-commerce, then m-commerce, so I call it d-commerce for distributed commerce. The idea is I want to be anywhere a consumer is, so that when they're hungry they can order a sandwich at any touchpoint," she says. "Consumers' expectations have changed. They expect things to be personalized, they want what they want when they want it, and for the price they want to pay for it."

Promoted to chief digital officer in July 2017, Ganelli is a key leader in Subway's effort to transform itself after years of de-

clining sales, traffic, and a host of other woes we won't bother to re-enumerate here. With roughly 44,000 restaurants and 21,000 franchises, this is about what Subway's doing today on the digital front to turn the Ship of Sub around.

"Two years ago," says Ganelli, "when we embarked on a whole brand transformation effort we took a look across all elements of the company and said, 'What



needs to be refreshed?' The decor in our restaurants, our branding, our new visual identity, our voice in our social media platform? We took a new, fresh look at all of these things." The initiative also included integrating the brand's POS system, email program, remote ordering, in-store kiosks, app, and loyalty program.

So what was wrong with the old loyalty program? "We had a great loyalty program before," says Ganelli. "Our members really loved it, but we were in only one-third of the markets in the United States." The new program, which went live in the U.S.

and Canada in March, is now available at all 28,500 stores in the two countries.

Her goal is for every Subway customer to be a member of the new MyWay Rewards program. "There are over 100 million people in the United States who consider themselves Subway customers, and there's no reason there shouldn't be 100 million loyalty members," she says.

Key goals for the revamp were customization, personalization, and convenience. Another was to make it simple to join. Customers can sign up in the store, online, or through Subway's mobile app. To receive offers tailored specifically to them, members must provide additional personal information.

"The only requirement is your email address. I'm all about customer focus and frictionless and want to make it as easy as possible," says Ganelli. "I'm a consumer and I don't want to give away a DNA sample and the names of my children just to get a free cookie." However, providing your birth date is worth a free cookie on your birthday. "But we don't require that," she says, "because again, we're putting the customer first."

The MyWay program has several new components. One is that it automatically issues rewards, so a member doesn't have to do anything to redeem their points. Another is a cash value reward, instead of limiting redemption to a free coffee or chips, for example. "When you reach 200 tokens you'll get a \$2 reward certificate that you can spend on anything, and that goes to the personalization aspect," she says. "You want a breakfast sandwich? Knock yourself out. Want a salad? Go for it. We are really, truly trying to make it as easy as possible for consumers to be rewarded."



### The challenge of change

In addition to the back-end technical challenges of developing and integrating new customer-facing digital programs, the initiative required company-wide collaboration and communication and, importantly, working closely with franchisees.

"I don't want to minimize this. It's a huge organizational shift for many companies, and Subway is not an exception," says Ganelli. "The digital division here at Subway was brand new."

Faced with a set of challenges requiring additional resources, she called in professional help to augment her in-house team. "We were really fortunate to partner with Accenture," she says. Accenture consultants helped set up the new digital division, reporting to the former CIO and Ganelli. The consultants, she says, all experts in their domains, had created the Best Buy and other world-class loyalty programs, and had developed some of the best-in-class mobile apps.

Subway has been able to leverage that experience, and some of the Accenture consultants decided to stay, says Ganelli. "Our global head of loyalty comes from the Hilton Honors program, and her second-in-command comes from the Virgin Atlantic loyalty program. My mobile apps product owner developed the keyless entry app for Starwood. And that is the power of what we're trying to build here; it's the power of the Subway brand and what we're trying to achieve with our brand transformation effort that could attract the caliber of these people."

### Sync or sink

"I like to think of myself as an orchestra conductor, says Ganelli, "because what I'm really doing is pulling in the wind section with the brass section with the percussion section to make sure that the piece of music sounds like a symphony, and not a Tiny Desk concert." Making that digital music sing required setting processes in place and ensuring that everyone involved was playing the right notes at the right time.

"You need to make sure you're in sync with different development cycles. We did have some challenges," says Ganelli. For example, she explains, if one area of the company was doing Waterfall development and the mobile app team was doing Agile development, "How do you evolve those dev cycles, how do you sync up when something is done in one area and then they have to do a handoff in mid-sprint?"

**"Subway's been around for 52 years, and we're going to be around for another 52, and another 52 after that."**



Even with all that expertise on hand, this still can be tricky. "I'm not going to lie, we are still working through some of that. But everyone being behind these efforts has gone a long way to make it run more smoothly. So when you ask about which different departments, you name it and we have worked with them."

Speaking of smoothly, she had to ensure that when a customer scanned their loyalty card or used their phone app at the point of sale, the messaging on the sandwich maker's screen included not only the order, but also any customized rewards, coupons, or deals that individual was due—based on the personal data they'd supplied—which is stored in the company's CRM system—and that the customer data was protected through encryption and used only to provide each loyalty club member with a personalized experience every visit—even during the busiest lunch hour. There's more, but you get the point. Not a piece of cake.

The email program also had to be integrated to ensure that when a My-Way member earned a reward, the program could send them an email (if they'd agreed). "They might want to engage with us through SMS or push notification, or just see their rewards in their dashboard in the app," says Ganelli. "We give that flexibility to them, so all of those touch-

points have to be coordinated."

Beyond the technology challenges, she says, "The franchisees were architects of pretty much everything that we are doing in digital, not least of all the loyalty program. So from Day 1 we convened a loyalty advisory panel. And it was everything from 'What do you think about these features and benefits?' to the reporting."

Ganelli says her own entrepreneurial background was a huge plus in working with the franchisees because she still thinks like an owner. "We had mocked-up versions of reports and shared them with our advisory panel and said, 'Is this intuitive? If you were going to look to see how many redemptions you did this week, can you find it?' That was truly valuable, and it's been incredibly rewarding to have so many people involved."

As the founder and former CEO of LightningBuy, a mobile commerce platform startup, Ganelli says her focus on the bottom line has helped her view things through the lens of the franchisees: "Does it increase costs? What is the ROI? How can we operationalize it through the field? You cannot minimize the details around the operationalization of any of the things we're trying to do. Is it driving business? Is it driving traffic? Are we meeting the needs of our franchisees?"

All that, plus having to raise money for her startup, "only helps when you're trying to get franchisees to get on board with your program," she says. "Subway was founded by an entrepreneur, and our biggest internal customers are a network of tens of thousands of entrepreneurs."

### Subway 2070?

So what does the digital future hold for Subway? The possibilities are practically endless, and Ganelli is enthusiastic about emerging technologies and their potential applications for the brand. "There are technologies that are available today that I'm not sure are going to get wide consumer adoption. But I notice them and they're on my radar screen, and we potentially are planning for some of those," she says.

"I have a team of people and that's what we do: we look at trends, we go to trade shows, and we start planning for the future because we're going to be there. Subway's been around for 52 years, almost 53—and we're going to be around for another 52, and another 52 after that." As we said at the beginning, you'd have to look long and hard to find a bigger fan. ■

BY KERRY PIPES

# STARTING WITH WHY

SpeedPro's new CEO has big plans for the brand

**L**arry Oberly, president and CEO of SpeedPro Imaging, knows from personal experience what it's like to be a franchisee. This provides him with an additional level of insight as he grows into his new role at SpeedPro. He's still relatively new at the brand, having started last November—and he has big aspirations for the future.

Oberly says that in his new role he's drawing on his nearly 20 years at RE/MAX, where he served as vice president of U.S. and global development. "At RE/MAX I headed growth, development, technology, and training for more than 100 countries and territories that included 3,850 offices and 54,000 agents," he says.

His time as a franchisee came in the early 1990s as a successful multi-unit Baskin-Robbins operator in St. Louis. That's where he learned firsthand about P&L statements and responsibility for marketing, sales, customer service, team development, purchasing, and accounting.

He was elected to serve on the Baskin-Robbins National Marketing Committee, where he helped create pricing models and communications programs and played a role in helping align 2,300 franchisees with the brand's goals and strategies. After six years, he says, "I sold the businesses at a substantial profit."

Oberly clearly understands the metrics of franchising and believes strongly in the brand's mission and vision. He keeps a sharp eye on sales and profits, unit economics, and ROI—and says to look for growth in the number of SpeedPro studios in the coming years. "More studios with better same-studio metrics will make it easier to reach and serve the end user and provide more muscle for our brand marketing and awareness campaigns," he says.

As a leader, Oberly says, he's open to new ideas and doesn't ever want to be the bottleneck to solving challenges. That's one

reason he makes himself available at any time with his "no-door" policy.

Oberly is a fan of author, motivational speaker, and marketing consultant Simon Sinek, who espouses two central rules of good leadership in his books *Start with Why* and *Leaders Eat Last*. "I think he's spot-on," says Oberly. "These are two good rules to lead by."



**NAME:** Larry Oberly

**TITLE:** President and CEO

**COMPANY:** SF Franchising (SpeedPro Imaging)

**UNITS:** 135+ open or to be opened

**AGE:** 61

**YEARS IN FRANCHISING:** 26

**YEARS IN CURRENT POSITION:** Since November 2017

## Leadership

**What is your role as CEO?** I have three major roles. 1) Be the face of the organization and set and communicate the SpeedPro Imaging mission and vision for the network. It's my role to think about immediate needs, but also five or more years ahead. Our regional developers and studio owners have invested in the brand, and it's my role to help them maximize the return on their investment and help ensure we are positioned to provide the best, most creative and responsive products and services to our customers. 2) Grow existing SpeedPro studio sales and profits. This goes hand in hand with the first point as we need to leverage more from what we do today and also look at innovation as an important growth vehicle for our studio owners. Without successful and growing studios, we could never achieve our collective goals. 3) Increase the number of SpeedPro studios. Adding more studios works along with better, same-studio metrics. Having more studios makes it easier to reach and serve the end user and provides more muscle for our brand marketing and awareness campaigns.

## Describe your leadership style.

I have a collaborative and consultative style. I encourage my team to set objectives and then provide the support they need to achieve them. I also like to be a devil's advocate by challenging assumptions

and pushing the outcomes with the most impact. I don't have an open-door policy, I have a no-door policy. I will almost always drop what I'm doing to answer a question or tackle an issue with the team or a customer. I don't ever want to be the bottleneck.

## What has inspired your leadership style?

First, it was my time at Baskin-Robbins as a franchisee in the St. Louis area in 1992. I learned very quickly that I wasn't going to be able to pay my employees more than the



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**Franchise Update**  
MEDIA

McDonald's down the street, but if I didn't have happy employees, they would leave me to earn even a nickel an hour more. I had to build camaraderie, culture, and an environment where my best employees would refer their friends to the company. Second was Disney. I loved the way they engaged their employees. I quickly shifted from calling my team "employees" and changed to "cast members" in my stores. This especially resonated with the teenagers on my team, and they "performed" every day for our customers. Finally, Simon Sinek. I've seen him speak at two conventions, and I think he's spot-on. "Start with why" and "Leaders eat last" are two good rules to lead by. I firmly believe in the "why" behind everything we do.

**What is your biggest leadership challenge?** Trying to persuade the un-persuaded into thinking differently, or at least with an open mind. The status quo doesn't work. Business moves too fast. I like to push and engage. This gets people talking and inspires action. We usually end at a common ground, although it doesn't always appear so in the beginning.

**How do you transmit your culture from your office to front-line employees?** Our home team is located Centennial, Colorado. There are only 16 of us. Our front line is our entrepreneurial studio owners and their team members. Most of what I've done in my first months is travel to as many of our markets and locations as possible. I'm going to continue to learn the business, the challenges, and the opportunities as I continue to travel to our studios. I'm absorbing the culture and learning what works and what needs to be improved for the future. I'm doing, on average, one webinar every three weeks for our regional developers and our studio owners. These webinars are geared toward sharing ideas and providing education in the attempt to reach common understandings.

**Where is the best place to prepare for leadership: an MBA school or OTJ?** I think both are important. I feel my MBA education helped add to what I had already learned and gave me a new set of tools that I would need after I sold my Baskin-Robbins stores and joined RE/MAX in the corporate franchise operation. I feel the transition would have been much more difficult after stepping away from the "office" for the six years I ran my BR stores. My advice to aspiring leaders would be to first get an undergraduate degree, then work in your

first "real" job or two. Then go back for the MBA. That timeline really worked for me. However, the experience and benefits will be different for each person.

**Are tough decisions best taken by one person? How do you make tough decisions?** Harry Truman once said, "The buck stops here." That's fine on the surface, but I like to collaborate as much as possible, to diagnose problems and not just treat symptoms. Usually the identification of the issues and the options and solutions come from the team. My role is to challenge the assumptions and perhaps apply past experience. After vetting all the options, it's my role to make the final decision.

**Do you want to be liked or respected?** I never really liked this question. It reminds me of interviewing for some of my first jobs back in the day. The interviewer would ask, "Are you a thinker or a doer?" I think as the role changes as one goes up the ladder, so to speak, the needs and perspectives change too. One can be liked by everyone on the front line. But it's really hard to continue that type of relationship at different positions. Respect is an absolute necessity in business. Having close, personal relationships is a bonus. I always still try to go for the bonus. I like to get to know the people I work with and serve at a deep, personal level.

**Advice to CEO wannabes:** Don't give up, keep learning new skills, and keep networking. I had aspired to earn this opportunity for many years. After 19 years and many promotions at RE/MAX, I had to accept the fact that I wasn't going to be the next president. However, I always treated what I did as if I was and used that mentality to stretch and push myself. I engaged in other activities such as teaching franchising and entrepreneurship and taking franchising classes to further sharpen my skills. I attended the IFA conventions to learn and network. I'm blessed I was given the opportunity at SpeedPro Imaging and hope to make a positive, meaningful impact on the organization.

## Management

**Describe your management style:** I manage by example. I'm present, I'm engaged, and I'm all-in—always.

**What do you think makes up a good**

**management team?** Everyone wants to make a difference. They want to and can work within a team environment, building synergy and demonstrating positive thinking and actions; thinking team first, yet working effectively on one's own.

**How does your management team help you lead?** They communicate very well. And when they see challenges to be addressed, they come with solutions. We work cohesively as a single unit as much as possible, all with the same goals. I've been on the job for less than half a year, so the team and I will get to know each other even better. I look forward to the time when we're finishing each other's statements and we can look at each other and read each other's minds. That comfort level with each other allows for frank, open discussion and brainstorming.

**Favorite management gurus: Do you read management books?** I really connect with Simon Sinek. He's my hero from a leadership perspective. I like that he's young too. That adds to the difference in how he and I look at business, which I think is very healthy. I mix reading books with reading periodicals, listening to podcasts, and watching inspiring YouTube videos. My favorite magazines are *Entrepreneur* and *Success*. I listen to "Freakonomics" and TED podcasts when I run or am waiting for a flight. I always get interesting new ideas from those. Several of the books I read come from listening to TED speakers. For pure entertainment, I listen to the *Stuff You Should Know* podcasts. Monday through Friday I watch a video series called "Daily Mentoring" by Darren Hardy, who usually has some excellent ideas and tips in a compact two- to six-minute format. Books that have helped me be who I am include *Think and Grow Rich* by Napoleon Hill, the Steve Jobs biography, a few biographies of Walt Disney, John Wooden's *Wooden on Leadership*, and *Grit* by Angela Duckworth. For fun, I've really enjoyed *Traffic* by Tom Vanderbilt and *Ten Men You Meet in the Huddle* by former NFL lineman Bill Curry. My new favorite topic of study is behavioral economics, which I was introduced to by the TED podcasts. I really enjoyed the book *Predictably Irrational* by Dan Ariely.

**What makes you say, "Yes, now that's why I do what I do!"?** I love being emotional about business. Good decisions, good actions, good results, and good people—all are worth yelling about.



## Operations

**Are there any trends in the printing industry that you foresee having an impact on SpeedPro?** Ha! Change is coming. New printers, faster and bigger. New media and materials. New applications and new shapes, perhaps applying print where we haven't before. Perhaps even new regulations and rules that might limit today's printing, yet open opportunities elsewhere. Then there's digital, the e-form of printing, which is always developing. I'm not sure if we're at a stage of increased consolidation, but perhaps so. I could see M&A activity becoming a bigger issue in the future. Finally, being innovative and leveraging new opportunities is critically important to the future. We're engaging our studio owners to help us look at market trends and try to be on the front foot, leading the changes.

## Personal

**What time do you like to be at your desk?** I like the early mornings, usually before most of the team arrives. I call it "my time," and it truly is my time to work on projects. I feel that the time during the meat of the day is for my team and my customers. I want to be available to their needs. I believe in being a servant leader. I'm primarily here for others. By scheduling my time as I do, I can be there for them.

**Exercise in the morning? Wine with lunch?** I love a lunchtime run on a gravel trail or some strength training. This is why I love Colorado so much—there are trails everywhere. Exercise over the lunch hour is my time to recharge and free up my time at home with my wife and son. A drink with lunch, rarely, and certainly not while I'm running!

**Do you socialize with your team after work/outside the office?** As much as possible. I always have, ever since my Baskin-Robbins days. Back at BR, we'd have parties at our home including several interesting games that my cast members created. The one I most remember is a team of six would each be given a number. Then someone from another team would shout out a number like 423,453, and the six had to order themselves in a line to show that number in the fastest time possible. It was so much fun seeing the teens crashing into

each other to win. At RE/MAX, the team always celebrated big wins, and we were also big on hosting each other in our homes. When new global master franchises came to Denver for training, we'd often have a welcome reception at my home and the team always attended. It was a great way to build relationships. At SpeedPro, I joined a very close and engaged team that found reasons to socialize nearly weekly. It's taken what I've experienced and made it even closer. Whether we take a late Friday afternoon in the office to have a laugh or two, or go tubing down a mountain slope, it's great to continually bond with each other.

**Last two books read:** I think I answered this above. But, I will say that I've really enjoyed the recent series on being a CEO on the "Freakonomics" podcasts. They've been educational and entertaining. I'd recommend them to any economists or entrepreneurs.

**What technology do you take on the road?** My iPhone 7 Plus and my MacBook Pro. I gave up a tablet about a year ago and don't miss it. I travel with an AT&T hotspot and Bose noise canceling earbuds.

**How do you relax/balance life and work?** I have no problem relaxing. I can turn it off, even when I'm responding to emails over the weekend. It's never bothered me as I feel it's necessary to be responsive. If someone in the organization has a need, I want to be able to quickly address it. Nevertheless, I do enjoy my evenings, weekends, and vacations. The adage of "work hard, play hard" is certainly part of my life. Balance really doesn't exist. I agree with Darren Hardy on that after hearing his take on the subject just a week ago. I like business and make it personal so it's fun and energizing. I'm not a big doer on the weekends for personal stuff, but as a family we love to travel and do big trips. We like to focus on the quality of what we do, rather than the quantity.

**Favorite vacation destination:** Bermuda. My wife and I were married in Bermuda, and we've taken our son there for our 5-, 10-, and 15-year anniversaries. In fact, on our first date, my wife asked about my favorite place. I answered Bermuda. I'd been there twice before. She cruised there often as a nurse with Royal Caribbean, and after living there one summer between cruise contracts it was hers as well. This year, we're planning a family vacation to Italy—our son's choice.

**Favorite occasions to send employees notes:** Anytime. I'll admit that I'm not as consistent as I plan. I seem to send in spurts, recognizing successes and major events for a few months. I'm working on improving on this.

## Bottom Line

**What are your long-term goals for the company?** Ultimately, I want to build the SpeedPro network into an even higher-performing group of happy franchisees, growing the fastest in same-studio sales in our segment. Profitable franchisees generally make happy franchisees. To do this we need to work well together, focused on the same goals and working cohesively to leverage the right strategies and initiatives. We have plans in place to effectively build future strategic plans together.

**How has the economy changed your goals for your company?** I always believe in running a company with the worst headwinds ahead in mind. Don't get sloppy, don't spend needlessly, and stay focused on doing the right things at the right time.

**How do you measure success?** It's never done, right? Success is in degrees. Personal fulfillment is most important. I think the best measure of success is seeing it through the eyes of others. I love when my wife, son, and team all succeed. It makes me a proud husband, father, and team leader.

**What has been your greatest success?** I'd like to think that I've helped thousands of people have a better life. I've worked with tremendous employees, cast members, team members, partners, and customers, and it's been a great ride. What I'm most proud of is how many of the people I've worked with have achieved amazing things both personally and professionally. It's satisfying to think about all of the people I now have great personal relationships with.

**Any regrets?** Never. It's been a great career and a great life. Let's keep rolling.

**What can we expect from your company in the next 12 to 18 months?** The two leading expectations are growth and innovation. We'll do both. We'll focus on existing studio sales and performance and look at innovative and new opportunities to give our customers more products and services to choose from. ■

BY KERRY PIPES

# OVERCOMING ADVERSITY

Window World CEO Tammy Whitworth carries on

**L**ife was full of promise when Tammy Whitworth and her husband Todd launched their first Window World franchise location in 1999 in Wilmington, North Carolina. They had a great partnership: she ran the office and installation crews and Todd handled the selling. In 2007, they bought the company from founder Leon Whitworth, Todd's father,

and created Window World Cares, the brand's charitable arm. Everything was looking up. But the next year, the first of three misfortunes struck.

In 2008, they went through the anxiety and stress of the premature birth of their first child. Two years later, Todd died unexpectedly at the age of 40. "I became a CEO overnight after the passing of my husband,"

says Whitworth today. "I was a mother of three children. So when I became CEO, leading this company was something that I felt very strongly that I had to do, that I wanted to do."

Whitworth chose to carry on both personally and professionally and excelled at operating the company in the first years following her husband's death. Then she was diagnosed with breast cancer. She battled and defeated the disease.

Whitworth could have allowed personal tragedy and adversity to crush her, or she could choose to stare it down and use the hardships to make a difference in her world. Facing these struggles, she says, made her stronger and she has thrived at the helm of Window World. Under her leadership, Whitworth has moved the organization to a franchise model to create consistency within the Window World family, established world-class training for franchisees, and formed an advisory board.

Despite the challenges, Whitworth's mission has remained focused on steering the company toward success, adhering to fundamentals, and keeping the core values of the brand and its family approach intact.

Today more than 200 Window World locations are open across the country. Whitworth says the brand is now expanding westward and focusing on franchise growth and development in those markets. "As we continue to set the bar even higher in our industry, our focus will remain on offering the best products available, fostering our franchise locations, and taking care of customers at the highest level possible."

**NAME:** Tammy Whitworth

**TITLE:** Chair and CEO

**COMPANY:** Window World

**UNITS:** 200+

**AGE:** 50

**YEARS IN FRANCHISING:** 7 (converted to a franchise model in 2011)

**YEARS IN CURRENT POSITION:** 8





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## Leadership

**What is your role as CEO?** It's not easily defined. I'm in the office three or four days a week, so I rely on our president and a very capable team of individuals to oversee the day-to-day activities. My responsibility is to focus on overall strategies and long-term goals and visions. I'm also committed to keeping the company in line with our core values and the Window World history of giving back.

**Describe your leadership style.** Very inclusive. I learned early on that I needed to surround myself with an intelligent and capable staff, which I have done. I make it a point to ask my team for opinions and advice, and I give their views careful consideration before I make the final decision.

**What has inspired your leadership style?** Being part of Window World from day one has inspired me to love this family. Seeing members of our company grow and progress through the ranks is inspiring. And it is their unyielding drive and commitment to bettering themselves and their communities that inspires my own leadership style. We have a great system of people within this company, and I need only look among them for inspiration in my own life.

**What is your biggest leadership challenge?** Home improvement is a male-dominated industry. And while many people may consider it odd to see a female CEO at the helm of the nation's largest exterior remodeling company, I consider that distinction to be an opportunity rather than a challenge.

**How do you transmit your culture from your office to front-line employees?** Again, I go back to that family atmosphere. When I'm in the office my door is always open. I don't want anyone to feel tense or guarded around me. Everyone in the corporate office knows they can ask questions and share their concerns with me. That mentality spreads throughout the entire system and is shared with our store owners and their teams. Furthermore, we make an effort to arrange trips outside of work for our entire staff. It is an excellent opportunity for store owners, office staff, and corporate employees to get to know one another better, and it helps break down the barriers that can spring up between the corporate office and our stores.

**Where is the best place to prepare for leadership: an MBA school or OTJ?**

Regarding my own experience, I hit the ground running from day one. I've been with Window World since early on and actually started working in our Wilmington, North Carolina, store. So I've done nearly everything that could be asked of our general staff. While an MBA can certainly be of great value in the business world, there is something admirable to be said for learning about the business firsthand and working your way up the ladder one rung at a time. Our stores maintain a vast knowledge of the remodeling industry because many of our owners began their days in the business selling or installing windows. They know the business from front to back, and they know what it takes to create a memorable and rewarding experience for our customers.

**Are tough decisions best taken by one person? How do you make tough decisions?**

Tough decisions are absolutely not made by one person. I have a six-person board of directors, and every decision that is made includes them. Depending on the situation, various department leaders and executives will also be consulted.

**Do you want to be liked or respected?**

Respected—and I firmly believe that you have to earn respect. I became CEO overnight in 2010 after the passing of my husband Todd. We had purchased Window World, Inc. from his father Leon in 2007. I did not work at the corporate office at the time. I was president of Window World Cares, which is the charitable arm of the company, and I was a mother of three children. So when I became CEO, leading this company was something I felt very strongly that I had to do, that I wanted to do. But I also had the firm belief that while I deserved to be where I was and that it was the right thing for me to do, good leaders don't demand respect. They roll up their sleeves, work hard, and earn the respect they are given.

**Advice to CEO wannabes:** I didn't grow up dreaming of being a CEO, but I would say the sky is the limit. If becoming a CEO is what you want to do, set your goals and work hard. I have a 16-year-old son who dreams of taking over my job one day. I tell him almost daily that he has to work his way up; he's not just going to walk in and be handed the title of CEO. He, like every other aspiring business leader, has to

prove himself and work his way up through every aspect of the business.

## Management

**Describe your management style:** I don't ask anyone to do anything that I haven't done or am not willing to do myself. I also know that there are some things that I'm not capable of doing, or that other individuals may be better suited for. With that said, I think it's best to lead by example and not by command. Team management is a skill that you develop from listening to others, laying out clear expectations, and working with your employees.

**What do you think makes up a good management team?**

Leaders who know the importance of being a role model and creating clear channels of communication within their team. As a company, we make an effort to empower people to become leaders and managers. Internal growth is vital to our prolonged success, so when it comes time to fill a certain position we do our best to promote from within.

**How does your management team help you lead?**

They do a wonderful job of keeping me informed of the goals and timelines of their respective departments. With their day-to-day knowledge at my side, I can make informed decisions for the company. I rely greatly on them for that.

**Favorite management gurus: Do you read management books?**

I do! One of my favorites has to be *Good to Great* by Jim Collins.

**What makes you say, "Yes, now that's why I do what I do!"?**

Of course it's great to hear from a satisfied homeowner after we have completed an exterior remodeling job for them. But it's also personally moving for me when I see a store owner who uses the opportunity to make a difference in their community or family. I'm also incredibly proud of the way our company gives back. Window World Cares is partnered with St. Jude Children's Research Hospital, and it's wonderful to be able to make a difference in a child's life. We also proudly support the Veterans Airlift Command in providing transportation for wounded warriors and their families. Together, these heartwarming stories of children, employees, and veterans achieving a higher quality of life are what make my job so rewarding and meaningful.

## Operations

### Are there any trends in the home repair/exterior remodeling industry that you foresee having an impact on Window World?

Everything in our industry is evolving and becoming more digitally focused, so we're certainly making efforts to grow and meet our consumers in the digital marketplace. In terms of design trends, it is extremely important that we stay at the forefront of evolution. To keep up with the latest in home design, we've aligned ourselves with great manufacturers that work with us to offer our customers the latest and greatest in product aesthetics. We also have a strong product development team in the office that works to not only stay ahead of the trend, but to be the trendsetter in our industry.

## Personal

### What time do you like to be at your desk?

Typically, I like to exercise in the morning before taking the kids to school, or vice versa depending on the day. I'm usually in the office by 9 or so. And even though I'm not always at my desk, I'm always available.

### Exercise in the morning? Wine with lunch?

I do love to exercise in the mornings, but I rarely have enough time in the afternoon to enjoy wine with lunch.

### Do you socialize with your team after work/outside the office?

Absolutely! Whether it's coming to my house for a dinner or pool party or meeting for a fundraising event, I like to arrange things that get the office together as regularly as I can. Such events work wonders for breaking down the barriers that can arise among those who don't get to spend a lot of time working together. In my opinion, there's nothing better for getting to know a co-worker than sharing a story over the dinner table. I truly enjoy listening to the owners and staff outside of work as they talk about their families, their individual lives, or their needs from corporate.

**Last two books read:** I'm currently reading *Leading Women* by Nancy D. O'Reilly that a co-worker lent to me, which I'm really enjoying. Three of my favorite authors are Paulo Coelho, John C. Maxwell, and Brené Brown. I absolutely love Brené Brown!

**What technology do you take on the road?** I always take my phone. And depending on where I'm going, I'll either take my laptop or iPad and headphones.

### How do you relax/balance life and work?

I struggle with finding that work/life balance. Often, if I'm with my kids, I feel I need to be at work. Conversely, if I'm at work, I will feel the need to be with my kids. All in all, I think I do manage it quite well. The kids understand that Window World is what provides for us and always has. To relax, I ride and show horses. When I get on a horse's back, I'm instantly transported to my happy place. It's about the only thing that I can do that completely clears my mind from distraction. My daughter got me into showing horses, and I grew up on a farm, so we always had them around. Once my daughter began taking horse riding lessons, I joined her to be able to understand the lingo and what they were doing and why. It was then that I fell in love with horses and started showing them myself. Now it's something we do together. It's very relaxing for me, and I've become a competitor too. My other children are boys, and they've realized that they're at a greater advantage when it comes to the male-to-female ratio. So, they're always willing to go!

**Favorite vacation destinations:** I like the mountains. Blowing Rock, North Carolina is close to home, and for a weekend destination I really enjoy that. As far as beach vacations, we recently took a trip to Turks and Caicos and really enjoyed that. I especially like the British Virgin Islands. Sailing around those crystal blue waters is certainly a treat. But if I had to choose between the mountains or the beach, I would take the mountains every single time.

### Favorite occasions to send employees notes:

I prefer to send employees notes when something happens in their personal lives, rather than it having to do with business. I like to send notes that highlight big events in their lives such as a wedding or new baby, or if they get recognized for something at their church or in the community.

## Bottom Line

**What are your long-term goals for the company?** I would have to say more of the same. We are America's largest exterior remodeler, and we continually strive to do

things better than we did the day before. We want to expand product offerings, increase our national footprint, and continue to do everything necessary to deliver a remarkable customer experience.

### How has the economy changed your goals for your company?

I think we've been very fortunate. When the economy is good, people buy new houses and remodel. But when the economy is bad, they tend to keep their homes and remodel what they have. So we're very fortunate in that we get to do business in both strong and weak economies. Of course in a recession there's less money to spend, but people tend to remodel rather than buy new homes.

### How do you measure success?

By the lives we've changed. Window World gives people the opportunity to own their own business and change their entire family's lives for the better. A major part of our success is also making a difference with a child, family, or veteran through our philanthropic partnerships with St. Jude and the Veterans Airlift Command.

### What has been your greatest success?

I'm a single mom of three children and each of them has turned out to be a pretty good kid. I'm very, very grateful for that. Trying to be a role model to those kids is a part of how I measure my success as a parent. I want to teach them that happiness and success are separate from financial well-being. And I want them to strive to make a difference in the world. In terms of my career, giving people the opportunity to own a successful business and enact change in their communities because of it is something I'm proud of.

### Any regrets?

I don't have any major regrets. I think if we could all do things over again, we might do something different. But nothing major, no.

### What can we expect from your company in the next 12 to 18 months?

We're into our third decade and coming up on 25 years in business. We've been corporate partners with St. Jude and Veterans Airlift Command for 10 years. We're extremely fortunate to be the number-one replacement window company and exterior remodeler in the country, and I think we can expect more of the same for the future. Right now, we're expanding our footprint out west and focusing on franchise growth and development in those markets. ■

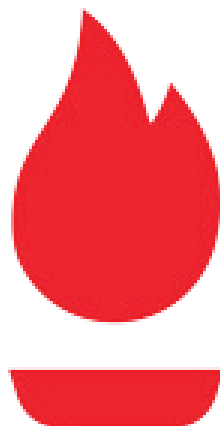
BY DANIEL LEE

# Flame Broiler Makeover

**At 23, the healthy QSR pioneer does a refresh**

**F**or more than 20 years, Flame Broiler has been known for serving simple, healthy, and delicious rice bowls at an affordable price. Recently, we chose to undergo a major rebranding, including a new logo, interior design, signage, and method of food preparation—all aimed at modernizing the franchise and improving the ordering process for customers.

Our menu features rice bowls that start at 140 calories. The bowls are made with non-GMO white or brown rice, Angus beef, all-natural chicken or organic charbroiled tofu, and freshly blanched



vegetables, topped with chopped green onions and our proprietary hot sauces. We use no dairy, trans fat, skin, fryers, or high-fructose corn syrup.

This transition, the first interior change since the brand's inception in 1995, will reinforce our focus on a simple, healthy restaurant concept with a cleaner look and feel. Most apparent is a vibrant and simplified new logo, along with dropping "The" from the original name. Refurbished interiors are also part of the rollout, and will feature an open floor plan showcasing an





# FLAME BROILER™

**SIMPLY HEALTHY**

open-concept kitchen and assembly line.

The idea behind an assembly-line style was simple: to show people what's being prepared for them. We have always been very transparent about what is served and up front about the quality of our ingredients, from the meat to the veggies and rice. Now the food will be assembled in the front, providing guests with an easy view of what's going into each order.

Every new location opened in 2017 and afterward will follow this format. Existing restaurants have been given the option to adopt the new floor plan and will gradually make the other changes. An increasing number of the new locations will also feature a drive-thru option for additional convenience on the go.

The overhaul also includes changes to a more user-friendly menu board to improve the ordering experience by offering step-by-step instructions that allow guests to build customized bowls. The new menu boards clearly display caloric content, ingredients, and the amount of

protein in every bowl and plate, in addition to the option to forgo rice and opt for all vegetables. We also introduced 100 percent recyclable bowls with a larger width for easier mixing and eating. And we updated the branding and marketing collateral, which had become too complex and a bit dated.

"Our re-branding efforts aren't only about a new look and feel," says Young Lee, the brand's CEO and founder. "The intention of these changes is to emphasize Flame Broiler's core values: serving simple, healthy food to consumers in hopes that it results in an overall healthier lifestyle."

With the brand's nearly 200 locations spread across the U.S. (California, where it was founded, Nevada, Arizona, Oklahoma, Idaho, Florida, and North Carolina) the transition will not happen overnight. New store openings are simplified, but because existing locations must move toward the changes one step at a time, it will take time for the transition to be implemented at all our locations. Kitchens must be refreshed,

new floors put in, walls painted, exterior signage installed, etc. There are many moving parts and components, making it a practice in patience for the team as the rebranding evolves.

The ultimate aim of this rebrand is to make Flame Broiler's mission clearer and to draw a new audience—along with the opportunity to develop a larger national presence. The brand is hoping to increase its exposure and make "simply healthy" food available to as many people as possible.

Our hope is that we draw more customers who can aid in the movement toward better-for-you food and meal choices—which is all we've ever wanted as a brand. We're always trying to raise the quality of what we serve, while simultaneously having minimal impact on price. We hope that one day as a result of trying our food, healthy and affordable QSR will become the status quo for what consumers demand. ■

**Daniel Lee** is marketing manager for Flame Broiler.



# Culture

## Technology & Culture

### Digital tools can help transmit your values

BY NIGEL DAVIES

**C**ulture can be defined as a set of core values that permeate a business and its people, from headquarters to the front line. While franchisees are granted the freedom to create their own internal cultures, some purposely replicate the franchisor's cultural identity for complete brand consistency. In both cases, a strong and cultivated business culture and set of core values will instill focus, arming employees with clear values and direction, while exciting and inspiring stakeholders and customers.

Eight in 10 (82 percent) CEOs and HR leaders believe culture gives businesses a potential competitive advantage, according to Deloitte's 2016 Global Human Capital Trends survey. However, the same survey also found that culture is not a well-understood concept: fewer than three in 10 (28 percent) leaders surveyed believed they understood their culture well, while less than one in five (19 percent) believed they had the "right culture."

Businesses that have managed to pin down and transform culture from an ethereal and confusing construct into a robust business strategy deserve a gold star. But they risk diluting their carefully cultivated, recognizable, and consistent brand and cultures once franchisees get involved. How can franchisors mitigate this risk and maintain their culture across the system? One handy answer is technology. According to Deloitte, "Today, new tools can help leaders measure and manage culture toward alignment with business goals."

#### Print to digital

Traditional printed internal communications, while not extinct, are at least endangered. Since they are expensive to produce on a relatively small scale and tough to track in terms of readership and response, it's easy to see why in-house magazines and newsletters are on the wane. Yet their content is still relevant. Recognizing staff

contributions and achievements, reporting financial figures, ensuring transparency, and reaffirming business values are all part and parcel of culture building.

Replacing print media are powerful intranet-based communications tools, accessible to all, working harmoniously alongside social media platforms like LinkedIn. With company news updates no longer limited to a single monthly print run, updates can occur instantaneously, engaging franchisees

Replacing print media  
are powerful  
intranet-based  
communications tools,  
accessible to all,  
working harmoniously  
alongside social media  
platforms.

and their employees daily or hourly.

In the social media age, news is expected to be delivered as it happens, and there are benefits beyond drumming up excitement and interest in company events. Sharing updates this way means reactions can be gauged in real time and readership and engagement can be tracked and analyzed. These types of metrics help HR leaders measure staff engagement, as well as check for consistencies and conflicts in company culture.

#### Tech-based training

Onboarding is when your new hires are most impressionable (or at the very least unjaded by office politics), and so a good time to promote and instill your culture and values. Many businesses are investing in cost-effective online learning software and/or producing their own e-learning videos to train at scale without any extra effort or

financial resource required beyond creating the technology.

The beauty of online training for franchises is total consistency in learning. The "student's" understanding of the company's culture and values is not affected by the "teacher's" view.

In addition, data captured through the online learning tools, such as pass rates and course attendance, allows managers to see who is and isn't engaged, and quizzes can be incorporated to ensure that your new recruits are absorbing all the information you want them to.

#### Communication systems

Culture can be harder to propagate when remote working is involved. Those water-cooler conversations can't happen, nor can the impromptu camaraderie and communication that occur in the hallway or break room. Yet innovation, collaboration, and competition can still occur, enabled by virtual platforms.

In the digital age, there's no reason franchisees or mobile employees ought to feel siloed, or why the head of customer services in Albuquerque can't speak with her equivalent in the Phoenix branch to share how a simple change saved her team 15 hours per week. There's also no reason franchisees should not learn from each other's mistakes, or share tips on staffing, lead generation, and customer service.

Free and open discourse through an intranet-based platform, where news and ideas are shared and group chats can happen, where teams collaborate on projects in real time, and where training courses can be accessed, throws open new realms of possibility for franchisees.

Through technology, employees and franchisees alike can reap the benefits of being the offspring of a bigger beast that learns from their siblings, as well as from their parents. And that willingness to share ideas for the greater good of the system, and to behave as a collective, is cultural. ■

**Nigel Davies** is the founder of U.K.-based Claromentis, a provider of intranet software used by U.S. franchise businesses to improve learning, collaboration, and productivity. Contact them at [marketing@claromentis.com](mailto:marketing@claromentis.com).



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# Data security

## Cyber-Safety First!

### Protecting the integrity of your brand

BY ERIC LEVY, EDDIE BLOCK, AND PETER VOGEL

**B**y now everyone is painfully aware that even a modest data breach at a medium-sized company can cause a world of pain. Cyber response costs alone (including reimbursing credit card companies for having to issue replacement cards) can run into the millions. There also are costs associated with discovering and fixing the breach and instituting appropriate security and administrative controls to ensure that such a breach “never happens again” (an optimistic statement, but there you have it). And once a breach becomes public, reputational costs leading to a loss of customer trust and related goodwill are impossible to predict.

In recent years, big names like Home Depot, Dairy Queen, Goodwill, Supervalu, UPS, and Wendy’s have all suffered massive, costly data breaches. Franchises are not immune from this type of reputational devastation. In fact, because of their large consumer base and the potentially decentralized nature of their IT operations, franchises are prime targets for hackers. While response costs are likely not much different than at other businesses, the reputational fallout for a franchise that suffers a data breach is potentially far worse.

Franchisors routinely require franchisees to adhere to design guidelines on the look and feel of their retail stores and often mandate that supplies be purchased from a list of reputable providers, all in the name of maintaining brand reputation. Privacy and cybersecurity should be no different. By requiring franchisees to comply with a firm set of data protection requirements and ensuring compliance through routine audits, the chances of a breach, and the concomitant reputational loss, can be greatly reduced.

Imagine that a hacker decides to target four or five Dallas-based units of a national franchise, all owned by a single franchisee. Because the franchisee’s POS devices are not compliant with PCI-DSS, the hacker is able to steal the credit card information of thousands of the local franchisee’s cus-

tomers. Once the breach becomes public (and state breach notification requirements make public disclosure a virtual certainty), the name of the franchise becomes associated with the breach—even if the franchisor did nothing wrong.

This affects not only the franchisor, but also every other franchisee whose data was not compromised because the brand takes the hit through “guilt by association.” A good PR firm may be able to help confine the negative impact to only the careless franchisee and its units, but the cost to do so may be prohibitively expensive. Moreover, the franchisor is forced to react to the situation after it has occurred, instead of trying to get out in front with preventive measures.

#### What you can do

While there is no guarantee that preventive measures, however stringent, will stop a data breach from occurring (indeed, the worn cliché is that it’s not “if” but “when”), there are several options that franchisors should consider to minimize the chances of an illegal intrusion and thus be able to credibly declare that “We did everything we could” to prevent the loss of personal information.

1) Consider centralizing credit card processing and payroll functions through a single server housed at corporate headquarters. Although this option puts the franchisor in the driver’s seat in terms of consistency of security measures, it does have the potential to magnify the effect of a data breach if the hacker penetrates that corporate server: they would then have access to customer information from *all* franchisees. Hence, maintenance of stringent security protocols, including encryption, access limitations, and dual authentication procedures, would fall to the franchisor to implement and enforce through a thorough audit program (see item 4).

2) Alternatively, consider outsourcing these functions to two or three trusted data security firms that you have *thoroughly*

vetted and researched. And require franchisees, through contractual provisions in the franchise agreement, to use one of them. This front loads the franchisor’s due diligence, but it allows day-to-day security to be handled off-site (for a price, of course).

3) As a corollary to item 2, franchisors should require all franchisees to comply with PCI-DSS. As mentioned, many franchisee data infiltrations come through the POS devices used to accept credit card payments at the individual units. Since part of PCI-DSS involves hardware requirements for POS devices, requiring franchisees to comply with these requirements will minimize the risk of a data breach (and they must do it anyway if they want to process credit card payments at all).

4) With all of the above items, franchisee compliance with data security requirements must be rigorously enforced through regular privacy audits. Whether the franchisor employs outside vendors or does the job in-house, a thorough audit of each franchisee should be conducted at least once a year and should include a review of adherence to set access controls, encryption and password protocols, software updates, employee training, and the documentation of any security anomalies or incidents. Noncompliance (or the failure to cure any defects within a reasonable time) should prompt severe sanctions, including possible termination.

5) You can never be too prepared, but instituting and regularly testing a PCI-DSS Incident Response Plan would help reduce the fallout after a data breach occurs. When you do have a cyber intrusion, it is also a good idea to let your lawyers hire the outside forensic consultants to keep the investigation confidential as work product.

Franchisors go to great lengths to ensure the consistency of their brand across franchisees and locations, yet this diligence may not extend to information systems and cybersecurity. Fix that oversight and your system stands a better chance of weathering the storm when a data breach occurs. ■

**Eric Levy, Edward (Eddie) Block, and Peter Vogel** were attorneys at Gardere Wynne Sewell when they wrote this: Levy as a senior attorney for transactional and compliance matters related to information privacy and security; Block with more than 20 years as an information security professional; and Vogel as a trial partner who co-chaired the firm’s Cybersecurity & Privacy Group. Gardere merged with Foley & Lardner on April 1.

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## CONSUMER MARKETING INITIATIVES



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Franchiseupdate ISSUE II, 2018





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BY SARA WYKES

# Digital Marketing Tech

## Making the most of emerging technologies

Digital marketing technologies have become indispensable for franchisors seeking new operators, as well as for franchisees seeking new customers. From social media marketing to geotargeting, artificial intelligence to chatbots, marketing automation to programmatic advertising—not to mention the home invasion of voice-based shopping appliances such as Amazon's Alexa and Google Home—marketing executives and operators alike are struggling to keep pace with the changes in digital marketing—and figuring out how to balance “traditional” marketing with the new. We asked a franchisee, three franchisors, and a marketing technology pro to shed some light on how to most efficiently and effectively deploy the new technologies to help them grow and achieve their goals.

### Small

Evan Mountain has learned how to make the most of digital marketing technology. Last year, the Fred Astaire Dance Studio he and his wife own in Bloomfield Hills, Mich., was the system's fourth-highest grossing studio in the U.S., and they plan to open another 10 in the state.

Marketing ballroom dance lessons, he says, provides him with a marketing advantage over brands in other industries. “I tell my teachers that if we had a tire franchise it might be a little challenging, but we are dealing with music and dancing and socializing.” Adding to that advantage, he has made a great success of the business through the use of different marketing and advertising technologies.

“No matter what the industry, most

franchise owners are expert in their product, but they may not have a similar expertise in marketing. I can't stay on top of all the marketing nuances that are going to happen—and I know there are people smarter than me at this,” he says. “I work with outside companies.”

In contrast to the advice he received when he entered the business (“You have to be in the Yellow Pages”), his marketing options today are plentiful and expanding each year. Learning about the changing digital landscape was an important step for him.

“I had young instructors telling me about Facebook and the light bulb came on,” says Mountain. Instagram, for instance, offered the kind of visuals that are essential for showing prospective customers the joys of learning to dance. However, his research on Instagram revealed that its audience was a bit younger than his target customers.

He soon learned to tailor his content as specifically as possible for his different target audiences, and to select the online platforms and channels that would reach them. “A campaign for couples is different than a campaign for singles,” says Mountain. “With Facebook, we could also target people in a certain geographic area, income level, and marital status. We fine-tune how we spend our dollars.”

Mountain also uses Facebook Analytics to help guide him with such details as the optimal video length, or when to replace one video with another.

He also was quick to take advantage of video produced by a local television station in a segment on dance for fitness. The studio's Facebook Page post of the television reporter being taught how to dance salsa by one of Mountain's instructors has garnered more than 130,000 views, been shared more than 200 times, and has piled up thousands of likes. Mountain

now has it embedded into his website, where a click on the video means Mountain can send the viewer a special offer. When he started the Facebook video posts, the studio was averaging five to six new students each week. That average is now up to 10 to 12.

He also pays close attention to his online style, seeking to match the look and feel of the Fred Astaire Dance Studio brand. “You

don't want it looking too slick—we are not General Motors or McDonald's. We use our own students because I want people to look at that video as if they're looking into the window of our studio.”

While Mountain is pleased with the results, he also displays another essential quality for keeping up with the changes in digital advertising. “I'm always looking at what we can do better,” he says. “How can we market better?”

### Medium

Michael Smith, vice president of strategic planning for the NTY Franchise Company, is a firm believer in the efficiency of marketing technology, especially when growth is fast tracked. NTY (New To You) has five brands of resale clothing, home furnishings, and electronic devices with more than 200 locations in 41 states. But lead flow was dropping so Smith got busy,



Michael Smith



Evan Mountain





using marketing automation to start testing different long-tail keyword phrases and images.

"I was constantly testing," Smith says, adding content to the NTY landing page, including white papers, webinar series, and calls to action. Marketing software triggered emails that could track a recipient's actions, in turn triggering more targeted emails that he hoped would be most useful to prospects.

"We are nurturing long term because there are leads that will come through in six months, but you have to be able to distribute material effectively without human labor," he says. And since he stepped up his use of Facebook and Google Ads, he has doubled the number of leads his company generates.

Jennifer Moore, marketing director for The Pizza Press, understands that the right technology makes all the difference in growing a brand by reaching the right people in the right places at the right times. Based in Anaheim, The Pizza Press has awarded 84 franchise locations, with 17 open and another 15 set to open by the end of the third quarter, and a total of 50 projected by year-end.

In its hunt for both customers and multi-unit franchisees, says Moore, "We use a combination of SEO, email marketing, and other technologies. We are omnichannel, using all the levers at once, but we've seen a big lift in franchising leads, largely on Facebook and Instagram because they are a medium that's rich with food."

### Large

Since its founding in 2010, Orangetheory Fitness has grown to more than 880 studios in 48 states and 17 countries. At some point during that rise, however, it became clear to co-founder and CEO Dave Long that the old tried-and-true methods were no longer working to keep the system growing as they had been.

"Several years of running national, regional, and hyper-local lead generation ads in the same channels, targeting the same audience, led to declining lead volume and rising costs. We realized that we had to find a different way to reach

new audiences and use our budget more efficiently." Initial test results, he said, led the company "to explore machine learning to optimize both spend and creative in real time across multiple digital channels based on conversion performance."

The goals were simple: increase lead volume and lower the average cost per acquisition. The company recognized that personalization was just as important as it had always been, but also knew, says Long, "that artificial intelligence optimizes between multiple channels, including paid social, paid search, display, and pre-roll."

The brand began with a three-month pre-launch test. "First we launched national media and then began to layer on five regional campaigns one by one," says Long. "We found that artificial intelligence and its efficiencies increased lead volume by nearly 50 percent—but each time we added a regional campaign, our national cost per lead slightly increased. This shaped our new digital strategy for 2018 and is how we've minimized competition among our own digital ads to keep cost per lead down."

The results have been outstanding. So far this year, Orangetheory's artificial intelligence-backed campaign has generated about 63 million impressions, more than 704,000 clicks, more than 91,000 conversions, and an average cost per acquisition of \$12.10, which is down 47 percent year over year.

### Just right

Whether your brand is small, medium, or large, navigating your way up the learning curve to use digital ad tech effectively in a constantly changing landscape can be fraught with rookie mistakes. One potential pitfall is not making it easy to use, whether internally or at franchised locations, says Martha France, marketing director for Vya, a marketing resource management company.

"You buy the technology because you have identified its ability to simplify

your marketing, but the technology is so complex that you've just created a new distraction," she says. "Now there's this technical mess, complicated and not well supported, so you have to hire people to be experts at that system. Even if you have someone who says, 'I can do this myself,' what happens when they leave the company or move to another job? You really must understand the amount of administrative support the technology will need."

After all, what's the point of a franchisor investing in a marketing technology that's hard for franchisees to use—especially if you're asking them to pay for some or all of it? "Ease of use for franchisees is critically important," she says. And the more franchisees who use the technology, the more successful it will be.

"You must get buy-in so the technology will be used by the full network of franchisees. It's important for franchisees to see what the technology can do for them, to see that shared vision. For franchisors, that can become a selling point as they try to attract new franchisees," she says. Emphasizing not only the brand's marketing technology, but also its ease of use and strong, reliable technical support can be a competitive advantage.

"As a small business owner with only so many hours in the day, having marketing support that comes easily is really important," she says. "And that marketing technology has to solve problems without technical complications. If it's causing new problems, it's not going to flourish."

Marketing technology also supports strategic development based on the data it can collect. "Sometimes

no matter how much you try to anticipate what's needed, there are still things that come up," says France. "You can use technology to track the administrative and creative time needed. You can use it to automate the request on a standard form where you collect all the information you need from the start. Since that whole job is tracked in the system, you can take a more strategic view and say, 'We've had this many requests for the same thing, so let's address this.'" ■



**Dave Long**



**Martha France**

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#FCMCon

## Sizzle and Steak!

### Taking a 60-year-old legacy brand into the future

BY KERRY PIPES

**W**hen Kristina Van Bruggen joined Sizzler USA as vice president of marketing in 2014, the brand admittedly was a little behind the rapidly changing marketing curve. The focus had been on more traditional methods of increasing brand awareness. But change was afoot and Van Bruggen was in the right place at the right time to help usher in and propel that change.

A new way of thinking, a talented marketing team, and new methods of communication helped fuel the early stages of the brand reaching out to a new customer base—while continuing to connect with guests already committed to the brand.

“From marketing campaigns to menu revitalization and brand image and design work, we’ve created a new look for Sizzler that has high appeal,” says Van Bruggen today. She loves being a part of the 60-year old brand and relishes the task of continuing to help increase awareness and continued growth of the brand’s 134 U.S. restaurants, located primarily in the western states.

Van Bruggen arrived at Sizzler with more than 20 years of experience in national consumer marketing and a track record of successfully integrating a wide range of marketing strategies. Before Sizzler, she had spent 13 years at marketing and advertising firm TracyLocke, where she led marketing initiatives for T-Mobile, Sony PlayStation, Pepsi Foodservice, and Pizza Hut, among others.

“To be an effective marketer today, you must be able to embrace nontraditional tactics,” she says. That’s why Sizzler is relying on research, data, and KPIs that help the brand identify coming trends and design effective strategies to make the most of them.

She says her success to date is the result of working with new technologies, agency partners, and franchisees to identify new opportunities for the brand. Execution, she says, is a team effort.



**Describe your role as vice president of marketing at Sizzler USA.** My job is to not only protect but also to continue to build a 60-year-old legacy brand that operates 134 restaurants across the U.S. Leading a legacy brand requires a unique balance of staying true to our roots while also pushing the envelope to evolve the company. When I first joined the Sizzler family in 2014, my role centered on growing our guest base. After four years, our system has embraced a different way of thinking. Over the last few years, we've integrated nontraditional digital marketing platforms into what's been a very traditional marketing approach. From marketing campaigns to menu revitalization and brand image and design work, we've created a new look for Sizzler that has high appeal.

**What's the most challenging part of being a CMO today?** The landscape is constantly evolving and it's an ever-changing art to effectively and personally communicate with our guests. To be an effective marketer today, you must be able to embrace nontraditional tactics. Being quick and nimble enough to remain relevant and evolve in the digital age is a challenge for legacy brands, but we've managed to implement several strategic campaigns that have proven to elevate the brand to where it is today.

**What are the 3 most important keys to being an effective CMO leader today?** Be curious, always have an open mind and a willingness to learn new things, and of course, always listen. Some of our best ideas come from team members who are working hands-on in the restaurants and with our guests. Many of the new tactics we've employed over the last few years have stemmed from new technology, our agency partners, and new ideas from our franchisees, who we love to work with to identify growth opportunities for the brand.

**How do you prepare a marketing plan and execute the strategies?** We use a collaborative and consumer data-driven process to design a yearly marketing strategy. Using this data helps us anticipate trends and understand what

From marketing campaigns to menu revitalization and brand image and design work, we've created a new look for Sizzler that has high appeal.

will drive our business in a very competitive marketplace. Past trends also help us understand if our customers favored a certain culinary trend or flavor profile in an LTO. We want to ensure that we can replicate that same success and continue to deliver and market craveable offerings for our customers on an ongoing basis. Working hand in hand with our franchisees and operations to execute our marketing plans helps ensure consistency. Execution is a team effort!

**How do you measure marketing results and effectiveness?** A strong partnership with our analytics team and our marketing, public relations, and advertising agencies is key to measuring and optimizing our results. To better understand Sizzler's lift, awareness, and first-time trial, we look at our KPIs (which include traffic, margin growth, and mix shift) in conjunction with consumer tools like guest intercepts and social media listening tools. These qualitative and quantitative results provide rich information for brand initiatives, and ultimately tell us if what we're doing is working or not.

**Discuss your core consumer marketing strategies and objectives.** Our main focus is broadening our base without alienating our core loyal guests. To ensure that we reach a broad guest base where consumers are ready to listen and engage, we do this with a combination of traditional and nontraditional media tactics, such as television, print, and digital media. Traditional media casts a

wide net for one-way communication to share our brand story. Nontraditional media is all about community building and is a lead-in to actively engage in and foster conversations with consumers on a variety of platforms. With all the content clutter today, merely being present in the digital and social media scene isn't enough. Creating unique content to create a deeper connection with our brand—like our Cheese Toast campaign—can deliver real value to our guests, which is our main goal. And ultimately, it's what they expect.

**How do you go about creating a "customer-centric" marketing and brand philosophy?** Being hyper-focused on guest satisfaction has been at the core of Sizzler's culture for the last 60 years. Our success is based on a variety of factors and is a mash-up of understanding our guest's needs, constantly evolving our culinary development, and delivering and exceeding guest expectations in our restaurants every single day. It's a full team effort. This strategy is exemplified in our menu evolution. Throughout its history, Sizzler has consistently tailored its offerings to incorporate on-trend flavors. This is showcased in the recently upgraded Craft Salad Bar, which features quinoa, artichoke hearts, and avocado, served on a chilled plate for a gourmet experience. Continuously building upon our guest's satisfaction will continue to be a priority.

**Describe your marketing team and the role each plays.** We have a small and mighty marketing team focused on helping our restaurants develop meaningful relationships with our guests, in turn driving loyalty and sales. We focus on brand development, local store marketing, digital and social media, innovation and technology, design, and marketing analytics. Our team works closely with our franchise partners, R&D, operations, construction, IT, and finance to develop brand-building programs, craveable food, and a comfortable environment for our guests to enjoy.

**Why is it so important for the marketing department to have a "personal touch" when it comes to helping the brand connect with franchise**



## Since placing an emphasis on social and digital media, we have seen incredible success with a 388 percent increase in building our social communities.

**prospects?** We are the brand voice, communicating our expectations, core values, and attributes to someone who is potentially making a commitment to join our family. It's imperative that prospective franchisees understand the brand's key insights—and realize the benefits and support they will receive from the marketing department's overall strategy as it relates to the cross-functionality of each restaurant's success in their respective markets.

**How does this help your franchise sales and development effort?** As a whole, all departments, including the marketing department, contribute to the potential franchisee's decision to join the Sizzler system. It's our job to educate new and prospective franchisees about their core guest base, competition, and trade area using mapping and demographic analytic technology. We strive to develop personal relationships and have an open-door policy with our franchisees to ensure the success of their business.

**What ways/tools do you rely on to do this?** We rely on various analytic tools and resources for our brand to target development areas poised for rapid expansion and success. But most important, it has been our open-door policy and personal relationships with existing franchisees who share their success and in turn become our biggest brand advocates.

**Do today's prospects expect more from the franchise marketing department? What, and how do you provide it?** In general, franchise prospects always expect a proven business model coupled with top-notch marketing strategies. Our marketing department works tirelessly to ensure that the marketing needs of our franchisees are met and can deliver measureable results. At Sizzler, we go above and beyond by providing direct communication support.

**How is today's consumer and marketing data helping you fine-tune your marketing initiatives?** Having a strong analytics department is the first step. We have multiple research partners and digital platforms that provide rich

data that we aggregate to understand our guest on a broad level. Second, we use data from individual digital platforms to create targeted messaging to communicate effectively with the respective audience in mind. For example, our limited time offers are communicated differently when deployed on television, through our eClub community, or in our social communities. Each platform has specific messaging tailored to activate various KPIs and to engage with consumers from different marketing perspectives and using different tactics.

**Describe the evolving role of social media in your brand's marketing efforts.** Social media has given us a tool to communicate Sizzler's brand personality. It's given us a way to create a conversation with a new guest base in a meaningful and authentic way. Since placing an emphasis on social and digital media, we have seen incredible success with a 388 percent increase in building our social communities across multiple social platforms, confirming that our guests want to engage with our brand.

**How do you work with other internal departments, and does technology help?** Technology has streamlined our communication efforts, giving every department a platform to share and communicate important information on rapidly moving projects. Training webinars, quarterly marketing webinars, video conferencing, Skype instant messaging, and project management software are just a few of the tools we use internally.

### How do you manage costs and budgets for the marketing department?

We have a very stringent planning process to develop realistic and strategic marketing plans annually. Sharing our budgets with agency and vendor partners empowers them to find savings and efficiencies whenever possible.

**Do you see vendors as business partners? Why/why not?** Yes, our partners are an extension of our brand. By allowing our partners access to our brand we can take advantage of their skill sets, experience, and diverse business perspectives. Our success is their success.

**How have marketing strategies/tools changed over the past decade? How have you adapted?** Being unafraid to move away from traditional marketing tactics and investing in new and innovative technologies, specifically across digital platforms, has allowed us to gain access to insights and efficiencies with our guests, franchisees, and corporate team. In turn, we are better able to understand our guest behavior and use this high-impact data to quickly respond.

**How is your marketing/branding strategy developed, and how does it flow through the system?** We work closely with our team and partners to develop annual promotions for campaigns that will support the entire Sizzler system. After that is complete, the marketing team collaborates with field operations, franchisees, and our innovation team to develop actionable strategies, and then clearly articulates the overview of the marketing plans throughout each level that each department manages. Because of the up-front collaboration, deployment of these strategies is seamless through the system.

**What advice would you offer to aspiring CMO executives?** Build a great team. Listen to learn. Trust your instincts to know when to pivot and try something new. You have to love what you do. It's a demanding role that can consume you. Having balance in your life will give you the ability to embrace the role and ultimately be effective. ■



# CMOroundtable

## "HOW DO YOU CREATE ONLINE ADS THAT ENGAGE CUSTOMERS, BUILD LOYALTY, AND GET RESULTS?"

**Jessica Yarmey**  
**Chief Marketing Officer**  
**Club Pilates**

At Club Pilates, our acquisition strategy in the digital space is built around reaching the right people with the right message at the right time. We define our "right people" by pulling top customers and building look-alike target audiences based on that information. Defining our audience in this way increases the likelihood of our content being relevant and providing value.

We push the "right message" by using different versions of digital and social creative to speak to different demographic segments in a way likely to drive a desired action. While blatant personalization can come across as creepy to consumers, personally relatable content is expected in digital marketing and leads to higher engagement and stronger campaign results.

We aim to communicate at the "right time" by analyzing our current time of the day and week online traffic, scheduling online ads to push our greatest ad spend to those critical windows. Our potential clients are actively searching for information and looking to engage with us in certain time windows, so we want to be ready with relevant ads and information.

Today's digital landscape also enables us to evolve campaigns as results come in, giving us tighter control over lead flow and member count during any window of the calendar. As an example, where we see a certain creative version driving a higher percentage of results, we can quickly flow more dollars to that version. Or if we see a certain audience converting at a high percentage, we will shift the campaign toward that audience to drive lead count.

With the digital tools available to us, marketers can build ad campaigns with very granular targeting and on-the-fly adjust-

ments that drive predictable acquisition campaign results. In any results-driven organization, including Club Pilates, that kind of visibility and predictability is critical to marketing success.

**Kent Frogley**  
**Chief Marketing Officer**  
**Real Property Management**

Real Property Management specializes in managing single-family rental properties for their owners. We provide a service that is complex, involves assets worth hundreds of thousands of dollars, and literally reaches into the heart of people's homes. It encompasses work that most people view as a hassle and would rather not do themselves: dealing with plumbers, electricians, or a malfunctioning sprinkler system, placing renters, and handling problems. While this can be the high or the low drama of life, depending on your point of view, it creates many emotional hooks and natural connection points for customer engagement. We have an advantage compared with many other product or service categories.

We embrace the axiom that successful customer engagement is driven by relevant content. We recognize that effective online ads are fundamentally an exchange. We provide something of value in exchange for the attention of our customers. The "something of value" is content, and relevance determines its worth. Content creates more knowledgeable customers, and more knowledgeable customers have a higher lifetime value. They refer more people, make more informed buy-

ing choices, and they're more often brand advocates. They represent real growth opportunities for the bottom line. But if you want to retain them bring your A-game.

We also realize that content alone doesn't create results. Marketing content and content marketing are very different things. Content marketing is about influencing customer behavior. Profitable customer actions are the end goal, and we work to make sure they are explicitly defined. A click by itself doesn't define success. To cite just a few examples: What is the intention of that click? Does that customer behavior

align with our communication goals? Are they sharing our content with someone else? Seeking more content by clicking an additional link or asking for more information?

Creating sharply defined buyer personas, linked to a well-articulated messaging strategy and tailored to each persona's differentiating traits, is basic marketing blocking and tackling. But it can sometimes get

lost in the whirlwind of managing day-to-day initiatives. Keep your eye on the ball. For example, some of our customers are intentionally building a portfolio of properties to generate income, whereas others may unintentionally have a property requiring management because of life events, such as a marriage, or a death in the family. The first customer often is more interested in return on investment, the second in reducing hassle and avoiding stress. Our messaging reflects those different goals.

Last, don't forget creativity. If they don't notice you, it doesn't matter what you're saying. Break through the noise, hold their attention, make the experience enjoyable. But whatever attention-getting tactic you use, keep it relevant to your brand. Awareness is the first step in the marketing funnel. If you fail there, the rest doesn't matter. ■



# Millennials

## Boost Your Social ROI

### How local businesses can succeed with social media

BY SHAWNA FORD

**S**ocial media has been around for more than two decades. While social media is well known today, it began humbly on a site called SixDegrees.com, which allowed users to create a profile and “friend” other users. Sound familiar? The site is long gone (1997–2001), but the online networking premise lives on and continues to grow each year.

Younger generations tend to be the ones driving change and inspiring new tech platforms in general, and social media specifically. When it comes to technology, Millennials and Gen Zers also tend to be more willing than previous generations to try new things and learn new programs. What this means for marketers is that they keep us on our toes. We must take notice when the winds are changing and try to keep pace, keep our budgets intact, and meet our overall goals. It can be a challenge, especially for local small businesses or franchise owners.

Don't get me wrong, advertising on social media isn't difficult to do. However, the difficulty lies in doing it well, in getting your message in front of the right people, on the right platform, at the right time. And if your target demographic is younger, go ahead and multiply that difficulty level by two or three because of their use of non-mainstream social sites and general lack of brand loyalty.

So what can local marketers do to help improve their social ROI?

#### Right place, right time

In 2017, more than 81 percent of the U.S. population had at least one social media account, a number that rises to 90 percent for those under 30, according to market research company Statista; and worldwide, social media users spend an average of 135 minutes per day online.

Young people are on social media all the time and trust the brands they follow—but you need to know where to find them and how to get them to follow you. Seven of 10 Millennials are more likely to buy from a brand they follow on social, according to the Pew Research Center. Getting your custom-

**In 2017, more than 81 percent of the U.S. population had at least one social media account, a number that rises to 90 percent for those under 30.**

ers to follow *you* on social allows you to easily stay top of mind as they see your posts while scrolling through their feed. Posting relevant and engaging content will keep them engaged and interested.

Do a bit of research on what sites your target demographic frequents. A number of sources release yearly or quarterly reports on site usage by age group. If your primary audience is 20 to 30 years old, make sure you're checking often. The most popular social media site with Millennials alone has changed three times in as many years.

Your posting tactics will probably vary a bit depending on your vertical, but consumer goods stores, services, and foodservice are examples of industries where owners should post regularly to inform consumers of specials, new items, or general information they might not be

familiar with. Videos and images are great ways to grab attention quickly and retain it long enough to deliver your message.

#### Rising above the noise

Make sure you're standing out from the crowd with your profile and posts. For local businesses, it is absolutely necessary that you are easily found when a customer searches for you or your product, whether that search takes place on Google or on a social site like Facebook, Twitter, or Instagram. Just because people under 30 spend hours a day online doesn't mean they want to spend more than a few seconds looking for your business, or that they'll pay attention to more than just a basic name.

For example, I follow a local restaurant on Facebook and Instagram. They often post their daily specials and latest news on social. After seeing a picture of the special of the day, I went in for dinner and was heartily disappointed when I found out that the special I saw was for their other location—50 miles away. It turns out I had been following my location on Facebook and the other one on Instagram. There wasn't anything to differentiate the two by profile name. You had to look at the bio, which I did not.

Moral of the story: If there is more than one location, or if you could be confused with someone else, make sure your location is in your profile name somewhere—whether that is the city you're in, the street you're on, or the part of town you're in—especially if you're on a site that doesn't immediately show the address or location when your profile is displayed.

The biggest thing to remember is to know your demographic and place your information where they are. Whether that's in ads or organic posts, target the sites your customers frequent—and make sure they can find you easily when they need you. ■

**Shawna Ford** is a marketing coordinator at Mindstream Media and has a background in social media marketing and copywriting. To learn more about Mindstream, call 800-548-6214 or email [inquiries@mindstreammedia.com](mailto:inquiries@mindstreammedia.com).

# Customer service

## Failure's Upside

### Innovation, creativity, and improved results

BY JOHN DIJULIUS

**T**o be a professional disruptor, you must be willing to take risks. This means you must be willing to fail. Billionaire James Dyson once said, "I've always thought that schoolchildren should be marked by the number of failures they've had. The child who tries strange things and experiences lots of failures to get there is probably more creative."

Here are more thoughts from well-known business leaders on the value of failure in their success, as well as two small examples of what we and some clients have tried in our own businesses.

- **Chief failure officer.** Jeff Bezos' net worth recently surpassed \$100 billion. Not bad for a guy who says it is his job to fail often. In an interview with Henry Blodget, CEO of Business Insider, Bezos said, "I've made billions of dollars of failures at Amazon." Bezos stressed that for a company to have long-term sustainability, not just survive, it must experiment constantly and be willing to fail. "One of my jobs," said Bezos, "is to encourage people to be bold. It's incredibly hard. Experiments are, by their very nature, prone to failure. A few big successes compensate for dozens and dozens of things that didn't work."

- **Rewarding failures = a culture of innovation.** Business guru Tom Peters says, "I'd rather reward spectacular failures than reward mediocre accomplishments." What are you doing to encourage your people—and yourself—to see what is possible? You have to create a risk-taking culture, and you do that by constantly experimenting. No one did this more effectively than Steve Jobs building Apple. Great leaders encourage experimentation and risk-taking. Because of this, their people don't fear failure. "The only way to come up with something new, something world-chang-

ing, is to think outside of the constraints everyone else has," said Jobs. "You have to think outside of the artificial limits everyone else has already set."

- **"Uberproof" your business.** Every industry has an Uber coming. In a recent article, "How To Avoid Disruption," serial entrepreneur James Caan explains how you can take steps to prepare for

"I'd rather reward spectacular failures than reward mediocre accomplishments."

—Tom Peters

the inevitable. "Invest in a team whose primary focus is innovation. This team should be full of people with a startup mentality, who will question your processes and make you think differently."

- **Experience 2022 meetings.** Epiphanies rarely occur in familiar surroundings. The key to thinking differently is to perceive things differently. To achieve this, you must force your brain to make connections it otherwise would have missed. It might sound difficult, but there are simple ways to get the creative juices flowing. Every Friday afternoon, for example, set aside two hours for "Xperience 2022" meetings. Calling it Xperience 2022 allows your employees to not focus on the *how* and instead focus on the *why*, *what if*, and *why not?* Encourage "crazy" ideas focusing on what your customer experience can look like by the year 2022—your product, services, and ease of doing business.

- **Mitigate risk.** You don't have to

wait until 2022 to roll out these ideas. You can easily take the best ideas that come from your Xperience 2022 brainstorming sessions and roll them out in safe beta test environments, in just one department, location, or with one customer-facing employee for a month, for example. Limiting your new concept to a department, location, or employee allows you to test it in a controlled environment, track the results, make necessary changes, and have proof of its success. This will help you sell it to the rest of the organization when it is ready to be launched company-wide.

#### Two small examples

Here are just two examples of how to do soft rollouts in small ways:

- 1) **No front desk.** At John Robert's Spa we have always wanted to remove the traditional front desk and create more of an Apple Store-like environment. However, no one liked this idea at our existing salons so we waited until we opened a new location in 2013 to roll it out. There is no front desk, computer, printer, or receptionist sitting in a chair—not even a hostess stand. This concept was so successful from a customer service standpoint that the new salon immediately became the #1 selling location for product sales. In 2016 we opened another location, did the same thing, and had the same results. Now all our other locations want us to remove their front desks.

- 2) **Call center agent.** We have clients who tested an idea by having only one call center agent greet callers by saying, "Thank you for calling ABC, this is Martha, who do I have the pleasure of speaking to?" They measured the results over 30 days and found that both her satisfaction scores and close rates were higher. The results gave them the ammunition to get buy-in from everyone else in the call center to say the same thing. ■

**John R. DiJulius III** is the author of *The Customer Service Revolution* and president of The DiJulius Group, a customer service consulting firm whose clients include Starbucks, Chick-fil-A, The Ritz-Carlton, Nestle, PwC, Lexus, and many more. Email him at [john@thediuliusgroup.com](mailto:john@thediuliusgroup.com).

# Growing Your System

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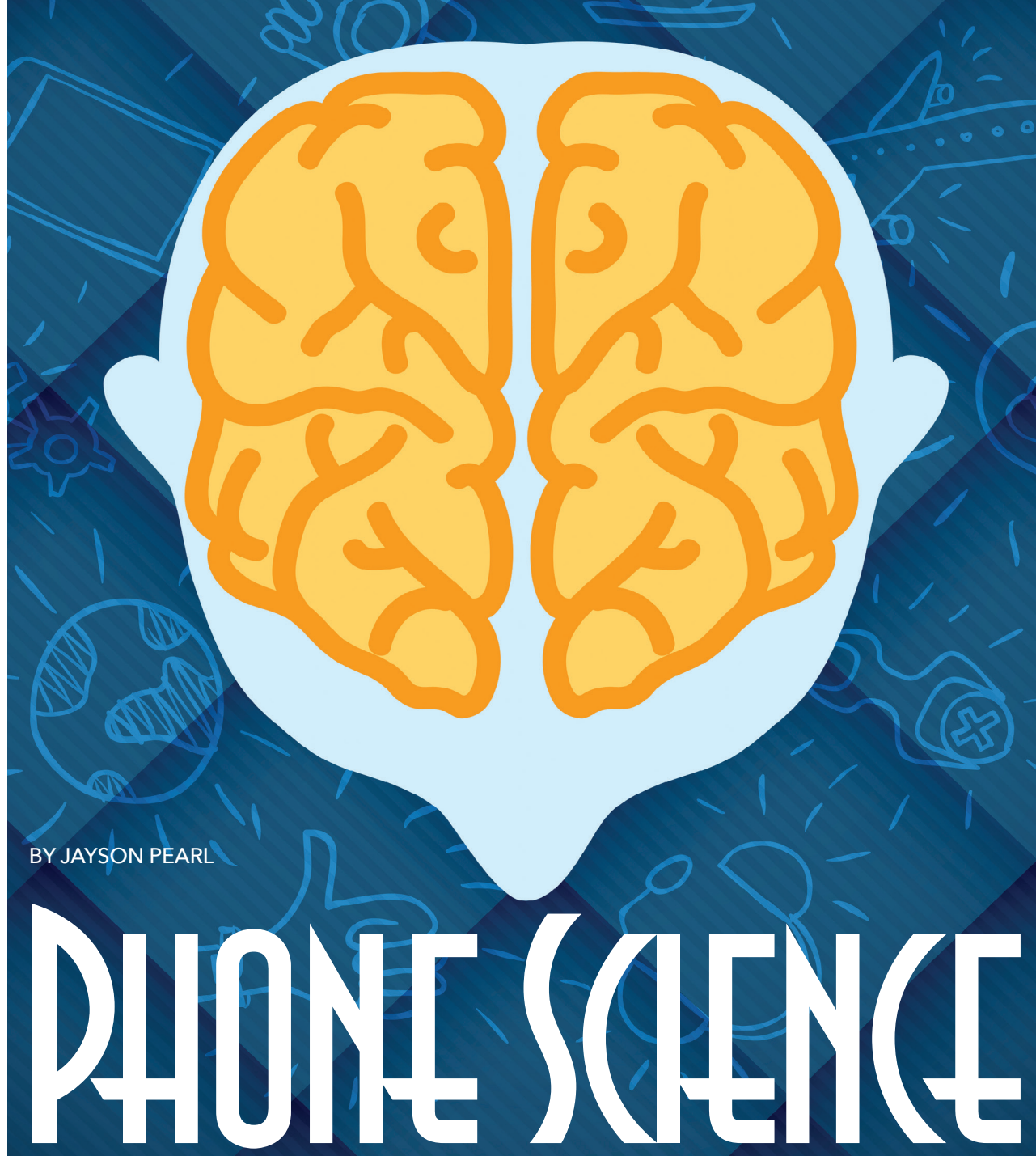
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**Franchise Update**  
MEDIA





BY JAYSON PEARL

# PHONE SCIENCE

## Building trust through neurochemistry

**"Y**ou had me at hello." That iconic line spoken by Tom Cruise to Renée Zellweger in the movie "Jerry Maguire" captures the power of the first impression and touching someone's heart. But science tells us that it's really your head that's sizing up a person at "hello"—specifically your prefrontal cortex.

You understand how this works in the movies, but how often do you think about your customer's prefrontal cortex on a sales call? If you're great at building trust on

the phone, you're probably engaging the "good boss" part of a customer's brain to help you close the deal. That gray matter behind the forehead is responsible for many of the executive functions of the brain, such as understanding, learning, and deciding. When you effectively engage your caller's prefrontal cortex, you create high-trust selling conversations that connect. Why should you care? Because people buy from people they trust. Here are five points where science tells us trust is gained (or lost) on a sales phone call.

**1) How you say "hello."** Most people can tell if a person is trustworthy simply by the way they say hello. A recent article in *Science* magazine highlighted a study at the University of Glasgow where researchers asked participants to rank the trustworthiness of a voice based on saying one word: "Hello." They found that singsongy voices are seen as more trustworthy: "a rise at the beginning, drop in the middle, and rise at the end," says study leader and cognitive psychologist Philip McAleer.

How can we use this information in

our business? First, it tells us that, on the phone, personality pays. The study found that a flat voice or monotone signaled less trustworthiness, a reminder for anyone answering the phone to do it with a smile. Second, think about voice assistants, automated answering, and other speech-generating technologies. Even the electronic voices your customers hear may soon be making more trustworthy first impressions.

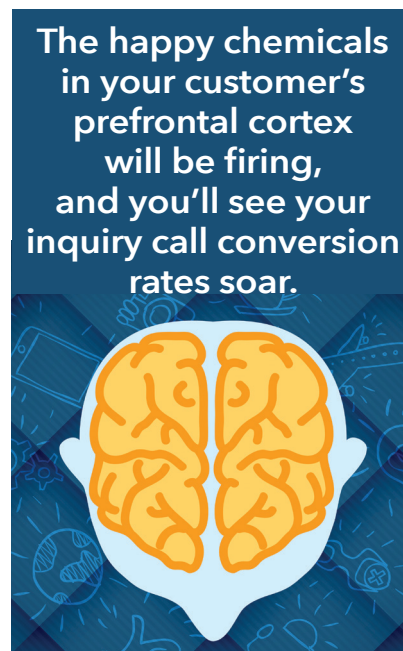
**2) Put the caller at ease.** Today, when someone makes their first call to a business, they're seeking specific information. They've been to your website, read reviews, and now they want information they can't otherwise find. The act of seeking information this way can be stressful for many callers. So when we answer the phone, we want to build trust by quickly putting the caller at ease—and send a shot of the neurotransmitter dopamine to reinforce that the decision to call your business was a good one.

A practical way to do this is to refrain from peppering the caller with questions from the get-go. Instead, assure the caller they've "called the right place." According to customer service expert Nancy Friedman, this should be said before you ask for any information. "It's very frustrating to be interrogated before you welcome the caller. If you need information, be sure you welcome the caller first," she says. Conversations with early moments of connection produce more dopamine, which in turn activates the brain's reward-motivation systems. When people are experiencing this chemical reaction they are more engaged and at ease, which promotes engagement and rapport.

**3) Mirror their style of communication.** You don't know the needs of someone calling your business for the first time, but you can build rapport by working to meet the caller where their brain is. This starts with mirroring the caller's tone, rate, and style of speech throughout the call. This demonstrates strong listening skills, another key ingredient in creating trust. The result has been shown to increase sales and generate positive evaluations by callers, according to a study cited by behavioral investigator Vanessa Van Edwards at Science of People. Start with mirroring the pace and volume of the other person's speech. If they are a fast talker and loud, increase your volume and animation. If they are soft, slow, and more relaxed, match them at this level instead. What's

most important is to do this as authentically as you can. It's really about getting in sync with someone you probably have never spoken with before.

**4) Ask intelligent questions.** Any great inside sales person knows that the secret to a great inquiry call is to ask the right questions about the caller's situation to show how the product or service uniquely brings value to them. If efforts to put the caller at ease have already started the dopamine flowing in their brain, the next chemical we want to trigger is the bonding hormone oxytocin, the "trust drug." Our personal happiness comes from social interactions, so when the caller feels that you're listening and asking smart questions tailored to their situation, trust builds quickly.



The best part about asking intelligent, open-ended questions is that it showcases the additional value your product or service can provide. For example, the caller is inquiring about your in-home maid services: "You mentioned looking for help getting your weekly cleaning done since your hip surgery and we'd love to help you with that! Tell me, are you having trouble changing your bed linens? With your granddaughter's dust allergy, how important is extra dusting and washing before she comes to visit?" People want to know they've called the right place, and that the person they're speaking with truly wants to help.

**5) Be empathetic, not sympathetic.** Phone training often includes coaching to

show empathy with a caller. Empathy is different than sympathy. Empathy is the ability to "walk a mile in someone else's shoes"; while sympathy is feeling the same feelings as the customer and agreeing with them. A person feels sympathy, but shares empathy. How do you do it? Three speech habits can help you demonstrate empathy, according to Matthew MacLachlan, head of intercultural and communication skills training at Learnlight in London.

- *Personal pronouns.* When you use personal pronouns (especially "I" rather than the more corporate "we") the listener understands that you are personally involved and interested in them as an individual. They feel that you understand their situation and that you want to help them as a priority.

- *Active verbs.* Compare: "Someone will call you with a confirmation of your appointment" or "I will call you back before 2 p.m. today to confirm the appointment." The first lacks personal responsibility to solve the caller's request for a confirmation. The second shows that the person understands the caller's urgency and is making a personal commitment to confirm the appointment.

- *Authenticity.* Be genuine, honest, and be yourself. Authenticity means using a natural tone and less formal ways of speaking. Use "thanks" instead of "thank-you"; "hi" instead of "hello"; "enjoy the rest of your day" instead of "goodbye." Use contractions and short forms of verbs: you're, can't, he's, don't, etc.

University of Houston professor and storyteller Brené Brown says it best: "Trust is built in very small moments." On your sales calls, these moments start with "Hello" and continue through smart questions, empathy, and authenticity that build a trusting connection. The happy chemicals in your customer's prefrontal cortex will be firing, and you'll see your inquiry call conversion rates soar. Trust me. ■

**Jayson Pearl** is the founder and president of ServiceScore, which helps franchised brands get more customers and employees through better inquiry phone call conversion. Using customized call reports and efficient training, franchisors can improve phone selling skills to drive franchisee profitability through outstanding customer service. Previously he was executive vice president of operations at BrightStar Care. For more information visit [www.servicescore.net](http://www.servicescore.net), call 414-436-0040, or email [sales@servicescore.net](mailto:sales@servicescore.net).



# SMART TECH GUIDE

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We live in an age of digital innovation as technology companies race to improve their offerings in directions that today's franchisors, franchisees, and business owners demand. In response, many suppliers are making their systems easier to install, use, and maintain—not only from a technological and end-user perspective, but also in terms of affordability and ongoing updates and improvements.

We developed this mini-guide with the intention of giving you a deeper look into 10 companies that offer technologies that can meet the needs of your system. It's a starting point that provides a basis for tackling many of the challenges associated with evaluating and selecting the best technologies for your business. Whether you're in the market right now, or planning to invest in a new technology solution in the near future, you're sure to expand your perspective on how these franchise-focused suppliers can help you grow.

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**UNBOUND SOCIAL** Manage your brand across social networks, create and publish engaging content, and own the conversation. Monitor the performance, demographics and ranking of your locations, groups and entire organization with analytics and reporting tools.

---

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Burlington, MA, 01803

Website  
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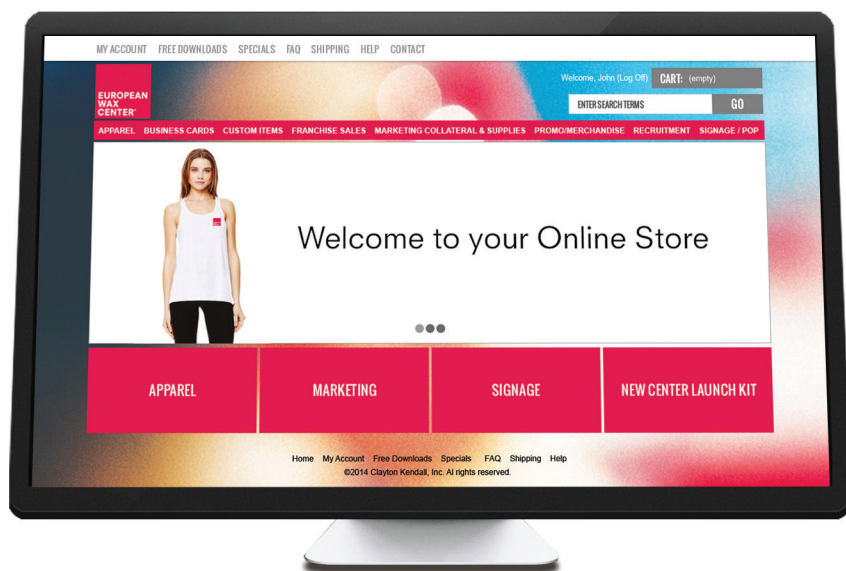
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# CLAYTON KENDALL

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Clayton Kendall provides franchise communities nationwide with comprehensive branded merchandise programs, leading to greater brand exposure, cost-savings, streamlined operations and brand compliance. Our customized online stores give franchisees access to advertising and marketing collateral in one easy-to-use program.

## LEVERAGE OUR TECHNOLOGY

Our proprietary technology is designed to meet the unique needs of your user community. We help you find the best assortment of marketing tools and display the offerings in a user-friendly, organized fashion.

The technology platform unifies all aspects of the program and provides management with control of the brand as well as spend. Reports can be customized to monitor inventory, purchasing patterns, store profiles, participation and compliance. Our technology-based programs are scalable and can grow with you as the community expands.

## TIERED LEVELS OF ACCESS

You control the offering of different materials, marketing collateral and price points to specific regions. Also, we can assign varying levels of access to your users, including franchisees, regional managers or corporate.

## BUDGETARY CONTROL

Spend can be tracked by items, user, region or any measurable data. Inventory can be tracked real-time. We monitor purchasing patterns to help you manage your spend, validate brand strategy and monitor compliance. We offer drag-and-drop technology that allows you to easily select the specific data that you want to review. Customizable reports are available as well as dashboards. Our software assists you in setting budgets and controlling spend by individuals or user groups. For example, you can limit a specific dollar spend per person, product, department or location.

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- Lisa Zoellner, Chief Strategy & Marketing Officer of Dwyer Group



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# FISH

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We love what we do – and where we do it. It's true, Fish Consulting has been repeatedly named a Best Place to Work by a variety of organizations including PR Week and Inc. Magazine. This means that our team is excited about working together, both with our clients and with each other, learning and sharing, and going above and beyond expectations. Our culture celebrates connections and conversation, whether it's about a strategic media pitch or the season finale of The Bachelor.

Conversation is the cornerstone of the work we do for our consumer and franchise clients. Everything we do aims to get people talking about your business, products and services. We generate buzz to get people as excited about your company as we are.

We are deliberate. The results may seem organic, but we strategize and plan to make sure that your public relations matches your business goals. We blend

content marketing, traditional and online marketing services and social media to get people talking about you and to you, in a good way. Two-way conversation is essential in modern marketing, no matter if you are trying to entice new franchise candidates or encourage consumers to try your product or service.

And, we're lucky enough to work across a wide variety of industries including fitness, hospitality and restaurants of all shapes and sizes, home services, automotive, consulting, finance and more. We get to learn something new every day, staying fresh, relevant and at the top of our game.

## You launch the brand.

### We start the conversation.

- Franchisee Recruitment
- National and Local Media Relations
- Crisis Communications
- Creative/Digital Marketing

# fish

---

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Brenda Febbo,  
Chief Marketing Officer  
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- **Optimize royalty collection** and P&L consolidation
- **Mitigate legal risks** related to compliance and franchising regulations
- **Leverage business intelligence** to accurately measure KPIs, identify performance trends, and spot early warning signals

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If you're looking for a strategic partner, Magna IV is the answer. Contact us at [magna4.com](http://magna4.com).

---

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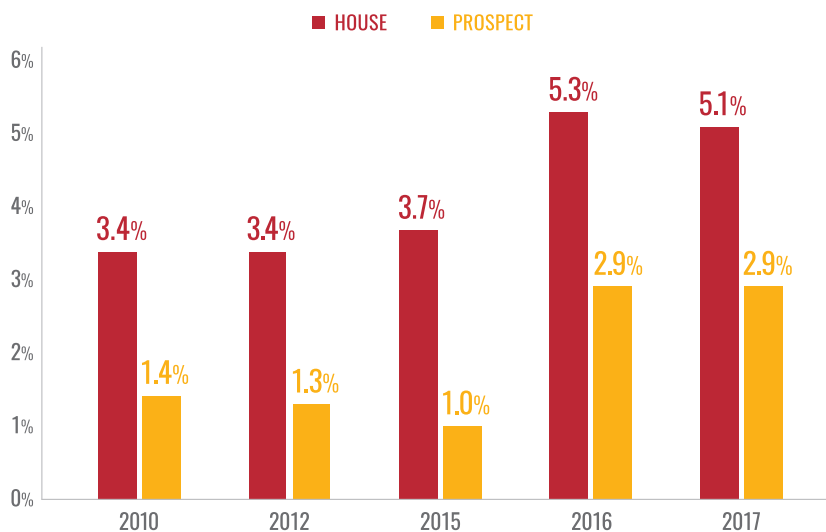
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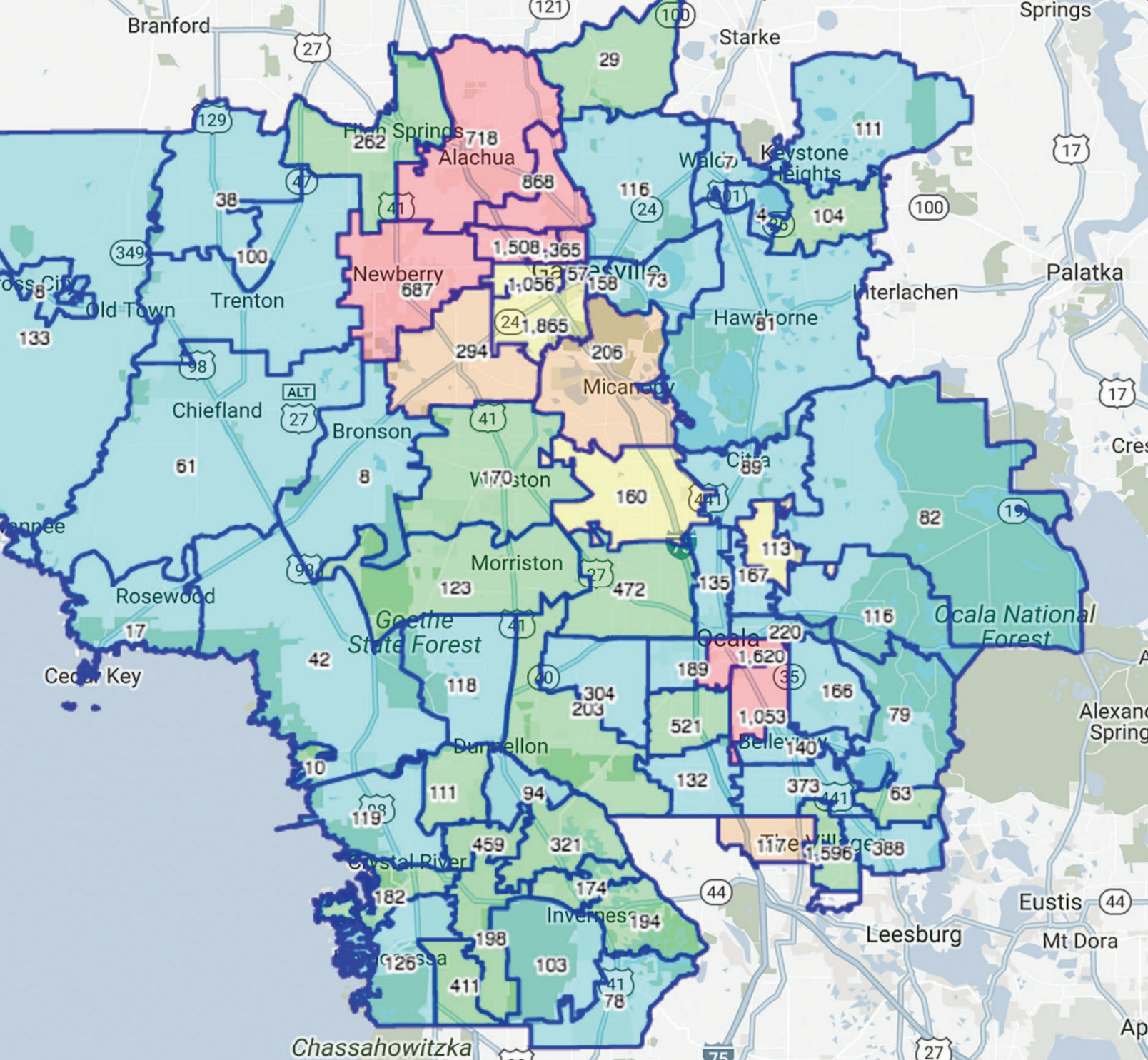
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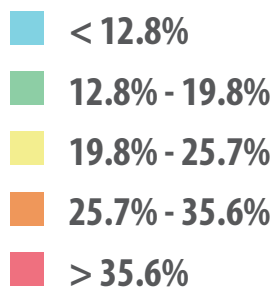
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# IMN, INC.

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The watchword for successful franchise marketing has always been balance: striking a perfect balance between the needs of the franchisor and franchisee. This can be especially tricky when you consider that those needs sometimes butt heads. Franchisors are looking to present a uniform brand identity, while franchisees are concerned with connecting with a diverse customer base on the local level.

Email newsletters are a proven solution to reconcile the two – but how? By focusing on consistency while allowing for some customization to suit a wide range of audiences.

The right email newsletter solution will create a branded template that adheres to corporate branding and messaging specifications, satisfying the needs of the franchisor. It will also be flexible enough that franchisees can include relevant information, such as local promotions, hours, and special events.

The main value of an email newsletter solution, however, lies in its content: relevant, actionable, and entertaining messaging that moves prospective customers toward a buying decision. Here, again, the balance of consistency and customization is critical.

A quality content mix that features localized appeal while still adhering to consistent and recognizable standards results in regular readership – and creates an opening for connecting with your customer base.

Leverage a branded email newsletter solution that prioritizes both consistency and customization, bringing balance to your marketing strategy by presenting a consistent brand image while empowering franchisees with a sense of individuality and connection to their customer base.

The result? An agile approach that helps multi-unit franchisors acquire, retain, and engage customers.

## Make the Most Out of Your Marketing



When it comes to franchisors' online marketing stores, we've encountered different scenarios. Some franchisors are burdened with manually piecing together internal solutions, and others have purchased software that is gathering dust because it is too complex. However, the challenge is the same: technology is wasting time rather than saving time.

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- Efficiently manage the creative process

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- Automatically distribute newsletters on behalf of franchisees
- Enable multi-unit franchisees to manage multiple locations from one account

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# Operations

## Top of the Ops

### "Big rocks" drive system growth at Donatos

BY AMOS DURBIN

It's an excellent time to be part of franchise operations. With franchise growth and multi-unit franchising in particular continuing to soar, the industry is working tirelessly to keep up with demand. This trend has created more opportunities within franchising and it's difficult *not* to jump on board with the "full steam ahead" mentality. As you do that, having a company culture that embraces core values will help crystallize what's most important throughout the organization. With this focused vision, your team can focus on what matters most and what can set your franchise apart in a competitive market: your "big rocks."

#### What are your big rocks?

To help keep an entire company aligned on values and goals, start to use a pre-determined system to share, track, and highlight activities that equate to a positive company culture. A commonly used and effective management tool for this that I recommend is called "big rocks." The idea is that you have a barrel, large rocks, little rocks, and sand, which all represent different elements of your business strategy. If you pour the sand into the barrel first and then put the little rocks in, you will quickly see that there will never be enough room for the big rocks, which is a trap I see smart companies fall victim to all too often. The big rocks are the things you must accomplish as an organization, and therefore they must always be put first and prioritized above everything else. Not coincidentally, they are almost always the most difficult initiatives, which is why people tend to default to working on the "sand" first.

At Donatos, our big rocks of *simplifying operations* and *maximizing franchise profitability* align perfectly with what must be prioritized system-wide for any franchise restaurant business. "System-wide" is key

here. To succeed in franchising, the entire company must buy into and rally behind franchise growth goals.

#### A well-oiled machine

Running a restaurant requires collaboration between a myriad of moving parts, such as scheduling, recruiting, training, customer service, conflict resolution, maintenance, accounting... the list goes on. To perform, these parts must all work

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together like a well-oiled machine—all on top of the core responsibility of preparing and serving quality food paired with a positive customer experience.

With so many moving parts dependent on each other, finding opportunities to simplify and streamline aspects of team members' daily tasks will result in more efficient and satisfied associates. This crucial simplification can be accomplished many different ways, such as working with suppliers to take steps that would normally be required in-store, or incorporating updated equipment in the kitchen. The continued development of food service equipment presents a wide range of options to streamline your kitchen.

And don't forget to consider the often-overlooked methods of making associate training more effective and efficient. With

the Bureau of Labor Statistics reporting that the average turnover rate in the hospitality industry in 2016 was a whopping 72.9 percent, optimizing training is crucial to attracting and retaining top talent. Whether that involves updating training exercises and timelines, adding a layer of technology, or delegating to a trusted associate, any way to make the lives of your teams simpler will exponentially simplify your own life.

It should go without saying that the more successful a company's franchisees are, the more successful it will be as a franchisor. That's why ensuring franchisee profitability simply must be included in every franchisor's big rocks.

First, identify what your company does better than anyone else—as well as what others may be doing better than you. To improve, you need to know where your opportunities are. If it's market entry and saturation, experiment with ways to make current stores more successful and then adopt the most fruitful methods across several markets. If you're struggling to attract and retain franchisees, consider ways you can better set them up to succeed and then equip them with any and all tools that will help make it happen.

An easy fix that makes a big difference is making sure that franchisees can easily and quickly access all current best practices from across your system. Beyond that, make sure that they have ready access to subject matter experts from across all your staff, including IT professionals, local store marketing experts, accounting and financial professionals, supply chain experts, and recruiting and training experts. Why subject your franchisees to working out problems that have already been solved by others in your system?

To get ahead and stay ahead in franchising, it's most important to establish clear goals and objectives that are supported system-wide. Armed with your big rocks, you'll be able to quickly identify where your time should be best spent and ensure that franchising continues to grow. ■

**Amos Durbin**, vice president of franchise operations at Donatos Pizza, has nearly 20 years of experience in franchise operations.

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## Challenge the pros

### "IN WHAT WAYS DOES YOUR DEVELOPMENT DEPARTMENT WORK ALONGSIDE YOUR OPERATIONS DEPARTMENT TO ENHANCE THE RECRUITMENT PROCESS?"

**David Graham**  
CEO and Founder  
Code Ninjas

Our entire team is deeply passionate about the idea that we are a "franchisee support" organization. This means that everything we do from a franchise development standpoint is to create successful franchisees, not just sell units, though our development team is great at that too.

An example of this would be their involvement in New Franchisee Training (NFT). At NFT, the franchise development team works with the franchisees to gather helpful information on how we can make our process smoother and more effective. From the franchisee's perspective, the development team often is the most trusted member at HQ. Because the franchisees knew them first, getting honest, constructive feedback from franchisees is easier for them. This also gives them a chance to see the franchisees who have not followed the plan and lets them identify "less than helpful" character traits in people they may have missed initially. By doing so, they can more effectively filter out people in the development funnel who are not going to follow the plan and work well on the team.

Another way operations plays an active role in enhancing the recruitment process is at discovery day events. This event is invitation-only and we require that every attendee has completed a checklist of items to secure their space. The space is coveted because we make it an exclusive club and we often have people racing to do their paperwork to secure the last spot. During that event, the operations team goes over different topics related to their particular departments. We cover topics in vendors, daily operations, compliance, training, and curriculum. We don't give away brand secrets and we don't talk about revenue, but everything else is on the table. We make it clear that today is their day to ask whatever questions come to mind and to get to know

the team, because after today they should have made their decision.

When prospective franchisees come in for discovery day, it's all hands on deck. The entire team gets involved in making the franchisees feel important and showing them we are listening to their concerns.



We make introductions to the support specialists and compliance officers and tell the prospects this is going to be the team dedicated to their success. This reiterates our core DNA of franchisee support and makes them more comfortable to move forward.

We've found that our development team receiving feedback from NFT and the operations team getting early exposure to prospective franchisees at discovery day are two great ways to bridge the gap between the franchise development and operations teams.

**Gary Roth**  
President and Founder  
Kids First Swim Schools

Our training and development department works very closely with our field operations department throughout the entire recruitment and hiring process of full-time employees. Training and development collaborates with field operations to design the interview and application questions for our full-time management and assistant management candidates, and also creates the set of interview questions our managers use when hiring all our part-time staff.

The training and development department also works closely with the company's HR department to revise and implement changes and updates to our employment screening tools and employee codes of conduct. The department also writes the content for our hiring ads and assists in deciding where these ads

are posted. Beyond external recruitment, training and development is similarly engaged in our internal recruitment process and helps identify, train, and prepare our future leaders.

Training and development also collaborates with the field operations leadership team by participating in all interviews for full-time positions within the company, providing a different point of view and a unique set of interview questions to obtain a more well-rounded perspective on candidates. We also promote heavily from within through our assistant manager ranks, trusting training and development to provide valuable input on the readiness of our internal candidates for open management positions.

Beyond the actual recruitment and hiring process, training and development is very involved in onboarding new employees. Our training team organizes, supervises, and designs the training process for all new managers. We do not believe in "one size fits all" training, but instead adapt the training to the individual. Depending on each individual's knowledge of aquatics, sales and marketing, and management, we adapt their training to optimize their skill set.

We also have different onboarding practices depending on if our new manager is an internal or external candidate. Internal candidates require a much different—and shorter—onboarding process than our external candidates. Part of this onboarding process involves sending our new managers



to work and train with our experienced managers in the field. This process provides very valuable experience to the new manager and provides insight into how well they fit into our organization and our vision for the management team. By using the experiences and opinions of our field team collectively

with the opinions and experiences of our training team, we can ascertain if we have made the correct decision with regard to our chosen candidate. ■



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# Market trends

## Prospecting for Franchisees Align your sales process with 3 current trends

BY DARRELL JOHNSON

**A**bsent an economic shock, we should have continued expansion this year and into next.

Fueled by the tax bill's expected near-term impact, the economy is gaining strength. February's NFIB business optimism index reached a record high dating back to 1996. Also in February, The Conference Board's Consumer Confidence Index hit its highest level since 2000. If the economy continues to cooperate, what are some underlying trends you should be aware of as you execute your franchise development plans?

I think the answer to that question lies in understanding the changes that have shaped the prospective franchisee of today: greater understanding of the information available about a brand (let's call that the fake news backlash); improved ability for you to find prospective franchisees (let's call that the big data era); and the likelihood your next franchisee may be an experienced franchisee from another system (let's call that the multi-unit trend).

• **Fake news backlash.** I am hopeful that the fake news backlash surrounding politics helps franchise development. We have suffered through an extended period of distrusting news on most levels. This is teaching us to go beyond claims and headlines to verify what is being said, especially when it comes to investing our own money. Over the past 10 years it's become increasingly easy to start a franchise brand. In fact, it can cost less to become a franchisor than to become a franchisee. A slick marketing effort with a weak business undercarriage is doable because of this low-cost barrier to entry. The result is the franchise business model became susceptible to franchisors that were not likely to be successful, hurting all of us who try hard to execute the business model well. The fake news backlash is creating a more discriminating prospective franchisee, and that is a posi-

tive for the business model. It also should help inform your messaging around statements that can be validated and verified.

Generally, a recession is good for franchise development as it creates a pool of prospects from displaced mid- to upper-level managers. An extended period of continued economic expansion generated record low unemployment and a hot market for companies seeking experienced workers. Further, we have a record number of fran-

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the business model.

chisors seeking prospects. That's a tougher market for franchise development. Forced to look at alternative ways of attracting franchise prospects, we are beginning to see a change in the time-honored way of marketing to prospects.

• **Big data era.** We are finding that the tools developed during the big data era can help franchisors identify prospects before the prospects know they are prospects. Starting with the 2008 election and maturing over the next two election cycles, detailed household data on more than 150 million households was harnessed to determine political leanings. Combining an understanding of a household's neighborhood with family details, mortgage and expenditure patterns—even such things as the magazines a household subscribes to—led researchers to a good indication of that household's political leanings, allowing targeted messages to be directed appropriately (or inappropriately if you don't like the privacy implications).

Now pivot this capability to franchise development. If you know the household profiles of your better franchisees (and if you don't, they can help you with that), then you can target specific households in new markets with, at least in theory, a predisposition to your offering. I know it can work because we have done some of this research for brands.

• **Multi-unit trend.** We now have a greater than 55 percent chance that the next franchise unit will be developed by an experienced operator because that's the percentage of units multi-unit operators control. This multi-unit trend raises the bar on the information you provide and the information that is out there about you. Think of this trend as the fake news backlash on steroids. Experienced operators don't need hype and promotional material. They need facts, key information, and methods of validation within your system and through objective third parties.

### Taking advantage

How do you turn the fake news, big data, and multi-unit trends to your advantage in this stage of the economic cycle? Good information is the key on all three levels. First, use fake news skepticism to your advantage. Think beyond the FTC Rule. For instance, if you have the lowest unit turnover rates in your sector, fold that performance information into your website and marketing program. Are your marketing support and pre-opening programs more comprehensive and better than your competition's? Focus on your good outcomes that show distinctions across all of the 11 functional areas you control.

Second, test ways of finding prospects before they know they should consider your brand. Embrace the big data era.

Third, learn what information experienced operators need to make an investment decision on your brand. Then find ways to put that information together and reach out to them with it. They have more choices than ever, so stand out with the quality of your content. A generally positive and extended economic expansion has made your development effort harder, so step up your game. ■

**Darrell Johnson** is CEO of FRANData, an independent research company supplying information and analysis for the franchising sector since 1989. He can be reached at 703-740-4700 or [djohnson@frandata.com](mailto:djohnson@frandata.com).

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# International strategy

## Franchising Abroad

### Targeting expansion to the optimal countries

BY KAY AINSLEY

**A**n international presence can add prestige to a brand, instill pride in employees and franchisees, and add to a company's bottom line. For franchisors going international, selecting the right markets and franchisees will greatly improve their chances of success. If not carried out correctly, however, this can also be a costly drain on a company's time, energy, and money.

There are 195 countries in the world today, 193 of them members of the United Nations. With so many countries to choose from, developing a list of viable target markets begins with some serious introspection in a few key areas.

- Articulating a **clear vision** is the first step. There are two divergent philosophies regarding international expansion. One is that customers in every market should be able to experience the brand *exactly* as customers do in the home market, and therefore nothing should change when going international. The second is that the overall brand experience must always be maintained, but non-core elements can be modified to meet local market demand and to conform to local business and cultural customs. The second approach defines the brand more broadly and provides greater flexibility that, if properly supported, expands the list of target markets and increases the probability of success.

- Analyze the **reasons for the success** you have enjoyed in your home market. Understanding the characteristics of high-performing markets, the demographics and psychographics of consumers in these markets, and the appeal of your product or service with these consumers will help you to select markets with similar characteristics.

- Analyze your **ability to provide support** to international franchisees. Among the many critical questions to ask are: How will you provide training and business coaching? How will you

enforce operating and brand standards? Can you adapt your product or service if needed? Will your current supply chain be able to accommodate international franchisees? If needed, can you establish a new supply chain?

Will the economics of the business be the same or will your economic model need to be modified? Are modifications needed to your IT network? Does your brand translate into other languages? Will your marketing message work, and how will marketing and advertising programs be developed for new markets? Does your staff have the bandwidth to take on a new project?

It is important also to note that modifications to a product or service require changes to the support programs, from operations manuals to training to supply chain to economics. Knowing what support you can and cannot provide will help you to create the profile of your ideal franchisee and select someone who can fill any gaps.

#### Make a matrix

Use this information to target markets with attributes similar to those that have made you a success at home and that you can support effectively. These are generally the markets that provide the greatest chance of success. With so many potential countries to review, it pays to create a matrix that will enable a quick, top-line evaluation of potential markets.

Begin the matrix with issues that will quickly eliminate a country from your list. These might include protection of intellectual property, ability to repatriate money, recognition of contract law, acceptability of franchising, infrastructure, and governmental, political, and economic stability, to name a few. Much of the information for this portion of the matrix is readily available online on sites such as the CIA World Fact Book, the Heritage Foundation/Wall Street

Journal Index of Economic Freedom, and The Economist Intelligence Unit's Global Forecasting Service.

Move on to market conditions that would specifically affect your concept or business model, such as presence of a population with the desire and ability to buy your product or service on a repeat basis, level of disposable income, ability of qualified labor force, laws and regulations with a direct impact on your business model/concept, language and cultural barriers, access to capital, and others.

Once a market clears the matrix hurdle it may be worth a deeper dive. Assess competition in the market—for both consumers and franchisees. Estimate the potential the market offers and the effort it will take to achieve that potential. Determine the amount of marketing that will be required to establish the brand in the new market. In addition to information available online, speak with your suppliers and vendors, industry trade associations, the U.S. Department of Commerce, and others who may have insights into the market you're considering. Finally, visit the prospective market and spend some time to get to know the market conditions, consumers, the competition, and business practices firsthand.

As many franchisors begin to recruit franchisees in their target markets, they experience both the push and pull of international franchising. There are countries that the franchisor has targeted, and there are prospective franchisees who want to bring the concept into their country. Using the matrix to quickly evaluate a requested market and taking the time to determine the qualifications of the potential franchisee can enable a franchisor to seize a great opportunity—and avoid the opposite.

The right market provides a powerful head start, and the right franchisee can fill gaps in the franchisor's ability to provide support, help the franchisor overcome obstacles in the marketplace, and have a positive effect on the brand's growth. When you get them right the stars are in alignment for great success. ■

**Kay Ainsley** is managing director of MSA Worldwide, a leader in franchise consulting that provides strategic and tactical advice based on real-world experience to new and established franchisors. Contact her at [kainsley@msaworldwide.com](mailto:kainsley@msaworldwide.com) or 770-794-0746.

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# International technology

## It's a Digital World

### Technology is changing international franchising

BY WILLIAM EDWARDS

**I**n 2015, I reported on the increasing use of technology in international franchising. Today, technology has become even more essential to the operation of franchised businesses around the world. Global use of technology in franchising includes franchise management, development, operations, training, social media, mobile pay, online delivery apps, marketing, and web-based POS systems. Here are some examples of how technology is helping franchises around the world do business more productively and changing the way both franchisors and franchisees do business.

• **Chris Grandpre, CEO and chair of Outdoor Living Brands.** “Technology is an important mechanism to increase the efficiency of how our five franchise models are operated in the field. As we can free up man-hours by automating activities, we create time to focus on revenue-generating activities for the mutual benefit of the franchisees and franchisor. Our team is regularly working to improve the technology platforms used across our systems. As a multi-branded franchisor, we’ve been working to deploy a consistent CRM tool across our franchise models, thereby making it easier for our franchisees to expand into one of our related brands and to cross-market our services at the consumer level.” And as Outdoor Living Brands expands beyond the U.S., their digital technology allows them to better manage international license operations 24/7.

• **Keith Gerson, president of Franchise Connect,** says that more than 700 franchise brand clients and 140,000 franchise locations worldwide are using its centralized and integrated franchise and learning management system (e.g., MBE Worldwide in Milan, Italy; Young Rembrandts in Beirut, Lebanon; Albaik in Jeddah, Saudi Arabia; and Groupe FL in Paris, France). The company’s cloud-based, multi-language

and secure franchise management system is accessible 24/7, resulting in cost-effective and timely real-time support and training of licensees and their franchisees on a global basis.

• **Albert Kong, CEO of Singapore-based Asiawide Franchise Consultants.** “Franchise companies in Asia are cognizant of the fact that digital products and services affect their business. The Southeast Asia region has a robust economy generating an annual combined GDP of US\$2.5 trillion and growing at 6 percent per year. Couple that with the fact that there are more than 600 million people, 40 percent under 30, almost all with a cell phone or two with them all the time. Technology is essential as they focus on businesses in tune with their lifestyle in the arena of food and beverages, education, beauty, retail, healthcare, and other service sectors.”

• **7-Eleven Thailand** recently announced that it will roll out advanced AI technology, including facial recognition of employees and customers, across all 11,000 stores in the country. The technology they will use can monitor such things as how long a customer lingers in specific places in the store, and even record their emotions. It can identify members of 7-Eleven’s loyalty program, allowing management to offer them tailored promotions. Then there is **Pizza Hut in Singapore**, which recently introduced a robot that has a female voice, greets patrons with a “Hello,” and then takes the customer’s order and processes the payment. Payments are made using Masterpass mobile payment.

• **Daniel Alley, a partner with Milan-based ADEA,** reports that in Italy, labor costs are extremely high and, for this reason, modern technology is the key to profitability. For fast food brands, kiosks can account for up to 85 percent of in-store transactions. Also, he says, introducing automated kitchen equipment has increased efficiency and the

standardization of the offer while reducing personnel. U.S. brands operating in Europe invest heavily in technology and are bringing this know-how back to the States; and kitchen manufacturers have dedicated units focusing solely on making equipment for fast food/fast casual brands more efficient.

• **Ned Levitt, a franchise sector attorney with Dickinson Wright in Canada.** “As is the case in the business world generally, technology changes are having a huge impact on franchising in Canada. Operating manuals are almost always provided and stored on an intranet for ease of access and revision. Savvy franchisors are creating apps for customers to place their orders (including for pick-up) and cut waiting time. If a franchisor does not learn the ins and outs of social media, they may find their brand sullied by a dissatisfied customer or even a competitor. These are just a sprinkling of the technological changes happening today. The future, given that your piece of technology is obsolete as soon as you take it out of the box, will bring more and more rapid technological changes than have ever been seen before.”

• **Iain Martin, the Franchising Centre in the U.K.** “Perhaps the most significant and rapid change is in the area of franchisee recruitment. While some franchisors continue to use the established recruitment/lead generation vehicles (e.g., exhibitions, franchise magazines, portals), many are finding that their return on investment is decreasing because their target audience is looking elsewhere. We have known for several years that buyer behavior was changing, i.e., serious candidates will typically do a lot of online research on a brand, prior to making a formal inquiry—which for the most part will not be through the medium that alerted them to the opportunity in the first place (PR article, web portal etc.). Thus the quality and quantity of information provided on a franchisor’s recruitment website is becoming critical. And of course if the franchisor’s website is poor, they’ll never know how many quality candidates they missed, because they’ll never inquire. So enlightened franchisors look for ways to drive relevant traffic to their websites. This has resulted in an increased use of proactive digital marketing, which targets candidates



based on both their technical attributes and also their disposition to making a buying decision now.” ■

**William Edwards**, CEO of Edwards Global Services, Inc., has 45 years of international business experience. He has lived in 7 countries, worked on projects in 72, and has advised more than 40 U.S. companies on international development. He has been an international master licensee in 5 countries and a U.S. franchisor senior executive. Contact him at 949-375-1896 or [bedwards@edwardsglobal.com](mailto:bedwards@edwardsglobal.com).

## But Wait, There's More!

**H**ere are a few more instances of how technology is changing the way franchisors do business around the world.

**China.** In 2016, China's mobile payments reached US\$5.5 trillion, about 50 times the size of America's \$112 billion market, according to consulting firm iResearch. In China this year mobile phone payments using networks like WeChat will surpass credit card companies like Visa and Mastercard in total global transactions per day. Today it is not culturally savvy to pay for your meal at one of the almost 5,300 KFC restaurants in China with a credit or debit card.

**Delivery.** According to a recent McKinsey & Company study, the global market for food delivery has topped US\$100 billion, or 1 percent of the total food market and 4 percent of food sold through restaurants and fast-food chains, with an annual growth rate estimated at 3.5 percent for the next five years—all enabled by relatively new technologies.

**Denny's and Alexa.** An example of a U.S. franchisor using technology to better serve its customers, in March Denny's announced it has partnered with Amazon to further expand its digital ordering network (Denny's on Demand, launched in 2017) to Amazon Alexa voice ordering. The introduction of the skill for Amazon Alexa voice ordering at Denny's is among the first from a family dining brand, as Denny's builds its role as a restaurant “omnichannel” innovator.

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# It's closing time

## Does Satisfaction Matter?

FBR study shows it does - a lot!

BY ART COLEY

I've never met a franchise executive who said, "Franchisee satisfaction doesn't make a difference in growing our brand." But sometimes I wonder if this is a politically correct reply, especially after taking a look at the results in the disclosure documents. But rather than going on a wild chase with a bunch of words and opinions, I asked my friends over at Franchise Business Review for help.

For years, Eric Stites, Michelle Rowan, and the FBR team have been focused on measuring franchisee satisfaction and connecting the dots back to actual performance. FBR's "2018 Annual Franchisee Satisfaction Study" was compiled from surveying more than 23,000 franchisees from 180 brands with a

minimum of 100 outlets and franchise disclosure documents. If increasing your unit count is critical, then invest some time with this report and what it means for your future.

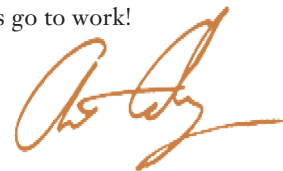
"Satisfaction" in this column and the FBR study is *not* a soft, subjective, touchy-feely metric. I subscribe to FBR's definition of franchisee satisfaction: "It's about achieving a franchise company's strategic and financial goals. Satisfaction is dependent on how franchise owners' experiences compare with their expectations."

Take a look at the graphs and hard data comparing satisfaction and performance. Judge for yourself.

For a franchise executive and leader, the job requires looking in the mirror. If

you're tracking annual franchisee satisfaction vs. unit economics and results in the FDD followed by benchmarking vs. other brands, and then building action plans and strategy... way to go! Keep it up. If you're not, get started today! An added benefit is that recruiting the best quality new franchisees who will follow your system and build top-performing franchise units will be massively more efficient and effective. Franchisee satisfaction matters.

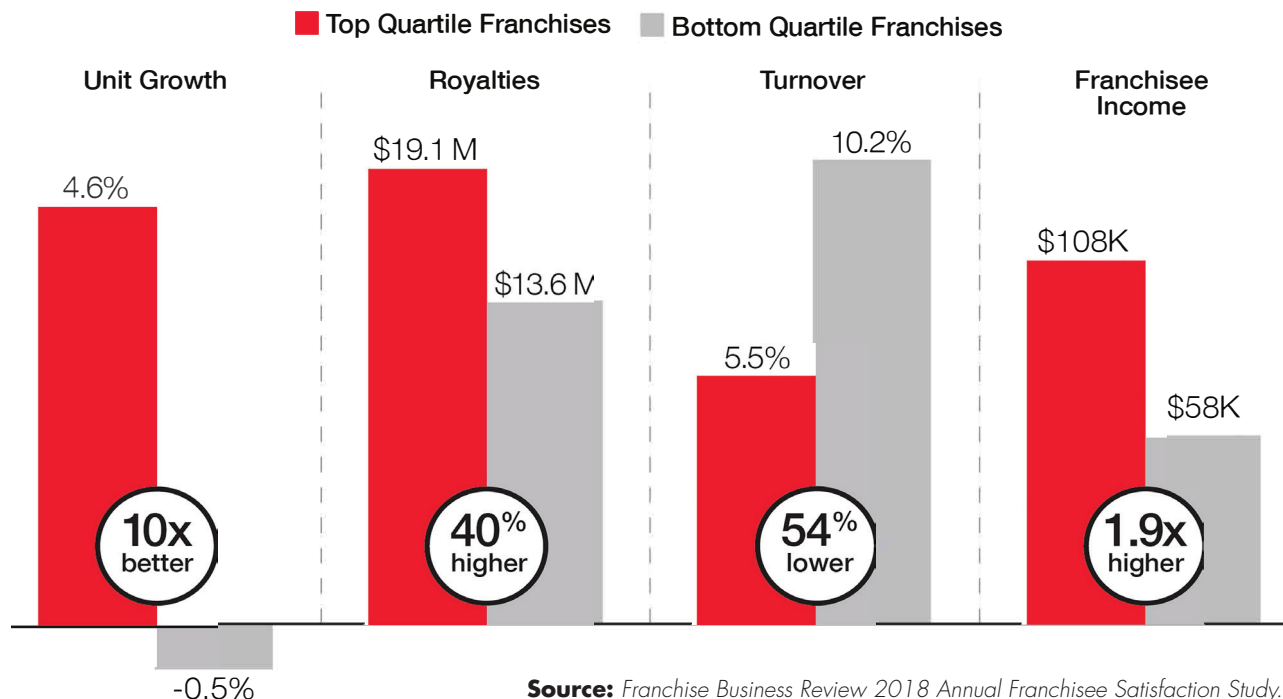
Let's go to work!



**Art Coley** has been helping franchise brands, in various roles, to maximize their investment and energy for the recruitment and onboarding of new franchisees for more than two decades. Contact him at 281-658-9409 or [acoley@cgifranchise.com](mailto:acoley@cgifranchise.com) with any comments or questions.

## The Link Between Satisfaction and Franchise Performance

Brands with high franchisee satisfaction drastically outperform brands with low satisfaction on every key performance metric. Here we see the gap between brands in the top quartile of satisfaction vs. brands in the bottom quartile of satisfaction in annual unit growth, royalty revenue, franchise turnover, and franchisee income.





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For more information about the Titus Center for Franchising visit: [www.pba.edu/titus-center](http://www.pba.edu/titus-center)



**Dr. John P. Hayes**, a veteran franchise practitioner and educator, is director of the Titus Center for Franchising. Each year he speaks and trains at numerous franchise events across the globe. Hayes has written several books with franchisors, including *You Can't Teach A Kid To Ride A Bike At A Seminar* with David Sandler, founder of Sandler Sales System, and *Start Small, Finish Big: Fifteen Key Lessons to Start — and Run — Your Own Successful Business*, with Fred DeLuca, the co-founder of Subway Restaurants.

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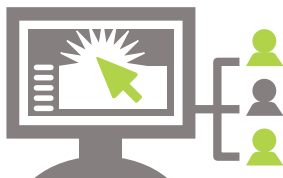
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