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BUSINESS INTELLIGENCE FOR GROWING FRANCHISORS

Q3 | 2018

# update



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FRANCHISE LEADERSHIP &  
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BY KERRY PIPES

# Marketing Masters

As a rule, marketers are optimistic people.

That's one of the reasons it's always fun to feel the buzz in the air each summer at our Franchise Consumer Marketing Conference (FCMC). When you get a group of marketing people together, their passion and excitement for blending communication, commerce, and technology is infectious. This year's event at the InterContinental Buckhead in Atlanta was no exception.

Whether it's traditional or digital media, the latest technology tools, or collecting and interpreting big data, marketers today have plenty to understand and manage. One of the primary goals of this annual conference is to provide a forum for franchise consumer marketers to get together for a mutually beneficial give-and-take in a lively, intimate setting.

Elsewhere in this issue, we look into target marketing, which improves every year with advances in technology—as does marketers' understanding about how to use it to reach the customers they want. We've devoted 5 pages to how 11 franchise brands identify and target their ideal customers. It's fascinating what marketers and brands are doing today!

We also feature a story on cause marketing, the idea of doing well by doing good through community and philanthropic involvement. The best franchise brands understand the importance of making a commitment to social causes and local organizations part of their culture—a practice that begins at the top and flows all the way down to the smallest franchisee and their front-line employees. During recruitment, many franchisors screen candidates for this attitude from the start. "I will step away from a lot of people who are purely ROI-driven," says Kona Ice founder and CEO Tony Lamb. And while it's good for business, it's even better to give back. Learn what several brands are doing to make their worlds and communities better.

We also take a look at crisis management, something we scheduled long before this summer's Papa John's crisis began to unravel. Conference attendees told us reputation management in an online world is becoming more challenging every year. It's never fun, but it's worse for brands that don't have a solid plan in place if a crisis hits. With consumers' growing reliance on online reviews and social media, a PR disaster is often just a click away. We asked two brand marketing executives to share how they prepare for a potential crisis. Their responses are insightful, sobering, and offer reassurance it can be done effectively.

No matter what your brand or circumstances, marketers have tough jobs, but their "can do" attitude helps them overcome obstacles and find solutions time after time. It's this optimism, combined with a finely tuned skill set, that turns them into marketing masters. ■

# Leadership

FRANCHISE LEADERSHIP AND MANAGEMENT

## 6 CEO Profile: Rob Price, School of Rock

"Leader of the bands" finds his groove  
balancing focus and flexibility

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Popular tax preparation brand's new leader  
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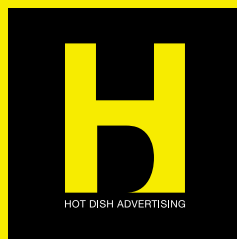
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BY KERRY PIPES

# LEADER OF THE BANDS

School of Rock CEO finds the perfect home

**W**ith his first year as CEO of School of Rock under his belt, Rob Price has found his groove as he works to grow the 20-year-old brand that offers music education to kids all over the world. And, yes, he plays piano and sings, and his favorite band is Steely Dan.

Since teaming up with Sterling Partners in 2009, School of Rock has grown to more than 210 franchise units worldwide, system-wide sales from \$13 million to more than \$65 million, and its student count from 4,000 to more than 25,000. Its performance-based music curriculum teaches kids not only how to rock, but also how to be musicians on a variety of instruments.

Price, who took the CEO post in the summer of 2017, is an active leader, always on the move, and visited 95 of the brand's schools in his first 10 months on the job. His previous experience includes president of Edible Arrangements, where he oversaw more than 1,300 franchise locations globally. He's also worked as SVP and CMO at CVS Health and held executive roles in the grocery business at Wawa Food Markets and H-E-B.

Price says his leadership background and experience are helping him focus on "delivering great outcomes for our students, owners, and team members." He says he loves the culture throughout the brand's system, enjoys working with people at all levels, and ultimately hopes to contribute to building an enduring brand.

While he is serious about business, he doesn't take himself too seriously. "My management style is to work aggressively at making my management style irrelevant," he says. He believes if he builds a great team, outlines objectives, and provides the infrastructure to achieve them, things will go well. "I look for people who have passion and pride in their work, are not afraid to offer feedback, and have a great sense of humor."

But growing the brand is no joking matter. Price says he wants to build "the largest, most influential community of musical creators in the world." He plans to do that by entering more countries and adding hundreds more schools, and expects at least 50 more opened or in development

**NAME:** Rob Price

**TITLE:** CEO, president

**COMPANY:** School of Rock

**UNITS:** 210+

**YEARS IN FRANCHISING:** 4

**YEARS IN CURRENT POSITION:** 1



over the next 18 months.

The brand recently inked a deal with music publishing company Hal Leonard. The new partnership makes customized charts available to School of Rock's students and teachers for classes taught in their programs and camps.

For Price, a true highlight of his job is seeing students perform live on stage. "Every single time I see a young student on our stage, showing the courage and collaboration required to play with others, I get goosebumps," he says.

## Leadership

**What is your role as CEO?** My primary role is to listen to our owners, school teams, and students to shape a set of priorities to strengthen the delivery of our mission. We are a growing, passionate community dedicated to enriching lives through performance-based music education. As leader of this community, I have to make good choices about what, when, and how. My role also is to ensure high standards and follow through on our commitments.

**Describe your leadership style.** My style is to make decisions using disciplined thinking, demand clear plans of action, and confront hard truths in an intellectually honest way. I take the work really seriously. However, I don't take myself very seriously.

**What has inspired your leadership style?** I have inventoried effective and ineffective leadership skills of teammates over the years. More importantly, I have also invited feedback, even when brutal. I have been blessed with colleagues who have cared enough to point out my deficiencies. I embrace criticism and it always inspired me to try to improve.

**What is your biggest leadership challenge?** In a high-growth brand like School of Rock, picking promising objectives is the highest priority, and staying focused is difficult. Franchises have many stakeholders with really diverse opinions, so balancing focus and flexibility is always a challenge.

**How do you transmit your culture from your office to front-line employees?** Our culture does not come from our office. It begins in our lessons, rehearsal rooms, and performances. Our franchisees and school teams are incredibly passionate, so I do not find culture transmission a challenge. Rather, we have to work hard to systematize and automate our business to allow all of us to focus more time on building our culture, and less time on minutiae and bureaucracy.

**Where is the best place to prepare for**



## ceo profile

**leadership: an MBA school or OTJ?** I learned irreplaceable skills, techniques, and decision tools in my MBA. However, leadership is best learned through doing, facing consequences, feedback, and mentorship.

**Are tough decisions best taken by one person? How do you make tough decisions?** I bring team members into the deliberation process. I will solicit feedback and delegate to team members more expert than I, where possible. Ultimately, I do like to have single points of ownership on decisions, but not all need to be made by me.

**Do you want to be liked or respected?** Since both can be subjective, I first would want to be effective—honoring commitments I have made. Most often this will lead to respect. While popularity is always nice, I would rather focus on delivering great outcomes for our students, owners, and team members. I am blessed that we have a team that is easy for me to respect and like, so I hope I earn their admiration in exchange as I help them build an enduring brand.

### Management

**Describe your management style:** To work aggressively at making my management style irrelevant. I believe in assembling a great team, establishing clear, measurable objectives, and building the infrastructure required to deliver those objectives. I also am really, really cheap. Every dollar we get is from customers, franchisees, or shareholders, so I am maniacal about cost containment.

**What do you think makes up a good management team?** I look for people who have passion for and pride in their work. I look for them to solicit and offer direct feedback. I also think sense of humor is incredibly important.

**How does your management team help you lead?** My team has a very strong sense of personal ownership and results. Nowhere is this more important than in serving our franchisees. I know I can count on my team to embrace franchisee perspectives with empathy. My team does not wait for me to tell them to help our owners succeed.

**Favorite management gurus: Do you read management books?** I am par-

ticularly fond of biographies of historical figures. Two leaders I have particularly enjoyed studying are John Adams and Theodore Roosevelt. Both were imperfect men who overcame their deficiencies to create extraordinary change.

**What makes you say, "Yes, now that's why I do what I do!"?** Every single time I see a young student on our stage, showing the courage and collaboration required to play with others, I get goosebumps. I get Net Promotor Score comments every day about how we have changed people's lives. There is rarely a moment in my job when I don't enjoy watching our owners and team swell with pride over their impact on our more than 30,000 students.

### Personal

**What time do you like to be at your desk?** I never like to be at my desk. I don't have an office or desk at our HQ. I move from place to place like a nomad. I tend to be at the office between 6:30 and 8:30 a.m., but I work at least another two hours at night. I travel extensively, having visited 95 schools in my first 10 months.

**Exercise in the morning? Wine with lunch?** Since we are a child enrichment program, booze doesn't really have a role. And who has time for lunch when you are growing like School of Rock? I exercise about four times per week, usually at night. I work with a personal trainer twice per week.

**Do you socialize with your team after work/outside the office?** I love my team, and have great fun with them. At the same time, I want them to have a healthy separation between work and play. I know many close friendships have been formed among my team members, but I feel more comfortable protecting my team from me after hours!

**Last two books read:** *The Undoing Project* by Michael Lewis and *Man's Search for Meaning* by Viktor Frankl.

**What technology do you take on the road?** A phone and a laptop.

**How do you relax/balance life and work?** In addition to exercise, I love to play piano and sing. I also have an ob-

session for Scrabble.

**Favorite vacation destinations:** Coastal Rhode Island and Scottsdale, Arizona.

**Favorite occasions to send employees notes:** I try to send acknowledgments whenever possible.

### Bottom Line

**What are your long-term goals for the company?** We will build the largest, most influential community of musical creators in the world. We will enter several additional countries with hundreds of more schools to serve tens of thousands of more students. We will create a vibrant alumni network of hundreds of thousands and have our students perform for millions of people.

**How has the economy changed your goals for your company?** With more global prosperity, our prospects internationally have grown. Already many of our most successful schools are outside the United States.

**How do you measure success?** By the number of people whose lives are enriched through my effort. This applies to my family, my team, and my community. I have found that sufficient material success is achievable with this guiding principle, although it isn't the fastest route to a buck.

**What has been your greatest success?** My ability to embrace feedback and adapt to become a more effective leader.

**Any regrets?** Plenty. Most of my regrets however are not my mistakes or failures; I have learned from these. Rather, my regrets relate to not taking more chances, stretching myself, and learning new things.

**What can we expect from your company in the next 12 to 18 months?** Over the next 18 months, I anticipate at least 50 more schools opened or in development. Some of these will be in new international markets. Our existing schools will show stout organic growth through improved marketing, management, and curriculum innovation. We will also activate new strategic partnerships that set us far apart from other child enrichment programs. We will be building a solid base of growth for the coming years. ■

BY KERRY PIPES

# ONE TEAM, ONE GOAL

New Liberty Tax CEO arrives well prepared

**N**icole Ossenfort is an inclusive leader. Since taking over as president and CEO of Liberty Tax earlier this year, she has made it a priority to be in regular contact with people from every level of the tax preparation brand, from franchisees to employees.

“My mantra is ‘One Team. One Goal.’ And I have taken steps to make the decision-making process open so everyone throughout the company is aware of how decisions are made and how they will affect each of us,” she says.

Ossenfort has a long history in accounting. She operated her own accounting practice and worked in public accounting as an auditor from 1994 to 1996. She first joined Liberty Tax as a franchisee in 2002, operating offices in South Dakota and Wyoming. In 2004, she became an area developer for the brand and remained in that role until

**NAME:** Nicole Ossenfort

**TITLE:** CEO, president

**COMPANY:** Liberty Tax

**UNITS:** 4,077

**AGE:** 47

**YEARS IN FRANCHISING:** 16

**YEARS IN CURRENT POSITION:** 3 months

September 2017. That same year she served as vice president of the company’s 360 Accounting Solutions business from April to October. She was twice elected to the brand’s Franchisee National Advisory Council. She also spent time as a company spokesperson and conducted special training programs designed to help fellow franchisees succeed.

Her list of accomplishments makes it easy to see she is dedicated to the Liberty Tax brand. She believes her previous tax and franchisee experience have prepared her for the role of president and CEO. Ossenfort says franchisees, a critical ingredient in the success of the brand, will play a significant role in her collaborative management style. “I believe in engaging people at all levels of the company to better understand where we’re succeeding and where we may need to make change to keep the brand thriving,” she says.

Ossenfort knows that keeping everyone on the bus focused, engaged, and passionate about what the brand is doing will be critical in delivering a great product and customer service. It will also help build momentum and growth.

“I want to continue to add franchises so that we can deliver that great Liberty Tax service to even more people, and even more franchisees can discover the benefits of leading a business,” she says.



## Leadership

**What is your role as CEO?** I am passionate about Liberty Tax, and I am focused on its growth and prosperity.

**Describe your leadership style.** I have a collaborative leadership style. I believe in engaging people at all levels of the company to better understand where we’re succeeding and where we may need to make change to keep the brand thriving.

**What has inspired your leadership style?** The founder and chairman of Liberty Tax, John Hewitt, is a mentor. I was impressed as a franchisee to know that my opinions counted—that the CEO had an open-door policy and that he listened to those closest to the customer. He was honest with me about my strengths and weaknesses, and he didn’t hesitate to let me know when I was headed down a wrong path. That mattered to my success. I know that matters to current franchisees, too.

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## ceo profile

**What is your biggest leadership challenge?** Making sure our franchisees and employees are all focused, engaged, and passionate about our goals and about delivering the best customer service experience out there.

**How do you transmit your culture from your office to front-line employees?** Liberty Tax has always had a family feel, and nothing can change that. The tone is set at the top. We treat each other with respect. We acknowledge each other in the hallways. Our employees know that we care about them and that we trust them to do great work.

**Where is the best place to prepare for leadership: an MBA school or OTJ?** I would never discount the value of a solid education, but I've learned my greatest leadership lessons on the job.

**Are tough decisions best taken by one person? How do you make tough decisions?** I get information from many different sources. I listen to everyone and read lots of reports, but ultimately, I'm the one who has to make the tough decisions. I stand by my decisions, and I expect those on my team to support those decisions.

**Do you want to be liked or respected?** We all want to be liked, but I believe it is better to be respected. People listen to people they respect. They trust you to make decisions in their best interest, and, believe it or not, they like you.

**Advice to CEO wannabes:** Surround yourself with people who are smarter than you, and learn from them. If you're always the smartest one in the group, you won't get far because you're not expanding your horizons.

### Management

**Describe your management style:** Since I took on this role, I have made it a priority to communicate regularly with franchisees and employees. "One Team. One Goal." is my mantra, and I have taken steps to open the decision-making process, so that everyone in the company is aware of the decisions being made and how those decisions will affect each one of us.

**What do you think makes up a good management team?** Diversity of skills and strengths. For a management team to work effectively, the members of the team have to complement each other. They can't bring the same strengths to the team or we'll just end up agreeing with each other on everything. We need to debate and disagree and have dialogue to make decisions in the best interest of the company and our franchisees.

**How does your management team help you lead?** I think I've answered that above, but, in short, members of my team think differently than I do. So they may present different ideas or opinions on business opportunities that help us make good decisions.

**Favorite management gurus: Do you read management books?** *The Effective Executive* by Peter Drucker.

**What makes you say, "Yes, now that's why I do what I do!"?** Getting a phone call from one of our franchisees telling me that becoming a part of Liberty Tax was the best decision they made for themselves and their family.

### Operations

**Are there any trends in the tax preparation industry you foresee having an impact on the Liberty Tax brand?** Tax preparation is personal. People want tax preparers they can trust, people who are like them. As more people from diverse backgrounds look for tax preparers, they'll seek out people from their communities to serve them. Our franchisees are diverse and represent so many different ethnic groups. On top of that, we have a brand, SiempreTax+, which is solely focused on Hispanic taxpayers.

### Personal

**What time do you like to be at your desk?** I'm checking emails as early as 5 a.m. I get to my desk around 8 a.m. or so.

**Exercise in the morning? Wine with lunch?** Do brain exercises count? I don't typically have wine with lunch.

**Do you socialize with your team after work/outside the office?** We may get

together for a meal or to celebrate a successful project.

**Last book read:** *iCompete: How My Extraordinary Strategy for Winning Can Be Yours* by John T. Hewitt.

**What technology do you take on the road?** iPhone, laptop.

**How do you relax/balance life and work?** I enjoy spending time with my adorable twin grandsons.

**Favorite vacation destination:** Right now, it's South Dakota. When I took the role of CEO, I left my husband back at home to run our business. I like to get there every now and then to see him.

**Favorite occasions to send employees notes:** When they exceed expectations or when they surprise me by doing something out of the ordinary.

### Bottom Line

**What are your long-term goals for the company?** We are an exceptional brand. We provide unmatched customer service. Our franchisees have this great opportunity to run a successful business that makes them self-sufficient. Long term, I want to continue to add franchises so we can deliver that great Liberty Tax service to even more people, and even more franchisees can discover the benefits of leading a business.

**Has the economy changed your goals for your company?** No.

**How do you measure success?** We are a franchise business because we want to share this opportunity with others. So I measure success by our franchisees meeting their goals.

**What has been your greatest success?** Raising two wonderful children into productive human beings.

**Any regrets?** Too few to mention.

**What can we expect from your company in the next 12 to 18 months?** We will continue to work hard, to grow our company, to add locations, and to serve our customers. ■



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BY GLENN LUNDE



# Togo's Is Back!

## REFRESHING THE 50-YEAR-OLD SANDWICH BRAND

**A**fter more than 50 years of perfecting our big, fresh, and meaty sandwiches, we decided it was time for a brand refresh to ensure that everything we do, from marketing to store design, would be in line with the uniqueness and high quality of a Togo's sandwich.

Some may have noticed that Togo's has been pretty quiet the last few years, but that's because we've been hard at work reimagining the company to focus on what fans love most about the brand. And now, we are thrilled to begin sharing our many exciting brand improvements with existing and new guests.

Togo's has launched its system-wide brand refresh, anchored by the company's new anthem, "True to the Sandwich," along with the addition of our newest signature sandwich, the Pretzelrami. After taking the time to ask fans why they choose Togo's over other sandwich concepts, it always came back to the sandwich, and the fact that there is nothing else like it. So our new commitment is



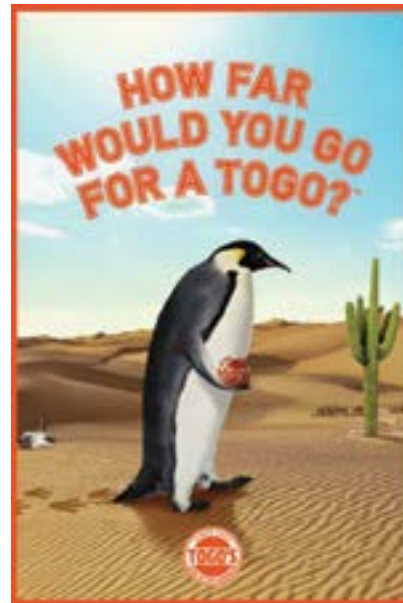
to be relentlessly True to the Sandwich in everything we do, which means staying focused on what matters most to our guests, and that's bold flavors, premium ingredients, and generous portions.

Our guests have already noticed big changes at Togo's, including an updated logo that features our new tagline (True to the Sandwich).

All employees are donning our new uniforms, the Pretzelrami is front and center on new menu boards, and the brand's redesigned, vibrant packaging is now being used in all locations. In addition, all stores will undergo a facelift that will be rolled out gradually at our more than 220 locations in the coming months, and our many restaurants in development will feature the new store design.

What our fans might be loving most about our recent changes is the permanent addition of our newest signature sandwich, the Pretzelrami. Featuring more than a quarter pound of our famous pastrami piled high on a

This brand refresh, years in the making, is designed to remind longtime guests of why they gravitate to Togo's when craving a sandwich.



soft pretzel roll, the Pretzelrami is toasted with two slices of white cheddar cheese aged for seven months, and finished off with tangy yellow mustard and crisp dill pickles. Our Pretzelrami takes our fan-favorite traditional pastrami sandwich to a whole new level of taste and quality, and further reflects the brand's promise to provide guests with the highest quality, generous portions, and an engaging dining experience they won't find anywhere else.

To celebrate Togo's being back and better than ever, we've launched a new marketing campaign developed by Siltanen & Partners of Los Angeles titled, "How Far Would You Go for a Togo?" The campaign illustrates the extreme and humorous lengths that people will go to get their favorite Togo's sandwich. To get our fans involved, we've been encouraging them to share their own stories on social media about how far *they* would go for a Togo.

While the response from our valued guests has been overwhelmingly positive, our franchise partners are even more excited about the brand's new direction and the cus-

tomers feedback they've been receiving. Our franchisees bought into our storied culture, and we're proud that our refresh efforts help to tell that story better and enhance what makes Togo's stand out from other sandwich concepts.

The evolution of Togo's presents enormous opportunity for prospective franchisees to join the brand at a very exciting

time of growth and innovation. With a focus on the western regions of the United States, Togo's is building a stronger national presence by entering new territories while infilling existing markets.

With more than 220 locations across five states, the company offers plenty of room for franchisees to grow in both existing and untapped markets, while introducing

Togo's next-generation stores to new guests. There has never been a better time for potential franchisees looking to expand their portfolio and grow with a proven brand that has an extremely loyal following.

This brand refresh, years in the making, is designed to remind longtime guests of why they gravitate to Togo's when craving a sandwich, while making a strong introduction to new customers who have yet to experience their new favorite sandwich at Togo's. We're confident that guests will appreciate our fresh approach to the Togo's they've grown up with and have loved since that very first bite! ■

**Glenn Lunde** is president of Togo's Eateries.





## Legal view

# Managing Labor Risk

## Avoid joint employer and vicarious liability

BY MICHAEL SEID

**A**lmost a year before the NLRB issued its decision on Browning-Ferris Industries, there was an outsized reaction about its potential impact. In every announcement we heard about franchising, we were repeatedly told the sky was going to fall if that decision became law. It didn't fall. Franchising is still here and has continued to grow.

For years, franchisors have included sections in their manuals that provide recommended human resource practices. Some of these are quite basic and limited while others are extensive, including employment applications, policy guides, interview questions, disciplinary procedures, salary recommendations, scheduling practices, etc. Since Browning-Ferris, we continually butt up against lawyers recommending that franchisors remove *entirely* any HR recommendations from their manuals. Their belief is that this will protect the franchisor from claims of vicarious liability or joint employment.

As part of our litigation support practice, we spend a considerable amount of time reviewing joint employment and vicarious liability case materials. Based on that experience, we don't recommend or think it is in the best interest of the system for franchisors to remove the HR sections for two very important reasons. The first is that, properly drafted and formatted, HR information creates zero risk. These are not brand standards and are merely recommendations and information the franchisee can use, edit, or ignore.

The second reason may be more important. Franchisees, often new to business, are neophytes in recruiting and managing labor. Removing this information can harm the system because it deprives franchisees of an essential and necessary resource to help them independently manage their business.

A similar argument can be found in training materials provided for use with a franchisee's staff. A well-trained staff will be more effective in meeting brand standards

and will increase the franchisee's profitability. However, *requiring* a franchisee to use franchisor-prescribed training material without change and mandating that a franchisee's staff pass a specified test to be hired is most certainly problematic. Whereas providing well-structured training materials and tests that a franchisee can use, adapt, or ignore again creates zero risk. How or whether a franchisee's staff is trained is really not the issue. What is the issue is whether or not the franchisee delivers to brand standards. How they achieve that is solely up to them, and the training material can be a beneficial tool for them to use—if they choose.

Most franchisors invest heavily in providing initial training to franchisees and even have an opening support team that directly trains a franchisee's initial team. This is considered a "best practice." But is it really? By the time a few months have passed, much of the franchisee's initial crew has turned over. Often the franchisor's field staff conducts some training and gives direction to the new crew members. However, many lawyers believe this type of staff training can be a trigger for claims of vicarious liability and joint employment.

Instead, recognizing the need to have a consistently well-trained work force, we generally advise our clients to expand their initial training regimen and require the franchisee to identify and bring to training someone who will be their designated trainer. Providing a train-the-trainer program for franchisees enables them to have capable internal resources to train and certify their replacement staff, eliminating the risk of liability to the franchisor.

We also restructure and change the roles of their opening support team. Instead of training the franchisee's initial crew directly, their new role is to observe and support the franchisee's trainer in training their own team. In doing so, we strengthen the capabilities of the franchisee's trainer, while still ensuring that the

staff has the tools they need to deliver on the franchisor's brand promise. This really is the best practice method for unit training in franchising. This also lowers a franchisor's liability risk.

In case after case, it is generally field support that creates the most joint employment and vicarious liability risk for franchisors. When field consultants act in the role of a supervisor—interviewing, hiring, managing, training, or directing a franchisee's management and staff instead of acting like a consultant—they create significant risk. Even after Browning-Ferris, we still see field consultants reviewing franchisees' employee files, standing in for management or staff when the unit is short-staffed, making non-brand standard comments on reports, and doing things as if they were responsible for the day-to-day management or supervision of a franchisee's location.

The sole purpose and role of a field consultant is to consult with the franchisee to improve the performance of their business and to evaluate whether the franchisee is operating to brand standards. They should not supervise the franchisee's management or staff, nor does their role include directly implementing change. That is the job of the franchisee.

Today we spend a lot of our time scrubbing our clients' manual library, training programs, and agreements to remove unnecessary controls. Our goal is to put the franchise relationship back into the proper balance between brand standards versus control. For years our primary risk focus was on lessening the risk of vicarious liability alone. Since under either the current or historic definition of joint employment the triggers for vicarious liability are almost identical to those of joint employment, these audits and recommendations alleviate much of our clients' franchisee labor risk.

If you are not now routinely having your outside business or legal advisor conduct a proper review, make the call today. It's worth the investment. Even if the risk of joint employment does become something we see in our rearview mirror, the risk of vicarious liability will always be part of franchising. ■

**Michael Seid** is managing director at MSA Worldwide. Contact him at 860-523-4257 or mseid@msaworldwide.com.





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# Operations

## Cloning Success

### 3 tips to improve your operations

BY JEFF DUDAN

**F**ranchising may not be rocket science, but it is a lot like another type of science: cloning.

If you're going to turn your business into an operation that can do what you do here, way over there, and everywhere, you must come up with strategies that make your company's processes easy for your franchise owners to replicate.

And that isn't easy to do as your company becomes bigger and more widespread.

The business I founded, AdvantaClean, which now has 240 franchises across the country, works for homes and businesses. We're a cleaning service, but not of the maid service variety. Our company started in 1994, founded in the wake of Hurricane Andrew, which hammered Florida in 1992. If a home has been deluged after a hurricane, river flood, or another form of natural or manmade disaster, or there is mold or sludge or some sort of contaminant or hazard lurking, that's when customers call us.

Obviously, no two franchises are alike, but if you're looking to clone your business, I think it's safe to say that there are a few universal rules every franchise should follow. Here are three.

**1) Invest in training.** Running a franchise should be a little like being the owner of a race car. You don't just buy a fast car, find a good driver, and say, "Okay, goodbye, maybe I'll see you at the finish line." You have a pit crew to help franchisees keep the business going when they inevitably run into a rough patch.

That's precisely why we have franchise business coaches on staff to work with franchise owners—even once the franchise owners are established. If they want it, they can get regular coaching and support, and as part of our company's culture we're highly engaged with our franchise owners.

In the beginning, we offer initial training to franchise owners and their employ-

ees five times a year. Our interaction with franchisees also includes four regional meetings a year with training and one annual conference with training. As for training, that can mean a lot of things, from introducing franchise owners and employees to new technical instruction or sales training or showing them methods to become more efficient. We also believe in the power of storytelling and collaboration, so franchisees can share what's working so we can all learn.

You're only as strong  
as your weakest link,  
and with franchising,  
the more successful  
you are, the more  
links you have.

**2) Invest in innovating.** You might not think that you'd necessarily have to be on top of technology when it comes to cleaning mold and sewage, and in some ways you'd be right. Sludge is sludge, and suction is suction. But no matter how straightforward and basic your franchise, you don't want to fall into the trap of thinking that there's no way you can do what you do any better. If people in my industry thought that way it would be as if, 100 years ago, a cleaning service asked, "What do I need a vacuum cleaner for? I have a broom."

In other words, while the methods may not change dramatically, in 2018 I wouldn't clean mold and sewage the way I did in 1994. Today, for instance, you'd be foolish to not use thermal imaging technology, which helps accurately diagnose how pervasive a mold problem is. Yes, thermal imaging technology was around in the 1990s, but as you can imagine it's evolved over the years and is constantly

being upgraded and improved.

Even sewage and sludge has advanced from where it was, say, 100 years ago. Back then, for instance, you didn't have electronics in your sewage. Now, after a flood, an unfortunate homeowner might be dealing with a basement swirl full of toxic metals such as lead, mercury, cadmium, and hazardous chemicals like brominated flame retardants.

So, you owe it to your customers and your franchisees to make sure you have the most up-to-date technology to fight wastewater and mold and to keep everyone safe.

**3) Invest in your own operations.** This seems obvious to me, and it's probably obvious to a lot of people, but you also must invest in the franchise operations as much as you do the franchisees. For instance, one of our recent promotions was that of Chris Stefanco, our vice president of operations. But before that, for 18 years, in fact, he was the director of field operations and training. I feel very fortunate, and I know we all benefit from our operation having talented and qualified people at the helm.

You can't train franchisees and you can't provide the latest and greatest in technology for them if your own offices are a dumpster fire. That's why, for instance, our headquarters is on a 5-acre industrial site, and why our 22,000-s.f. campus offers executive training facilities, a continuing education center, and a simulation environment for hands-on technical instruction.

And you must treat the people working for you well, and make sure *they* are well-trained and certified so that they're empowered to help your franchisees be the best they can be. If you do that, you lift everyone, and successful franchising requires a franchisor to try to lift everyone. As they say, you're only as strong as your weakest link, and with franchising, the more successful you are, the more links you have—making it increasingly important that you empower *everyone* to do better. ■

**Jeff Dudan** is the founder and CEO of AdvantaClean. Learn more at [advantaclean.com](http://advantaclean.com) or call 877-800-2382.

# Training

## E-Learning 101

### Train your franchisees and staff more effectively

BY NIGEL DAVIES

**E**-learning has earned its stripes as a convenient alternative to traditional corporate training models, which typically have involved flipcharts and laser pointers. Today employees can learn new skills during their commute, in the gym, or simply during quiet periods at work, saving valuable time and benefiting from a different kind of learning experience.

Online learning, where and when it suits employees, means information often comes in palatable, bite-sized formats for easy absorption. It's a refreshing contrast to a classroom-based, day-long information overload.

For franchisors with multiple franchisees to keep informed and updated, the benefits are that this kind of training is far cheaper to deliver than physical alternatives, onsite or off, even with video production costs factored in.

By delivering content this way, franchisors can also be assured that what is being taught is absolutely consistent for all students (both franchisee management and staff), especially important for regulatory compliance training and for maintaining a consistent brand presence.

But as well as being consistent, it also must be relevant. Through user permissions, online learning platforms will let companies deliver courses to relevant users only. For example, an e-learning program delivered to staff at a convenience store franchise might help ensure that all stores are trading legally with regard to age-restricted products and improve customer service; while training delivered to franchisee management at the same store could cover areas such as staff retention, or how to build a more efficient and engaged workforce.

There are limitations, of course. A good learning environment relies heavily on audience participation and the chance to practice what is being taught. But e-learning platforms are getting more interactive, and watching a teacher lecture on video is just

the beginning. Most e-learning platforms now incorporate some level of gamification, with activities and short quiz questions that check on whether information has been absorbed.

The other thing missing from e-learning is student-to-student interaction. Training and practicing new skills with colleagues away from the office can be a good team-bonding experience, as well a chance to step away from the daily grind.

Online learning is a refreshing contrast to a classroom-based, day-long information overload.

While e-learning platforms offer tools to enable virtual student-to-student interaction, nothing beats the real thing. This is why e-learning should never replace physical training altogether. Blend different training methods to get the best results, and to keep your people motivated and engaged.

#### 7 best practices

Think about your favorite teacher and why you liked that person so much. Did they use humor and stories as teaching methods? Did they mix up the learning experience so there was plenty of interaction and participation? Did they set unusual projects that were fun to complete? Perhaps you liked this teacher because they paid attention to you, took notice of your individual development, spoke to you as a peer, and never patronized.

All these things can be incorporated into your virtual business learning platform. Follow these seven tips to create the ultimate e-learning experience for your franchisees.

- **Don't cut corners on production.** If necessary, call in experts to create and review online training courses before they

are made available, as well as to deliver the course content. You may have the expertise in-house. With some great lighting and an interesting backdrop, it really doesn't take much to produce a professional-looking video.

- **Be human.** Your teacher doesn't have an audience yet, but they do have to be engaging. Encourage them to use storytelling and real-world examples to bring points to life. This helps students remember key details.

- **Keep it relevant.** Built-in permission and notification systems will ensure e-learning courses are presented only to those users who need them. Similarly, training courses can be assigned validity time periods if the content is likely to become out of date.

- **Make courses user-friendly.** If a student wants to revisit a certain section of a course, make it easy to find by bookmarking with keywords and labeling content accurately. Your e-learning platform also should log where a student left off and inform course creators when training has been completed.

- **Enable interaction.** Some training sessions could be delivered in a live webinar, as well as being pre-recorded. Support real-time collaboration by letting learners post questions and comments and add "likes." Look at whether your chosen platform allows additional corporate social networking features so learners can interact with one another as well as with the course provider. Request feedback from students so you can make your next training course even better.

- **Offer printable resources.** Downloadable documents with useful infographics or visual summaries may help some students retain information better.

- **Make it easy to access.** Students will be more inclined to learn if training is easily accessible. Flag up new courses to relevant users on your company intranet and use reminders to make sure they're completed. ■

**Nigel Davies** is the founder of U.K.-based Claromentis, a provider of digital workplace 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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BY SARA WYKES

# Target Practice MAKES PERFECT

## HOW 11 BRANDS IDENTIFY AND CONNECT WITH THEIR CUSTOMERS

**I**n Bottle & Bottega's first year, says Nancy Bigley, co-founder of the paint and sip studio, "We tried every approach we could think of to see where we landed. We are an adult business with alcohol—and you don't want screaming kids in the next room. From a marketing perspective, it was a nightmare. We agonized. Our flagship store had big windows, but I looked at 'Kids Party' and 'BYOB' and it was a problem."

That year of testing convinced Bigley that the right target market for the fledgling brand fell on the adult side. She also knew that although women were the majority of Bottle & Bottega's likely customers, her marketing would have to be gender-neutral. "Men love painting," she says. "They just don't know it."

Seven years after Bottle & Bottega's first franchise debuted with the understanding that women would be the brand's primary target audience, customers at more than 20 locations in eight states now power another form of marketing. "Existing guests are our number-one referral source," says Bigley.

Today her choice is not so much who, but how. Social media, with daily fresh content, much of it produced by franchisees, is a large part of the brand's marketing. But, says Bigley, "Marketing is not just one thing, it's a combination of things working together. The challenge is that there are so many formats and they change, but the category of business must remain the focus. What are we going after?"

Bigley spent a year analyzing Bottle & Bottega's market, but other franchises know from the start who their customers will be. Still others evolve over time as

*"Marketing is not just one thing, it's a combination of things working together."*



their brand matures and consumer preferences change. Each provides lessons, so we asked 10 more companies how they define and target their customers.

### **Cinnaholic: not just for vegans**

Cinnaholic was founded by two vegans to share a cinnamon roll that was vegan-friendly (no dairy/lactose, eggs, or cholesterol). These goodies, definitely not

standard fare, would be playing to an audience whose food preferences represent a tiny portion of U.S. consumers: just 3.2 percent of U.S. adults are vegetarians, and a smaller slice of them are vegans.

"We would tell people we were going to start all-vegan and they would look at us with, 'Are you crazy?'" says co-founder Florian Radke. However, he and his wife, Shannon Michelle Radke ("the baking behind the brand"), who met in an online vegan and vegetarian group, understood the passion of their singular audience. Rather than buying a billboard that might reach a general audience, the Radkes promoted Cinnaholic to their peer group.

"When we started," he says, "we were purely word of mouth." The couple opened their first bakery in the San Francisco Bay area, where a vegetarian advocacy and support group had already been at work for a decade to build a community that knew where they could find what they needed. Just eight years after that first store opened, Cinnaholic has 21 franchise locations in 11 states and another five in Canada.

Today the Radkes use Facebook to find and target their vegetarian and vegan clientele. Radke says he sees their success as proof that ad agencies that advise clients that certain large sums must be spent are wrong. "My answer is no," he says. Instead, it should be "small budgets and super-focused markets, but you need to have an interesting product that's worth talking about."

Radke sees Cinnaholic as the originator of a new category of niche market—plant-based vegan bakeries—and is happy to see new competitors appear, because



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Florian and Shannon Radke

they grow the market and spread awareness of the benefits of vegan diets. “Once you have a strong niche, people will talk about it and people will follow it,” he says. “You become buzzworthy, something that feels like a healthy experience.”

Cinnaholic recently opened in Edmonton, Ontario, the brand’s first Canadian location. Customers, he says, waited in line for two hours to order cinnamon rolls with choices of more than 20 frostings and toppings that change with the seasons. A local newspaper story mentioned “vegan” in the first sentence, but the last sentence in that lead paragraph also noted that the cinnamon buns were suitable for people with allergies.

### Camp Transformation: filling a void

Alejandra and Luis Font had a very clear vision for their comprehensive fitness franchise, Camp Transformation. In a world filled with gyms where many pa-

trons don’t look like they need any extra exercise, “We wanted to focus on people who weren’t used to working out,” says Alejandra Font. “We soon realized there was a void in the weight loss area of fit-

ness. We came to understand that many people have the desire, but no idea of how to go about it.”

Camp Transformation has become the place where clients can find a step-by-step plan for help with nutrition, weigh-ins, and a community of others for support. The brand now has more than 100 locations in the U.S. and Mexico, and its Facebook group has 50,000 members—people who have been through the program and who now coach newbies, says Font.

At the beginning, Font would hand out flyers advertising free sessions. A few years ago the couple added Facebook ads. “That really helped us grow to a different level because we had a much wider reach,” she says. Recently, they added Instagram ads to their marketing mix, but Facebook remains the quickest way to reach a key demographic, she says. “Typically, it’s a woman who has had kids, who has forgotten about herself because she’s been busy taking care of the family.”

### Pokéworks: Hawaiian fast food

Founded in 2015, Pokéworks has grown rapidly to 20 U.S. locations, with another 40 planned to open next year. The company’s goal is to have 120 locations operating by 2020. Its general target audience is Millennials, appealing to them with a focus on sustainability in the brand’s ingredients, in its building materials, and in its ability to customize a meal for vegetarian, vegan, gluten-free, and nut-free eaters. However, Pokéworks is following a more sophisticated marketing approach for each new local market it enters.

“We try to be knowledge-based, to gather insights and information,” says Kevin Hsu, a co-founder and the brand’s



Pokéworks

## Target PRACTICE

chief marketing officer. That approach told him that for the franchise's first New York City location, travel time would be an important factor. As a former resident, Hsu understood that keeping that time down in the fast-paced city would be a huge plus. The first Pokéworks was located a short walk from both Grand Central Station and Penn Station, Manhattan's major rail and subway hubs.

Hsu also promotes the brand through Facebook and Yelp—and those social media giants connect Pokéworks to the larger community of food world communicators and influencers. “We were able to attract key coverage at that New York City location from Insider Food, and it went viral,” he says.

Despite opening two more locations nearby, Hsu says, each new Pokéworks has been able to hold onto its neighborhoods, and the brand is branching out to locations in Long Island and Brooklyn. Throughout, he's keeping a sharp eye on his social media base because he prizes the plentiful feedback, quick turnaround, and comparative analysis of which platform is drawing in which customers.

### Golden Corral & Russo's: families

Golden Corral (45 years in business with more than 500 locations) and Russo's New York Pizzeria and Russo's Coal-Fired Italian Kitchen (48 locations with 35 more in development) have solidified their relationship with their core audience—families. “We've been doing targeted marketing for years,” says Anthony Russo, founder and CEO of a franchise concept that began



Shelley Wolford

at his parents' restaurant in 1978.

“We tested the waters—display ads, magazines, newspapers, postcards—and what works best is to reach out to customers within a three-mile radius of a location,” he says. And what he's found really works well in bringing in the customers is offers of family specials: two large pizzas or a tray of lasagna with salad and bread that serves an entire family.

Understanding that families are multi-generational is part of what has contributed to the expansion of Golden Corral's endless buffet to more than 150 items, says

Shelley Wolford, the brand's senior vice president of communications and strategy. “We have something for everyone.”

The brand also has strong appeal with Hispanic consumers, she says, so development has been focused throughout the Southwest, Texas, and California. In addition, in its national media spend, says Wolford, “We purchase television networks and programs that are preferred by this consumer group. We also buy Spanish-language television. All of our commercials are created in English and Spanish, as are our merchandising materials.”

### Young Rembrandts: parents

Young Rembrandts, founded in 1988 and franchising since 2001, has always had a very specific target market. “We know our audience backward and forward,” says Liz Wahl, director of franchise marketing. “From the nature of our business, our audience is parents with kids ages 3 to 12. We know our parents, and they don't change.”

To reach those parents, Young Rembrandts uses a variety of methods, which have evolved over time into a mixture of traditional tools including print, and digital campaigns that embrace everything from Facebook to email marketing. However, says Wahl, “We see more of a return in grassroots marketing—connecting one on one with moms and dads. So we try to be visible where they are looking, and that includes at their child's school.”

Some franchisees partner with schools to host events. Young Rembrandts conducts national marketing campaigns and buys national advertising, but that's more for brand building. The power of these combined national and local efforts has meant long-lasting relationships with parents, Wahl says, so much so that most new franchise buyers are parents of students who have taken a class at Young Rembrandts.

### Pilates ProWorks: word of mouth

When Pilates ProWorks began franchising in 2009, co-founder Oscar Sanin felt strongly that his likeliest clients would be people who already knew something about Pilates. He was proven correct. That was the first wave, he says, and word of mouth quickly filled the brand's 17 locations in the U.S. and China.

To boost familiarity with the brand and its fitness offerings, Sanin has rolled out special offers, such as one free class



Anthony Russo



## Target PRACTICE



Liz Wahl

and special events that welcome families to come in and learn what the brand can provide—mothers and daughters, for instance. “We try to keep our community happy,” says Sanin. Social media helps him spread the word, too.

### ShelfGenie: multiple personas

To help appeal to its target market, ShelfGenie changed up its marketing approach with some internal restructuring. “Before, the digital and print teams worked in silos, and there was not a lot of communication between the teams. This was the first barrier we had to break down,” says Doug Evans, director of marketing. “To implement a true multichannel marketing strategy aimed at personas, we had to work as one cohesive group.”

ShelfGenie has 34 franchisees operating 121 territories, providing pull-out shelves for existing cabinets that are custom-made and professionally installed. “Anyone with cabinets can benefit from our product, so it really spans multigenerational and multicultural audiences,” Evans says. “We had to determine why people need or want our product, and then get down to the demographic and behavioral aspects of the personas.”

It was a struggle at first. “We all had slightly different ideas about certain aspects of the personas,” he says. Using data from its website, ad platforms, and talking with ShelfGenie designers, the team was able to hone in on a small group of personas varying in age, location, interests, occupation, and buying habits. A 30-year-old

man is going to seek different websites, watch different content, and use ShelfGenie differently than a 65-year-old woman, so each must be targeted differently, he says. With that in mind, the brand uses different copy, headlines, images, videos, and placements to speak to each persona.

Using digital technology allows ShelfGenie to gather and use real-time data to make effective, strategic decisions more quickly, says Evans. “We’re able to easily segment our audience and optimize campaigns based on data and test results.” A recent video production intended to show how ShelfGenie’s solutions can be used across multiple generations and differing physical abilities, featured a child and her mother, as well as a pregnant soon-to-be mother, using the products differently and easily.

The results have been good. Traffic to ShelfGenie’s website has increased by almost 90 percent over past year, he says. “We have also brought appointments up by 16 percent over the same period. Facebook is a huge part of our digital strategy, and through ads and community engagement, we were able to more than double the number of followers.”

Change is also part of ShelfGenie’s marketing style. “We believe in failing fast and using what we learn to make small changes more frequently,” says Evans.



Oscar Sanin



Doug Evans

“That says we make optimizations only if we are confident in our data and sample size.” One example is on Pinterest, adding a call to action to book a free design consultation.

“We were getting a lot of traffic to our landing pages, but they weren’t booking their free consultation,” he says. “We pivoted our strategy and changed the call to action to get a free solutions magazine. Once they received it, they were entered into an automated email nurture journey, where we build a relationship and provide them with valuable content.” The lessons gained from this, says Evans, have helped the brand improve its marketing results. “One small change in a button color on a landing page could double conversions.”

### Pearle Vision: chief health officer

Pearle Vision, too, has designed its marketing around an imagined customer—someone it calls the chief health officer, aged 45 to 55, who makes a family’s healthcare decisions. Building trust with that person, says Alex Wilkes, senior vice president and general manager, shapes the brand’s marketing around heightened quality of care and ease of access. Pearle Vision has more than 550 locations nationwide, with plans to open another 30 this year.

“Almost a quarter of our appointments are booked online, and we recently made it even easier to do that by helping find locations where you can book appointments for a family as a block,” Wilkes says. Stores also are open nights and weekends,

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Alex Wilkes

and the company plays up its association with frame manufacturer and distributor Luxottica.

Media buys are directed at audiences who fit the chief healthcare officer profile. “We have a comprehensive database and do personalized offers,” he says. “We are very scientific and have a robust customer relationship management program for retargeting.”

Pearle Vision is also active on social media. “We run campaigns on Facebook and monitor social media quite closely,” says Wilkes. A 2017 ad produced by advertising agency BBDO earned 140 million views. Titled “Ben’s Glasses,” the ad tells the story of a boy who reconnects with his late grandfather through a pair of his old eyeglasses, fitted with new lenses by an understanding Pearle Vision professional.



Xinyu Zhang

### Yang's Braised Chicken Rice: one thing

With 6,000 restaurants in China, Japan, Singapore, and Australia (and one in Tustin, California that opened last September), Yang's Braised Chicken Rice does not need to explain itself. In the United States, however, the premise of the franchise is extraordinary: it serves only one dish.

The recipe for braised chicken with rice dates back to founder Xiao Lu Yang's grandmother, and has always been the signature dish of the family's restaurants. Yet simplicity can be a strength. Xinyu Zhang, CEO of the brand's USA Group, knows that for many Americans, being “bombarded by all these choices at a Chinese restaurant can make you feel overwhelmed.”

At a Yang's, he says, “You know exactly what you want when you walk in the door. We simplify their choices.” Given the recognition of both the brand and the dish across Asia, marketing for the first U.S. location is aimed at non-Asian media outlets and focuses on the quality of the dish.

“When it comes to food, there shouldn't be any boundaries, and we want to have more people be able to try this dish,” says Zhang. And while the one-choice concept will remain unchanged in the U.S., he says, “We are considering maybe adding a dessert.”

### The Joint Chiropractic: two things

The Joint Chiropractic franchise has more than 400 locations around the country. Peter Holt, president and CEO since 2016, understands the value of two key elements when marketing The Joint's services.

First, most of The Joint's locations are in small-box retail spaces, anchored



Peter Holt

by a supermarket. That means customers will more than likely live or work within a travel radius of 5 to 15 minutes from each location.

Second, Holt knows that almost half of first-time patients are there because they've been attracted by digital marketing activity. That means employing SEO to push The Joint onto the first page of search engine results—especially if the search includes the keyword “pain.” That single word is another targeted marketing focus pushing visits to The Joint's franchisees, says Holt.

“The Joint has one of the broadest demographic patient bases because pain is universal,” he says. And more and more people are interested in what The Joint offers—narcotic- and opioid-free pain relief. And Holt knows that the best way to persuade new patients to try The Joint is to have patients share their stories.

Accordingly, there's a campaign to solicit those stories from patients, he says. Because while he or a franchisee can share stories of success, the most meaningful ones come from patients who had a positive experience—especially those whose pain was relieved. The winning formula, then, is to combine a great customer story that pushes a franchisee to the top of a search result page for pain treatment close to home, with ads targeted through Facebook, Yelp, or Instagram. This all supports The Joint's mission to improve quality of life, an idea that appeals to what Holt calls “an amazingly wide base.” And all he has to do is find them. ■



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**Entrepreneur**

BY HELEN BOND

# Community CONNECTION

## GIVING TO GET AND GETTING TO GIVE

**K**ona Ice has given back more than \$50 million (yes, million) to local communities and nonprofit organizations since founder Tony Lamb launched the company in 2007. For Lamb, giving back is just the right thing to do.

“I think we lose track of the fact that it is an absolute privilege to do business in communities on a one-to-one level,” says Lamb, CEO of the mobile shaved ice concept. “That should be enough to drive, motivate, and inspire you to give back to the community and really make the place better.”

Lamb’s commitment to community is personal, developed in his early days of doing business, when PTAs and other community organizations covered the cost of his popular shaved ice. When the economic downturn hit local school budgets and the brand’s “shaved ice days,” he served up the idea of turning his colorful truck and gourmet treats into a fundraiser by returning a portion of his sales back to the organizations. Lamb says he never would have imagined that his philanthropic quest would become the hallmark of the brand’s business model, embraced by a national base of 625 franchisees in 49 states who enthusiastically donate thousands of dollars each year to local school groups, sports teams, and community organizations.

With 1,420 units, Kona Ice takes an organic approach to cause-related events with a variety of fundraising programs, such as Kona Days, Cans for Kona, prepaid cards, Gather & Giveback, and Team Up.

*“It is the right thing to do. It will do more for your soul than anything else you are going to do in this business.”*



Tony Lamb

Still, Lamb would rather emphasize the giving than the marketing. “We focus on community involvement and talk about cause marketing, but we usually don’t say the word ‘marketing,’” he says.

No matter what you call it, cause-related marketing has come a long way since American Express coined the term in 1983 with a campaign to restore the Statue of Liberty. These days, aligning a brand with a nonprofit or social cause for mutual benefit comes in many forms and is increasingly expected by consumers, who often make buying choices based on a company’s commitment to a social value or community connection they share.

“I allow the franchisees to get their own cause,” says Lamb. “But I implore them to find a cause—and don’t tell the press about it, and don’t buy a t-shirt that says you do it. Just go and do it, because it is the right thing to do. It will do more for your soul than anything else you are going to do in this business.”

### **Tropical Smoothie: Camp Sunshine**

While franchise brands are continually redefining marketing strategies as they up the ante to raise money, awareness, or both, a genuine message remains at the heart of a winning cause-related campaign.

“One of our core values is ‘Live Better.’ So when we think about cause marketing, we think about where we can have an impact on other people’s lives,” says Mike Rotondo, former CEO of Tropical Smoothie Cafe. (Note: After being interviewed for this story, Rotondo left Tropical Smoothie to become CEO of



## Community CONNECTION

Edible. His comments are still instructive—and inspiring.)

“It isn’t just about raising money, it isn’t just about this person is in trouble and needs help. It is really deeper than that. It’s our way of telling people that how you make a difference in your community is a way to live better. So it fits right in with what we do.”

Over the past decade, Tropical Smoothie has raised more than \$6 million for Camp Sunshine, a year-round, cost-free retreat in Casco, Maine, for children with life-threatening illnesses and their families. Camp Sunshine is the beneficiary of Tropical Smoothie’s National Flip Flop Day fundraising and promotional campaign, a team effort across the brand. In 2017 alone the brand raised more than \$900,000 for Camp Sunshine.

“What we try to help people understand is that we have 662 locations raising money for Camp Sunshine, but what they



Anna Gould and Mike Rotondo

## CAUSE MARKETING STRATEGIES

**F**ormer Tropical Smoothie Cafe CEO Mike Rotondo says a strong cause marketing strategy starts with a question: “How does it come to life through the franchisees?” Rotondo, who has passed on partnerships and events that don’t fit the chain, takes the long view to cause marketing.

“You don’t want to do cause marketing for the sake of doing it,” he says. “You want to do your due diligence and make sure it is a match for you, your team, your values, and your culture. It is a partnership,” he says. “You want to work with an organization that has a lot of the same beliefs and culture that you have. It is what will make the bond so powerful. It really does magic for both sides of the equation.”

Look for engaging cause-related marketing strategies that fit your brand. A poor fit with a cause or nonprofit group can waste time and money for both sides, and even leave a negative public impression.

Jonathan Barnett encourages brands to explore how they connect with their cause. “For Oxi Fresh, we want to make

the world a better place for everyone, and so does Water.org. That’s our ‘deep-level’ connection,” he says. “Our ‘surface’ connection is water. It’s an important part of both our brands, making it a natural connection.”

It’s also important to seek out reputable charitable partners. Water.org, for instance, is ranked in the top 10 percent of global charities for transparency and financial accountability by Charity Navigator, says Barnett. He recommends using online research tools that evaluate philanthropic organizations to avoid affiliating with groups that might inflate administrative or fundraising costs, or nonprofits that consistently fail to achieve their goals.

And once you find the cause or nonprofit that aligns with your brand, franchisees, and customers, get behind it all the way. “Don’t sign up to support a charity, brag about it online, and then send them next to nothing,” says Barnett. “Make a real contribution—not one that will endanger your business of course, but one that will enable the charity to make a real difference around the world.”

are really doing is trying to build awareness about this amazing camp in their local community,” says Rotondo. “God forbid, if somebody has a child with a life-threatening illness, we want to educate that family, who may be in a place like Little Rock, Arkansas, about this camp in Maine. So it really is a local effort.”

### Freshii: making lives better

Toronto-based Freshii was founded on a mission to make healthy food convenient and affordable for all. Today, with more than 350 restaurants in over 15 countries, the brand looks globally for causes to support. In 2014, Freshii partnered with worldwide development charity and youth empowerment organization WE Charity (formerly Feed the Children) to donate a portion of sales from a designated WE menu to children in need.

Freshii contributes more than 1 million meals a year to WE Villages and has funded the development of a school kitchen and garden in Kenya, which feeds the community in the surrounding area. On March 22, the brand elevated the cause marketing program with Communitii Day, donating \$1 (10 meals) for every entree sold. Customers embraced the first-ever #MakeYourMealCount event, helping to donate 280,000 meals to the international nonprofit.

“It’s important that our guests have the opportunity to do good with the dollars spent at Freshii—not just for their own health, but for the universe,” says founder

## Community CONNECTION



Pearle Vision CORNEA Mall Event

and CEO Matthew Corrin. “What that means today might be different than what that means tomorrow. And while we continue to evolve, we never lose sight of our mission of making lives better.”

### **Pearle Vision: caring for people**

Strong cause marketing programs can create an emotional tie with customers and strengthen a franchisor’s identity—or in

Pearle Vision’s case, return the brand to its neighborhood roots and the original vision of Dr. Stanley Pearle, who opened the doors of his optical shop in 1961 in Savannah, Georgia, to offer genuine eye care in a comfortable setting.

Last year alone, franchisees took part in more than 600 local community events, providing complimentary screenings, eye-glass cleanings, adjustments, and appoint-

ment scheduling as part of the brand’s CORNEA (Community Outreach Reinforcement of Neighborhood Eye Care Activation) program. The brand is also aligned with OneSight, donating money and volunteer hours to the leading global vision care nonprofit.

Brand messaging is consistent and communicated through all its community programs, says Doug Zarkin, chief marketing officer at Pearle Vision. “We’re helping bring eye care to underserved communities around the world,” he says. “Through our strategic partnership and marketing strategy, we’re able to reach people in need at home and around the world, all while reinforcing a brand of people caring for people.”

### **Oxi Fresh: conserving water**

Solid cause marketing efforts connect emotionally with consumers and align naturally with a brand’s own values and philosophies. When Oxi Fresh Carpet Cleaning began looking to establish a cause marketing strategy, the company sought a charity that placed a great value on water, in line with its own commitment.

“Water.org fit that bill perfectly,” says Jonathan Barnett, CEO of the Denver-based brand he founded in 2006. “They are fighting the global water crisis in an extremely intelligent way. They use



Oxi Fresh donates to water.org.



## Community CONNECTION



micro-loans to finance water projects for individuals and communities.”

Water reduction is part of the founding mission of the company, says Barnett, who estimates Oxi Fresh has saved 35 million gallons of water with its “innovative carpet cleaning method,” which requires only 2 gallons of water per home, compared with 40 to 60 gallons that many other carpet cleaners use.

Oxi Fresh encourages customers to book their carpet cleanings online, donating a portion of each job to water.org, which estimates that \$25 can help provide safe water to one person for a year. Barnett says the brand has contributed more than \$60,000 to the nonprofit, co-founded by actor Brad Pitt to bring safe water and sanitation to the world.

### Zips: free flag cleaning!

Seemingly small gestures can generate huge amounts of goodwill and buzz for a brand. Take Zips Dry Cleaners’ all-American offer to dry clean the U.S. flag for free. “We believe in making every flag look brand new with the bright vibrant reds and blues and shining white stars,” says Drew Ritger, the brand’s CEO. “That’s why we’re happy to clean them free of charge—and that’s true every day we’re open. Big or small, if it has stars and stripes we’ll provide a complimentary cleaning.”

### Brand-wide involvement

No matter what the cause, buy-in from franchisees is critical for successfully executing any marketing-related strategy.

Kona Ice’s mission is so important to Lamb that he has a personal conversation about giving back with every franchisee prospect. “I want to know why they are getting into Kona, and I will be honest—I will step away from a lot of people who are purely ROI-driven,” Lamb says.

Rotondo says Tropical Smoothie’s affiliation with Camp Sunshine is a “total brand program.” Money raised through \$1 paper “sunshines,” \$5 key fobs offering store discounts, and a wide array of

local fundraising events, enables families to attend the camp at no charge, fund the endowment, and pay for other needs as they arise, such as the new Tropical Smoothie Cafe recreational center, which includes a sport court and climbing wall.

“Before when they wanted to play basketball or other indoor activities they had to do it in the cafeteria,” says Rotondo, who serves on the Camp Sunshine board (as of this writing). And twice a year, employees get a chance to personally experience Camp Sunshine as part of Tropical Smoothie Cafe Week.

“What an amazing partnership!” says Anna Gould, who co-founded Camp Sunshine in 1984 with her husband Larry, donating the facilities and personnel. “What makes this relationship even more special is the personal hands-on passion that Mike Rotondo, his team, and the franchise owners display when they come to volunteer at the sessions each year. They help deliver ‘magic’ to the special families that they fund.”

Rotondo says employee recognition is an important element of Tropical Smoothie’s cause marketing strategy. Top fundraisers, recognized annually, receive free registration at the franchise convention and are honored with an engraved brick on a special pathway on the grounds of the camp.

“What we have seen over the years is some of our best-performing franchisees are the ones who raise the most money,” Rotondo says. “We believe that effort in showing their communities what they are doing has made an impact on their business and bottom line in a positive way.”

These franchisors—and too many more to include here—are truly defining the art of doing well by doing good. ■



BY EDDY GOLDBERG  
AND KERRY PIPES



# The Journey and the Promise

## 2018 Franchise Consumer Marketing Conference Brings It All Back Home

**T**he dual themes of the “customer journey” and “brand promise” dominated this year’s Franchise Consumer Marketing Conference. Both played a role throughout Franchise Update’s 8th annual FCMC, held each year for franchise marketing executives seeking to gain an edge, keep up with change, and meet one another to share experience. The event took place June 19–21 at the InterContinental Buckhead in Atlanta. This year’s Platinum Sponsors were Silvercrest Advertising and Visualogistix.

The customer journey has been significantly changed by technology, particularly smartphones, and has permanently altered the marketing landscape for franchisors. Today’s consumers are living, thinking, and buying in a world ruled by technology at their fingertips and growing expectations



Keynote speaker Scott McKain

### FCMC BY THE NUMBERS

**125+**  
Number of franchise brands

**8,000**  
Number of units

**\$13 billion**  
Annual system-wide revenue

### JOB TITLES

**42**  
Marketing

**26**  
Director

**23**  
Vice President

**18**  
CEO/President

**12**  
CMO/EVP

**8**  
Other

of near-instant gratification.

Meanwhile, brand promise and purpose remain front and center. Successful brands define their brand promise, develop it, spread it through the system from top to bottom, and maintain it as the brand grows over time. Then, most important, they must continue to deliver that promise consistently, to every customer, every day.

### Day 1: Marketing & branding

The conference kicked off with two all-morning sessions. “Mapping the Customer Journey” focused on seeing your brand through the eyes of the customer, creating a map of their journey, and figuring out how best to meet their needs every step of the way. Martha France, director of marketing at Vya, facilitated.

As ever, technology and its effects on



Keynote speaker Anders Sörman-Nilsson



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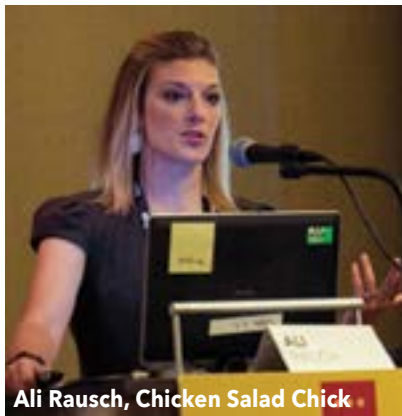
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Tyler Kizerian, Serena Saitas, Jason Kizerian



Ali Rausch, Chicken Salad Chick



Terri Snyder, 2018 Conference Chair

consumer buying habits was front and center. “Today, the smartphone is the remote control to the world,” said Mark Montini, CMO at Floor Coverings International. “It’s now about pushing a button and getting what you want.”

Panelists agreed that for brands to stand out today, it’s imperative to create an exceptional customer experience focused on touching consumers all along their journey in as many ways as possible, using both traditional and digital media.

Montini suggested not getting overly caught up in the attribution game. He said to try lots of channels to see what works for your brand to reach targeted customers. The results, he said, are more important than precise attribution.

Also, *how* you sell to customers is just as important as what you deliver, he said. One effective way to create loyal customers, is to eliminate friction in the customer journey, he added. “Amazon and Uber are easy, simple, and fast.”

The concurrent opening session, “Develop a Brand Promise and Purpose,” focused on keeping the commitment you make to your customers, and how to follow through consistently. Ali Rausch, director of marketing at Chicken Salad Chick, facilitated a panel of marketing pros from four brands: Dawn Kroeger, director of marketing and communication at Two Men & A Truck; Eddie Matias, director of creative and marketing at uBreakiFix; Christina Bourg, senior vice president of marketing at Rotolos Pizzeria; and Amy Przywara, CMO at Sylvan Learning.

Rausch presented her Brand Positioning Pyramid, a hierarchy beginning with purpose, and moving upward through core values, brand attributes, brand personality, brand vision, and brand position. “Think about *why* you do what you do, and what you need to tell others about

that,” she advised.

The two all-morning sessions were followed by the opening of the Sponsor Networking Gallery. This was the first opportunity for attendees to visit suppliers and vendors and discuss challenges, strategies, and solutions. It was also the place to grab some lunch before the afternoon sessions began.

#### Economic outlook

Conference Chair Terri Snyder, EVP and CMO at Checkers & Rally’s, welcomed the group back from lunch and introduced Darrell Johnson, CEO of market research firm FRANdata, for his annual presentation on economic trends and statistics—and their probable effects on franchising in the coming months and years.

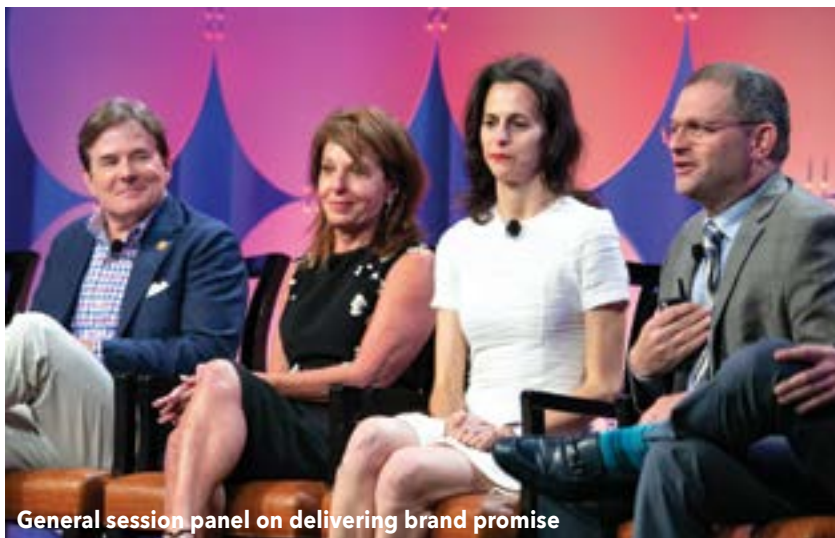
Johnson’s presentation was called “Connecting with Consumers.” His first question to the audience mirrored what already was on the minds of many: “How willing are *they* going to be to connect with you?”

He noted that while consumer confidence is at its highest since November

2000, and disposable income and consumer spending are up, much of the spending increase has been fueled by rising household debt, with credit card debt at an all-time high. “In the 15 years since 2003, we’ve almost doubled household debt, which will be a drag on the economy,” he said, ominously adding, “Most of you deal with discretionary spending.”

Compounding this, with the Fed talking four rate hikes this year, raising prices might prove difficult. “Change is coming after 10 years of slow growth,” he said, with “accelerated disruption” on the horizon. Other external factors that could negatively affect franchising include trade wars, tariffs, immigration, and other political maneuverings from Washington.

And then there’s technology change and its effects on consumer behavior. The rate of technology adoption by U.S. households, he said, “is now almost a vertical line,” meaning not only that new technologies are being adopted rapidly, but also that older ones are in decline, causing further disruption.



General session panel on delivering brand promise





Panelist A.L. Whitaker



Nina Barron, first-time attendee



Taking it all in during a general session

To thrive in the coming “transition economy,” he said, marketers must develop new strategies. One of them is mass customization at the unit level—using big data to update their marketing materials and customizing them for one franchisee at a time, “times 100.” He also encouraged marketers to develop new ways to measure outcomes and compare results, and to focus their measurements on their franchisees’ financial and business results.

### A peek into the future

Next up was keynote speaker Anders Sörman-Nilsson, an innovation strategist and futurist who shared a lively, engaging, and often humorous perspective about the state of technology and consumer trends, and where it all likely is headed.

He used his experience growing up in Sweden, where his family owned a men’s clothing store founded by his great-grandfather, contrasting that with how today’s consumers think and act, and focusing on bringing the best of both worlds to each

transaction. He spoke of a “seamless brand experience” where the customer journey crosses the divide of the physical and digital. But marketers must figure out for themselves what that looks like for their brand and customers.

In his book *Digilogue: How to win the digital minds and analogue hearts of tomorrow’s consumers*, he explores this theme more deeply. Simply put, he said, “You have to do both.” Echoing two of the points made by Johnson, he said 1) consumers are taking matters more into their own hands, and 2) we are entering a new economy he called the “transformation economy.”

In his role as a futurist and trend-watcher, he closed with a question: “Imagine it’s 2025 and your business went belly up. What did you miss?”

### Building sales and brand

A fast-paced general session panel led by Rocco Fiorentino, CEO of Prime Hoagies, concluded the day’s educational offerings. Panelists for the “Build Sales Overnight

and Brand Over Time” session were Rich Hope, CMO at Jersey Mike’s; Dave Randall, senior manager, marketing strategy and analysis at Great Clips; Jodie Conrad, vice president of marketing at Fazoli’s; and Kyle Noonan, founder and co-CEO of Free Range Concepts.

Discussion questions Fiorentino directed at the panelists included: “How do you know who your customers are?” and “How do reach them?” Related topics included loyalty programs, mobile apps, discounts vs. promotions, eliminating barriers to participation, operational excellence, listening to customers, working with suppliers, community involvement, and who to hire to make this all real.

An early evening welcome reception in the Sponsor Networking Gallery was followed by a special event for first-time franchisor attendees, who met with Advisory Board members and made new connections with them, as well as with each other.

### Day 2: Three breakout tracks

Wednesday began again with a welcome from Conference Chair Terri Snyder, who introduced the morning’s general session, “Guarantee Delivery of Brand Promises.” Huddle House CMO Alison Delaney moderated a panel that included Susan Boresow, president of Title Boxing Club; Tom Carr, vice president of marketing at Chicken Salad Chick; Damian Hanft, senior director of learning at Arby’s; Gary Magenta, senior vice president and chief change architect at Root, a consulting company; and Serena Saitas, head of brand strategy at Real Brand Consulting.

Panelists shared how the brand promise should be carefully crafted and how they implemented changes at their brands.



Sponsor Networking Gallery



Working hard at a session



Andrew Little at the closing reception trivia contest

Boresow and Saitas described how they had worked together to transform the brand promise and positioning at Title Boxing from its start as a value product with value pricing in 2009, to a premium product with premium pricing in 2015. Saitas framed branding as a business opportunity, and described how she had helped Boresow shift consumer perception of Title Boxing from a more violent, male-oriented concept to a safe, welcoming place for women.

Three concurrent breakout sessions completed the morning: “Bring Your Promise to Life in Franchise Development” (Deliver Promises Track); “Smartphones and Today’s Consumer” (Technology Track); and “Lead Attribution for Effective Buys” (Media Track).

In the lead attribution session, facilitated by Kathi Woolsey, director of business development at Visualogistix, the panelists were Jennifer LoBianco, CMO at Huntington Learning Center; Heather McLeod, vice president of marketing at The Cleaning Authority; and Stephanie Rice, senior national marketing associate at Yelp.

Then it was back to the Sponsor Networking Gallery for lunch and more visits with suppliers and other marketing executives.

After lunch, Dan Santy and Adam Pierno of Santy Marketing squared off in an entertaining mock battle of “Digital vs. Traditional Media.” One of the big take-aways was the difference between perception and reality regarding the effectiveness of one vs. the other. While digital is perceived as more effective, it turns out traditional media (especially television) is more effective at reaching consumers. They anticipate and look forward to the development of better ways to measure

TV, radio, and print.

Three more concurrent sessions followed: “Marketing Team: Staff Today for Tomorrow’s Needs” (Deliver Promises Track); “Innovative Tools for Marketing Support” (Technology Track); and “Build Your Budget To Meet the Customer’s Changing Consumption” (Media Track).

The event’s second keynote speaker, sales and customer service expert and author Scott McKain, wrapped up the day with a sparkling presentation and “challenge session.” With the aid of his news anchor voice, a creative set of stories and slides, and experience working with brands all over the world, he guided attendees through roundtable exercises built on his “Four Cornerstones of Distinction.”

The Networking Reception and dinner at Maggiano’s Little Italy put a festive close on the day as attendees unwound and got to know one another in a less business-like setting, including a highly competitive trivia contest. (Marketers like to win!)

### Day 3: Bringing it all back home

Thursday morning’s closing workshop, “Deliver on Your Promised Executional Plan,” centered on helping attendees bundle the previous two days into a plan they could put into action as soon as they returned to the office. Led by Art Coley, founder of CGI, attendees split into groups to brainstorm on the tools and tactics they’d need to implement real change in the coming year. Coley was ably assisted with input from Ashley Trail, brand marketing manager at Your Pie, and Marci Kleinsasser, vice president of marketing at Handyman Connection. ■

Next year’s FCMC will be held June 17-19, 2019 in Atlanta at the InterContinental Buckhead. Visit [www.franchiseconsumermarketing.com](http://www.franchiseconsumermarketing.com) for more information, photos from this year’s event, and to register for next year’s conference.



Celebrating at the closing reception at Maggiano’s





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## CMOQ&amp;A

## So Far, So Good!

Two years into change at Pizza Inn, things are looking up

BY KERRY PIPES

**D**enise Pedini came to Pizza Inn in 2016 with the experience, knowledge, and consumer marketing savvy needed to guide the 60-year-old company's rebranding campaign. She first came in contact with Pizza Inn working on the agency side, later becoming its associate brand manager and then its advertising brand manager. She also had spent time as a private marketing consultant, and at JCPenney. Earlier in her career, she spent 4 years at Pizza Hut in brand management. Today, as Pizza Inn's executive vice president of marketing, she is playing a major role in the brand's renewed vitality.

In the past two years, the brand has hired an advertising agency to help rebrand Pizza Inn. They've also replaced numerous vendors and suppliers and made adjustments to how marketing dollars are spent. The moves were based on strategy, as well as on cost and capabilities.

"We have added new technology in the last two years, which has benefited us as whole," she says. "These efficiencies and new innovations have been key to our sales success in the last five quarters."

Pedini understands that her role as Pizza Inn's marketing leader involves understanding customer demand, building relationships and working with franchisees, and balancing corporate expectations. "Marketing leaders must manage based on data, knowledge, and previous experience," she says. "To provide recommendations or lead your team to execute a different approach, you have to test and provide proof of how the idea will work."

The proof, she says, is in the pie.

**Describe your role as CMO:** I'm in a unique situation as we are 100 percent franchised with no corporate locations. I report to both the president and the franchise board. Although this setup has its challenges, it is great to have that close relationship with both. I've been able to



balance both sides and all views of ideas, generating great compromise and growth.

**What's the most challenging part of being a CMO today?** With any company that's been around 60 years, and with many franchisees a part of the company almost as long, it's sometimes a challenge persuading them to take risks and make changes. However, working with the franchise marketing board over the last two years has helped bring new ideas to the table that have contributed to our five straight quarters of positive same store sales growth.

**What are the most important keys to being an effective CMO leader today?** With franchisees, the most important key is trust. It's important to understand their needs and how to create marketing strategies that bring them success. Gaining and maintaining trust in your abilities to lead them in the right direction is essential. Another key is the ability to listen to the

wants and needs of your franchisees in balance with what corporate deems most crucial to the system as a whole. Marketing leaders must manage based on data, knowledge, and previous experience, rather than on hunches.

**How do you prepare a marketing plan and execute the strategies?** I first review all of the data, what our sales trends have been in the past, and see what our competition is doing. We have some great menu innovations in our back pocket that we haven't used recently. We like to bring these back to our buffet and to add variety for our customers. This has been really effective.

**How do you measure marketing results and effectiveness?** We look at our sales numbers, traffic data, and feedback received from our key franchisees. We also weigh feedback from our customers. We have some loyal Facebook followers who always let us know if we are promoting their favorites on the buffet. They also let us know if we have removed something they want back.

**Discuss your core consumer marketing strategies and objectives.** Last year, we conducted extensive marketing research. We did both quantitative and qualitative studies with our most loyal customers. Their message was consistent: focus on the buffet, give us more options, and make the buffet available all day.

**How do you go about creating a "customer-centric" marketing and brand philosophy?** When I came on board two years ago, we hired an advertising agency, Johnson & Sekin, to rebrand Pizza Inn. The direction we gave the agency was to ensure that our customers know we are a part of their community, and that we not only care for them as customers but also as part of our family. This is where our

new tagline “America’s Hometown Pizza Place” came from. Pizza Inn is the place they can have celebrations, fundraisers, and make wonderful memories.

**Describe your marketing team and the role each plays.** We have a small but very powerful team. Tiffany Betts is our senior marketing manager who is the expert in field marketing. She is on a first-name basis with all our franchisees and is most knowledgeable about each restaurant and what is needed to drive sales in their local area. Cherilyn Wilson is our marketing manager and is responsible for our loyalty program, email marketing, and oversees all our franchise communication. Tracee Hoffman is our senior graphic designer and creates all LSM materials for each franchisee. She has been with Pizza Inn for almost 20 years. As the “fabulous four,” we work closely together to ensure all marketing plans are executed and that our franchisees get exceptional support.

**Why is it so important for the marketing department to have a “personal touch” when it comes to helping the brand connect with franchise prospects?** It’s very easy for our franchisees to feel isolated or even overwhelmed when working with a marketing department at a corporate office. That is why our team makes it a point to travel to the markets almost monthly to give them a friendly face to go with the name. We also conduct weekly checkups on restaurants that we haven’t heard from in a while to ensure they are seeing positive results. Our team takes the extra time to get to know all of our franchisees personally. It not only shows the franchisees that we are available, it also shows them we are working toward the same goals and that we care.

**How does this help your franchise sales and development effort?** Our franchisees know us, and so they put their trust in us. This makes them much more willing to participate in our recommended marketing strategies. When a prospective franchisee meets all of us and observes how all our departments work so closely together, it’s easy to see that we truly care about the investment they are making in our brand.

**Do today’s prospects expect more from the franchise marketing department? What, and how do you provide it?** We are 100 percent franchised, so we have a franchise marketing board that manages and approves all marketing campaigns. The board ensures that all promotions and marketing strategies will work toward success for the entire system.

**How is today’s consumer and marketing data helping you fine-tune your marketing initiatives?** We continue to add new technologies to increase the variety of data we receive from our customers. This year alone, we are adding a new online ordering system, as well as a new POS system, arming us with more data. This allows us to broaden our reach to even more customers, and on a much more personal level. Two years ago, we hired Punchh to create a loyalty program for our restaurants. Not only has this driven more frequency to our franchise locations, it has also given us substantial customer data we didn’t have before. This data allows us to reward our most loyal guests, incentivize our lapsed guests, fine-tune email campaigns, and focus on areas that need more attention.

**Describe the evolving role of social media in your brand’s marketing efforts.** A year ago, we strongly invested in growing our Facebook following. This has been a very successful investment for us (quickly approaching 100,000 followers of the main brand page alone). More and more people use social media as a means of communication and for news, so it just makes sense to speak to our local communities and fans on a platform they use every day.

**How do you work with other internal departments, and does technology help?** All of our departments are very collaborative to make sure everyone is informed, not only about what is happening now, but also what is planned six to eight months out. Texting is a favorite means of immediate communication and updates among our group.

**How do you manage costs and budgets for the marketing department?** Our franchise board treasurer and vice

president, Daven Acker, and I work together to ensure all marketing needs are met within our yearly budget.

**Do you see vendors as business partners? Why/why not?** Yes. All our vendors are true partners. We personally selected our print vendor and advertising agency based on the fact that they are small businesses and have the same close family feel that we have at Pizza Inn.

**How have marketing strategies/tools changed over the past decade? How have you adapted?** When I came on board, we completely changed the way we were branding ourselves and how we were spending our marketing dollars. With board and corporate approval, we hired a new advertising agency to assist in rebranding. We also changed almost all of the vendors we were using. Some of these changes were based on strategy and others on cost and capabilities. We have added new technology in the last two years, which has benefited us as a whole. These efficiencies and innovations have been key to our recent sales success.

**How is your marketing/branding strategy developed, and how does it flow through the system?** We create our marketing calendar eight months ahead of time. This gives everyone time to prepare and communicate what we will be doing to drive sales. This plan is presented to the franchise marketing board in our quarterly board meetings. All topics and promotions are voted on and approved by the board before they are set into motion.

**What advice would you offer aspiring CMO executives?** Be intentional in your plan. Vividly outline and know what you want in your career and have a plan to achieve it. Take jobs based on the experience you will receive and not necessarily on the salary you will receive. Don’t be afraid of change. Change is good. Change can push you and can make you excel in more ways than you know. Invest in yourself. Take a college class, join a networking group, or find a mentor who will help guide you in directions that you didn’t think were possible. ■



## CMO roundtable

### “IS YOUR FRANCHISE SYSTEM PREPARED FOR A CRISIS? HOW HAVE YOU ENSURED YOUR FRANCHISEES’ TEAM MEMBERS KNOW WHAT TO DO?”

**Alice O’Donnell**  
**Vice President of People**  
**Massage Heights**

Crisis preparation has been a part of our franchisees’ onboarding and training since the beginning. But a few years ago we felt we were at a point in our system’s growth that we needed to revamp our crisis communications protocol and streamline our response process. We felt it was incredibly important to make the investment to protect guests, the brand, and our franchisees.

We worked with our public relations agency to develop a comprehensive plan that formalized how franchisees, their team members, and our corporate team should respond to a crisis in a franchised location. Given that crises often happen when franchisees are not physically in their stores, we developed the crisis communications protocol with franchisees’ team members in mind.

The plan outlines specific action steps to help team members promptly identify and analyze a given situation and make an informed decision on next steps. Our crisis communications protocol contains an incident report, so team members can quickly and effectively gather all the pertinent details needed to bring everyone internally up to speed on the situation.

We also felt it was necessary to formally centralize our crisis response team, which is responsible for managing all communication regarding a crisis event. When it comes to supporting our franchisees and their team members, the crisis response team is just as important as the crisis communications protocol itself, so we can be well-informed and respond quickly—or provide counsel on how franchisees can respond, based on the situation.

Most important, we needed to ensure team members would be prepared to receive phone calls or visits from local media. As anyone who has dealt with crisis situations knows, local media often arrive

on the scene within the first few hours of receiving a tip—often before we have all the details as to what occurred. As franchisees’ team members are usually on the front lines receiving the pressure to respond to reporters, which can be extremely stressful, we developed a protocol with talking points and a brief media inquiry form to help team members gather the necessary details so the crisis response team can provide media with an appropriate reaction statement.

However, all of the aforementioned materials would fail to be effective without the appropriate training protocol. Every existing franchisee, as well as every new franchisee coming into our system, receives extensive training on the crisis communications protocol and clear instructions on how to train their team members back home. Additionally, our corporate support center has created videos, collateral materials, and printable incident reports, among other things, for franchisees to use in-store as part of their training regimen.

**Tom Carr**  
**Vice President of Marketing**  
**Chicken Salad Chick**

Chicken Salad Chick operates with our purpose to “spread joy, enrich lives and serve others,” so having readiness plans to assist our guests and restaurant teams in the event of a crisis is part of our DNA. Despite our servant culture, training, food safety monitoring, and commitment to operational excellence, we understand the risk of a potential crisis. Therefore we have a solid process in place to avoid these situations and, in the event they happen, have a protocol for responding.

Our detailed crisis preparedness plan is available to every franchise owner. It is meant to address a variety of crises, includ-

ing everything from foodborne illness to hurricane closings, with specific steps to follow. In the event of a crisis, and after ensuring the immediate safety of guests and staff, our restaurant teams, primarily general managers and shift leaders, may be directed on this protocol. Everyone knows that they are to contact Chicken Salad Chick’s corporate crisis response team, which enables us to mobilize quickly, gathering all the key players from relevant business functions: operations, public relations and marketing, quality assurance, legal, etc.

Restaurant teams are made aware that constant, ongoing communication is critical during any crisis so we can stay up to speed on what’s happening at the restaurant level and make adjustments to our response plan, as needed. To that end, we share direct contact information, including cell phone numbers, for every member of our CSC crisis response team; but a central point of contact on the CSC crisis response team is named to mitigate misunderstanding during what can be a very confusing and unsettling situation.

Media and social media are coordinated through our CSC corporate crisis response team, and we make sure that our franchisees’ restaurant teams understand the types of questions they may receive from guests and local media during and following a crisis. Talking points and sample scripts, edited for each particular situation, are provided

so they can be prepared to respond or, in the case of media requests, gather the right information for our public relations team to handle.

Now with more than 90 restaurants across nine states, having a formal crisis communications protocol is even more critical, and the process of developing it highlighted potential vulnerabilities we hadn’t previously been aware of. I strongly recommend any franchisor that has not created a written plan, and trained their franchise and company teams, to make it a priority for 2018. ■



# Social media

## Understanding Millennials How social media drives buying decisions

BY ANDREA BRANDON

**F**ranchisees and franchisors are increasingly aware of social media's influence on buyers. Millennials, those currently aged 22 to 37, are a significant subset of those buyers. The trick is to understand how this demographic responds positively to social media—because while they are heavy social media users, they have distinct opinions on social content and application.

Want to get Millennials motivated to buy from you? First you need to understand them. Arguably, this influential crowd has gotten a bad rap as other generations overgeneralize them as avocado toast noshing, Kardashian idolizing, job-hopping, selfie-snappers. There's more going on beneath the surface of this tech-savvy demographic that has always known the Internet. Consider that Millennials are:

- **Financially aware.** According to a 2016 Ramsey Solutions study, nearly 40 percent of Millennials knew how much money they needed to save for retirement, narrowly beating out Baby Boomers (37 percent) and Gen Xers (36 percent).

- **In charge of their own lives.** Many demand time off, flex schedules, remote working arrangements, and other means of allowing them to get the most out of their day both professionally and personally.

- **Loyal to employers.** That's right; this generation stays with their employers longer than Gen Xers did at the same age. They're more likely to stick around for three to six years.

### Millennials online

So while this group may have few reservations about dressing room selfies, they're also more frugal than expected when they shop. (No doubt well-documented student loan debt plays a hand in their judicious buying practices.) And mobile devices, and consequently social media, accompany them on every step of those

buying journeys.

Millennials view social as a means of communicating, participating in communities, and knowledge sharing. They don't have the patience for any experience they deem as intrusive though, so pop-up ads and any other in-your-face approach to social marketing will likely

Look at the  
Millennial next to  
you—in the office, on  
the subway, in the  
coffee shop,  
at the store, on the  
street—and chances  
are good they're  
checking through  
their social accounts.

fail on the spot. Instead keep the following in mind to activate Millennial buying through social.

- **They're rarely without social media exposure.** There's little need for quoting endless studies about mobile phone usage and Instagram accounts. Their use of social is out there for all of us to see. Look at the Millennial next to you—in the office, on the subway, in the coffee shop, at the store, on the street—and chances are good they're checking through their social accounts. Consider that 50 percent of Millennials and Gen Z buyers use social media while they shop. They're using it to look at product reviews, availability, and cost. Be where they are with your own social presence and active engagement with followers. "Set it and forget it"

advertising does not equal engagement.

- **User-generated content matters a lot.** In fact, 84 percent of Millennials say they're influenced by what strangers say about products and services. When it comes to what franchisees are selling, the opinion of the masses is huge. Social listening and responding quickly and appropriately to both good and bad reviews can help you influence that content in your favor.

- **Brand reputation and sincerity make a difference.** Although they are taking in user opinions and storing that knowledge away for their own buying decisions, brands and their franchisees still have a voice. Brands that actively and sincerely engage with followers, including coveted product researchers and buyers, are influencing 62 percent of Millennials, according to a Gartner study.

- **Value is key.** Remember those student loans? With price, consumer ratings, pictures, and user comments at their fingertips, Millennials are adept at finding good deals. When planning your social strategy, ensure you're getting across the value of your franchisee services and competitive rates.

- **Consider coupons.** Adding to the above, social offers and coupons are enticing to Millennials. Nearly 85 percent of them use digital coupons and discount codes when buying online, and 76 percent do so in stores.

### Takeaway

The key takeaway for brands and franchisees planning their social strategy is to target Millennials thoughtfully. Respect their desire for community and engagement. Take time to be part of the social conversation with them, and offer them a quick, clear understanding of how your product or service can better their world at a competitive price. ■

**Andrea Brandon** is director of marketing at Mindstream Media and has a background in social media marketing, branding, and communications. To learn more, visit [mindstreammedia.com](http://mindstreammedia.com) or email [inquiries@mindstreammedia.com](mailto:inquiries@mindstreammedia.com).

# Customer service

## Redo Your Org Chart?

### Marketing will soon report to customer experience

BY JOHN DIJULIUS

**B**randing is no longer about building perception in your customer's mind. In the age of smartphones and social media, customer experience is the new branding.

Businesses no longer tell customers what their brand is. Instead, customers are defining the brand—to the business and to everyone else. (This should *not* be news to anyone in marketing.) The experiences customers receive dictate brand perception. “You can say what you want about who you are, but people believe what they experience,” says customer service expert Jack Mackey.

Brands put billions into boosting awareness, satisfaction, and loyalty. But they often overlook the most powerful driver of customer value: emotional connection. Research shows that consumers who are emotionally connected with a brand are anywhere from 25 to 100 percent more valuable in terms of revenue and profitability than those who are “merely” highly satisfied with it.

As noted, marketing is no longer in control of the brand—the actual experience customers are receiving is. Revolutionary companies are already moving toward the marketing department falling under customer experience. Within five years, that will be the norm. If you are a chief marketing officer or head of your marketing department, don't panic. You have time to acquire the knowledge and training you need so you can make the transition smoothly as the “Chief Xperience Officer” who oversees marketing.

Traditional branding is an old paradigm. Companies spending an exorbitant amount of money on advertising and marketing are now reallocating those dollars toward customer experience training—and that customer experience had better meet or exceed what the brand promises. The

top customer service companies typically spend less on advertising and marketing than their competitors.

The global customer experience management (CEM) market is projected to grow from an estimated \$14 billion in 2018 to more than \$23 billion by 2022, according to the most recent “Customer Experience Management Market by

“You can say what you want about who you are, but people believe what they experience.”

—John Mackey

Touch Point” report from MarketsandMarkets. The major factors driving the CEM market include an increasing need to manage customer experience throughout the customer journey, the need to retain customers, and competitive differentiation. The biggest investment is seen in the call center experience.

#### Conclusion

It is no longer acceptable to allow customer experience and marketing to act as separate silos. Both departments need to be on the same page, under one roof. Otherwise the customer loses, which means the company loses. Figuring out who owns the voice of the customer, customer satisfaction surveys, soft skill experiential training, and who will hold all departments and locations accountable for key performance indicators is a

major step in merging marketing into the customer experience hierarchy.

#### Bonus: 7 lessons from an Uber driver

If you are like most people, your Uber drivers are all about the same, some a little better, some worse. In the several hundred I've had, not one stood out. However, there is an Uber driver in the Toronto area who has received an astonishing average score of 4.99 (out of 5) from nearly 5,000 riders. In an article in *Fast Company* (“7 customer service lessons from the best Uber driver ever”), Neil Pasricha explains how this driver has redefined the ride share passenger experience.

Reading the story, you immediately see that Vishwas (Vish) Aggrawal is not your typical Uber driver. In fact, he has an MBA and has worked for Coca-Cola and New York Life. But after moving to Canada, he hasn't been able to land a job in his field, writes Pasricha.

Clearly, Uber driver was not his first choice, but he has embraced the role. “Either I do the thing, or I don't do the thing. But if I do the thing, I do it the best,” says Vish. He keeps his vehicle immaculately clean, to the point that he wipes down his floor mats between every ride. “This car is my office. This is the only office I have in this business, so I'm supposed to keep it up, I'm supposed to maintain it,” he says.

Vish greets riders with an energetic hello, using their name. “I try to break the ice by appreciating people,” he explains. “They will surely come back with a positive remark or a positive affirmation, sentence, or a line or a word to you.” He adds, “If you start with a smile, 99 percent of people will smile back. The most important thing in your life is to enjoy what you're doing.”

And when he has a passenger, Vish sets his phone to silent with an auto-responder to handle incoming texts and calls, allowing him to tap and send replies without losing focus on his passenger. ■

**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@thedijuliusgroup.com](mailto:john@thedijuliusgroup.com).



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# Growing Your System

FRANCHISE DEVELOPMENT INTELLIGENCE



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## Challenge the pros

### “HOW IS YOUR BRAND’S INVOLVEMENT IN CAUSE MARKETING HELPING IN FRANCHISE RECRUITMENT?”

**Steven Sgroi**  
National Sales Manager  
Our Town America

At Our Town America, community-building is built into our DNA and brand promise.

As a new mover marketing company, our job is to create long-term, valuable relationships between reputable local business owners and folks who have recently relocated to the area. Our franchisees are literally improving the local economy while extending a helping hand to new movers—a wonderful cause in and of itself that attracts phenomenal franchise partners.

However, it’s our commitment to go beyond that with all marketing efforts that has helped us attract the right kind of franchisees who embrace our culture. Here are three specific things we’ve done recently.

- We used Facebook fundraisers to raise thousands of dollars for local businesses in Houston and Tampa after the hurricanes wreaked havoc in those communities last year. The coolest thing? After handing over thousands to a local Shipley Do-Nuts to help with repairs, their owner turned around and gave it to an employee who lost it all in the flooding—a phenomenal pay-it-forward moment!

- Each year, our franchisees visit their sponsors (the local businesses who partner with them) in the weeks surrounding Small Business Saturday. Functioning as a “Small Biz Support Squad,” they take them gifts (such as free massages, restaurant gift cards, etc.) to encourage them to take a load off after working insane hours during the holiday season.

- And earlier this year, our Boise-based owners, husband-and-wife team Scot and Amy Hecht, partnered with a local doughnut shop to extend the impact of the “We

Dine Together” movement in Boise. They brought free food and organized a breakfast, ensuring the grassroots movement applied to the breakfast hour too!

These fundraisers and causes have accelerated the number of qualified leads contacting us because they see how invested we are in dozens of communities. They love that we think down to the local level and always have the best interests of the community in mind. It’s simple—employees and franchise owners love being associated with a company that *cares*. And we’re proud of that!



**Bob McDevitt**  
SVP, Franchise Development  
Golden Corral

Like most brands today, Golden Corral spends a considerable amount of time and money on cause-related programs. Unlike most brands, however, Golden Corral has a national focus on a specific cause, supporting the military heroes who have made a commitment to protect the freedoms we Americans enjoy.

The best reason to be involved in this effort is that it is the right thing to do. What makes it even better is that it’s good for business, not only on the consumer side, but also in the long run as it attracts prospective franchisees to the brand.

Golden Corral opened its first restaurant in 1973 in Fayetteville, N.C., home of the Fort Bragg military base. The business owes its very existence to the support of the men and women of the military, one steak dinner at a time. As the brand grew in the

South and Southeast, so grew the military support in towns like Jacksonville, N.C., home of Camp Lejeune, and Norfolk, Va., home of Naval Station Norfolk. Over the years the brand has expanded throughout the United States but it never lost sight of its roots.

In 2001, a decision was made to honor the base of customers who have helped establish the brand. Golden Corral created Military Appreciation Night by offering a no-questions-asked, free dinner to any active duty or retired military hero on Veterans Day. Since then, Golden Corral has served 5.4 million free meals and has raised more than \$14 million for Disabled American Veterans in support of our nation’s military.

In 2011, Golden Corral doubled down by creating Camp Corral, a free week of summer camp designed for the children of active duty, injured, and fallen military heroes. Since the first year, which featured four camps and 400 kids, Camp Corral has grown to host 3,600 kids in 23 camps across 19 states. Camp Corral has hosted 17,000 campers since 2011, who enjoy a week with other children who share the unique struggles that come with military life.

What does this have to do with selling franchises? Most prospective franchisees already know about Military Appreciation Night since there is national awareness from grassroots exposure. Franchise prospects who see what is happening at Golden Corral, including the addition of Camp Corral, recognize that it represents the company’s

culture, and want to be a part of it. Every major brand has cause-related efforts, but few are as committed as Golden Corral to a cause this universally accepted and that support it on as many levels. And that is a sustainable difference. ■





# Salesmarts

## Training as a Sales Tool An overlooked competitive advantage

BY EVAN HACKEL

**D**o you offer excellent training throughout your franchise organization? Training programs that teach your franchisees how to run their businesses, that orient new employees, and more?

You should be. Good training improves profits, cuts waste, reduces frustration among your franchisees, and provides many other benefits. But here is another advantage of training you might not be thinking about: *An excellent training program makes it easier to sell new franchises.*

An outstanding training program also makes it more likely that your currently owned franchises will sell more quickly, and for higher prices. Why does training deliver all these benefits? Let's take a closer look at some of the reasons.

**1) Training is a big selling point for new owners.** "How will I learn to run this business?" is one of the biggest questions on the mind of potential franchise buyers. They want to know that they will be able to confidently and profitably become new business owners without making costly mistakes. So be sure to promote your great training in your sales presentations and materials.

Don't let it be an afterthought ("We also train you") when it should be one of your biggest selling points.

**2) Your well-trained franchisees become better validators.** When a prospective franchise buyer calls one of your current owners and asks, "Is this a good franchise to buy?" you want that owner to answer, "Yes! The franchisor provides fantastic training and support every step of the way." Remember that just one negative comment can prevent prospective franchisees from buying—and you know the high cost of recruiting them. Be sure to provide training so good that your cur-

rent owners will rave about it.

**3) Well-trained franchisees make more money, and profitability sells.** Well-trained franchise owners and employees sell more, make better use of your sales and marketing tools, waste fewer resources, and just generally *make more money*. And when potential buyers are considering several franchises, they naturally gravitate toward the one that is making the most money. (Wouldn't you?)

**4) Fewer failed franchises and an improved Item 20.** Better training reduces the number of franchises that close their doors. And when prospective buyers are looking at your franchise, you want them



to look at your Item 20 and notice that a very small number of locations have gone out of business. It's critical.

So to summarize, good training is one of the most powerful tools in your sales arsenal. It makes your franchise stand out from the competition and will attract more new buyers. In addition, it makes your franchises more profitable, and therefore more likely to be sold for higher prices. And it all starts with training.

### What should your training do?

Now let's ask a question that is probably on your mind: What should your

training actually look like and do—and how do you get from where you are now to training excellence that your franchisees will rave about? Here's a brief checklist to start you moving in the right direction.

- **Help every franchisee** understand and make the most of all the programs in your franchise system: marketing and advertising, display technologies, sales support and systems you provide, etc.

- **Build your brand** by communicating how your company began, who started it, what it stands for, your philosophy of customer service, etc.

- **Teach the basics** of good business management, such as hiring and managing employees, creating a yearly business plan, etc.

- **Take the uncertainty out** of the fundamentals of running a business, including writing a business plan, accounting, obtaining business insurance, employment law, setting up systems, etc.

- **Help every franchisee** better understand operational issues within the franchise system and reduce costs.

If you cover these bases and trumpet the fact that you provide superb training to new and current owners, you will sell more franchises, sell them for higher prices, and watch as currently owned locations change hands for increasingly high prices.

So, is training a sales tool? Absolutely! When you consider the benefits

we have explored in this column, you will begin to see training not as a cost you need to cover, but as an investment that pays a major ROI in your franchise company's success. ■

**Evan Hackel** is 35-year franchising veteran as both a franchisor and franchisee. He is CEO of Tortal Training, a leading training development company, and principal and founder of Ingage Consulting. He is a speaker, hosts "Training Unleashed," a podcast covering training for business, and is the author of *Ingaging Leadership*. Follow him at @ehackel or call 704-452-7368.

# Market trends

## Here Comes Technology! Ready for the 4th industrial revolution?

BY DARRELL JOHNSON

**F**or the last couple of decades, franchise development has consisted of casting marketing nets (ads, expos, websites, direct mail, and so forth) and trying to attract franchisee prospects. Further, for years franchisors have struggled to get franchisees to share business information as well as create a platform that is confidently secure, thereby taking advantage of one of the biggest attributes of franchising—namely, that every unit is designed around consistency and conformity, leading to the same expected outcomes. How are these things changing in a mature information technology age and the beginning of what is being described by some as a transition to a “fourth industrial revolution”?

This latest revolution builds on the information revolution that began in the 1970s and the digital revolution that began in the 1980s. We are now seeing a leveraging of these technologies with 21st-century advances in fields including artificial intelligence, quantum computing, nanotech, biotech, robotics, the Internet of Things (IoT), and more. It’s not exactly about blockchain, prescriptive analytics, big data, 5G wireless, mobile apps, and cloud computing. It’s more about the confluence and integration of all these (and more) in ways we are just beginning to imagine and understand. It’s about embedding technology within societies, and even the human body, in ways we can barely fathom today.

Just when you thought you were getting your arms around the latest technology, a new wave is about to crash. Technology transitions of this magnitude are messy. There is plenty of room for trouble, with the risk of spending a lot of money that doesn’t produce commensurate benefits. Most IoT devices are still too insecure to inspire trust, and most AI-based tools are still too subject to misuse and manipulation. There are privacy issues galore. However, many of the technologies that have been

promised for decades are now reaching a point of maturity.

We are entering a phase of rapidly evolving technologies that will change the future of how we conduct business. Thanks to distributed ledger technology (blockchain), we will see a new approach to data ownership, giving control to the original content creator instead of the platform on which it was created.

Just when  
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were getting your  
arms around the  
latest technology,  
a new wave is about  
to crash.

Think of it this way: Google allows you to find products and services—and Google uses your search information to help companies find you. Amazon came along and offered a more directed model built around distribution (that many at Google recognize as a serious competitive threat) that has made its founder the richest person in the world. Amazon not only finds product or service options for you, it also delivers them to your door.

### Effects on franchising

In franchise development, casting a marketing net is beginning to evolve into targeted searching. We have worked with some of our clients on assessing profiles of their franchisees on an individual household level. We then overlay that information to households in geographic markets where they want to expand—finding prospects before they *know* they’re prospects. That is moving franchise development from a Google model to an Amazon model.

What about franchise intranets and franchise support? In 2018 we are seeing the launch and further development of platforms that enable secure and private data sharing. This has been described as each piece of data “having its own vault with its own rules linked to it, governed by smart contracts” (datafloq.com). Further, “Any transaction involved with every piece of data can be tracked and monitored and the data owner can benefit in real time.” With that capability, franchisees should feel more comfortable sharing proprietary data with franchisors and other franchisees because they have control of who sees what.

In addition, better technology security will allow franchisees to share performance information (even with competitors) without having to be concerned about exposing confidential information. For the foreseeable future, that is only done with a trusted third party.

Our client experience with current applications of big data, for instance, allows a better understanding of how revenue in a unit location is affected by, say, a specific ad campaign. We can separate that impact from other influences by looking at how sales at other establishments have changed in that localized area in the same period, whether or not they are in the same system. Finding and analyzing that data puts us in an era of predictive analytics in franchising, something we have been doing for a few years now with franchise credit risk products for lenders.

Today the challenge with big data is finding it and making sense of it. There are many pockets of data to be pulled together, and the speed with which it’s growing is daunting. More than 6 billion messages flow through Google every day. And a self-driving car generates a full gig of data every second.

However, we’re finding ways of applying predictive analytics to franchising that informs better decisions. That will improve outcomes for many areas associated with the franchise business model, such as recruitment, training effectiveness, unit performance, and ad spending, to name a few. Exciting times for sure. Are you ready? ■

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# International

## It's a New World Global consumer statistics and trends

BY BILL EDWARDS

**T**raditional consumer marketing campaigns were planned in detail, organized and structured to reach specific groups of consumers in an orderly fashion. Today's global marketing environment has changed radically, and companies that fail to make the necessary changes will be unable to compete effectively. Globally, if a company is not marketing on social media in 2018, it will lose access to more than 600 million middle-class consumers in China, India, and Indonesia.

### New marketing environment

Several new trends have fundamentally changed the global consumer marketing environment, requiring new approaches, techniques, or considerations to get a company's message to the target consumer. Here is a sampling.

**Entrepreneur model.** Today's Millennials are increasingly entrepreneurial and have changed the standard 9-to-5 workday into a new system of lifestyle flexibility with more independence and freedom. As a result, while cafes, gyms, and streets previously had small amounts of traffic during the traditional workday, in today's global cities all of those places are busy all day long. The consumer base has changed its habits, and traditional marketing tools and techniques must also be changed and updated to reach these consumers. Social media and mobile technologies are key in this regard.

**"Call-out" culture.** Empowered consumers are using social media to highlight perceived injustices or abuses, creating pressure on brands to adopt corrective or appropriate behavior. To be aware of issues or developments as soon as possible, companies must maintain a robust social media presence and take action ASAP to minimize any negative fallout.

**Changing lifestyles.** Euromonitor International reports that consumers today are more community-minded and are reducing

conspicuous consumption as they move to more minimalist behavior patterns, focusing on the "shared economy" for services such as Uber, Airbnb, Rent the Runway, etc. They are searching for environmentally friendly products and companies with a strong focus on social responsibility.

**Innovation.** Companies need to focus on methods and techniques that foster constant innovation, gathering information from customers, franchisees, etc. to not

**If a company is not marketing on social media in 2018, it will lose access to more than 600 million middle-class consumers in China, India, and Indonesia.**

only meet the latest consumer preferences and trends, but also to lead or create new trends that meet the demands of the rapidly changing business environment created by instant communication, global Internet access, and high levels of social media usage.

**Social media trends.** The number of social media users continues to grow rapidly worldwide. As of April 2018, there were 2.2 billion Facebook users around the world. The percentage of the national population using Facebook has risen to the following levels in these key markets: Canada, 68%; Mexico, 65%; Colombia, 63%; Brazil, 61%; Germany, 46%; Central Europe, 48%; Australia, 69%; Thailand, 75%; Indonesia, 52%; Japan, 30%; and India, 20%. In China, Tencent's WeChat platform recently hit 1 billion monthly users (see table).

**Millennials.** As today's biggest global generation, their choices are upending busi-

ness from the U.S. to China. Companies can reach Millennials most effectively through social media. The world's 2 billion Millennials have caused companies to adjust to their tastes: local, original, and what they can feel and trust. Despite China's former one-child policy, it has 400 million Millennials. Morgan Stanley estimates that India's 410 million Millennials will spend \$330 billion annually by 2020.

### Key consumer characteristics

The following are some of the key consumer characteristics in a number of key markets, based on reports from the Santander Trade portal.

**Canada.** Consumers here focus on quality, origin, composition, and price of products. They respond to advertising and new trends; insist on high-quality after-sales service or customer support; and show a high level of Internet purchases (up 17% in 2017), with smartphones and other mobile devices increasingly used. High consumer confidence is spurring increased consumption levels.

**Mexico.** As consumers here have increased their wealth in recent years they have become "time poor," resulting in increased demand for quality products or services that save both time and money. Rather than focusing on the transaction, consumers prefer to build a relationship based on brand loyalty. Smartphone penetration is at 133% of the population (an average of more than one phone per person).

**Brazil.** Because of the economic downturn in recent years, consumers have less brand loyalty and are searching for more affordable options and special offers. As the economy continues to pick up steam in 2018, however, there will be increasing opportunities for brands. Two-thirds (66%) of the population uses the Internet.

**United Kingdom.** Consumers respond well to advertising and have preferences for ads that focus on a product's price, design, quality, or an environmental benefit.

**Spain.** National consumer characteristics include the price of products and services; low brand loyalty; payment facility and after-sales service; and a preference for known products over newer ones. Spain is one of most improved investment climates for franchise opportunities.



## Case Study: Changing Fashion

The fashion company Inditex is based in a small city in Spain. With more than 7,200 stores in 93 global markets, it is the world's largest fashion group and one of the world's largest retailers. Zara is its flagship store brand. Inditex also has additional brands: Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home, and Uterqüe. Their stores are mostly company-owned, but they also franchise in some markets.

In the past, fashion companies would produce the majority of their clothing for the next season beforehand, then ship it to their stores just before the start of the new season. To change and produce new styles or designs would take months before any new clothing arrived in the stores. If consumer tastes or preferences had changed in the interim, or manufacturers had missed the new trends, their fashions would not sell, leaving them with unsold stock and mounting losses.

To more closely match consumer preferences and demand, Zara changed the industry's fundamental design, production, and distribution system, increasing sales and sharply reducing unsold inventory. Instead of committing to a large amount of production up front before the fashion season begins, Zara initially produces only a small amount and then uses customer feedback and input from store staff to produce new designs that meet customer preferences—and then increase production of designs that are selling well. Instead of taking months to get apparel from the design table into stores, Zara can move product from the design and production phase into stores in 15 days. To further shorten lead times, 60 percent of manufacturing is now local.

The founder of Inditex, Amancio Ortega Gaona, is a visionary who has successfully changed the fashion design, production, and distribution model to better understand and rapidly meet consumer demands. Today he is near the top of the list of the wealthiest people in the world, and other leading fashion retailers have followed his example. This is the future of large-scale consumer marketing.

**Germany.** With a population of more than 81 million, this is Europe's largest consumer market. Key characteristics include lower levels of brand loyalty and more focus on price and quality. Consumers over 50 are the largest purchasing group, with a focus on the health aspects of products, entertainment, and discounted prices.

**China.** Consumers are increasingly sophisticated and brand awareness is high, with a greater focus on product quality. The country has more than 700 million social media users, 300 million shoppers online, and an increasing demand for cashless purchases. Advertising is focused on groups rather than on individuals, and primary consumers are between 22 and 40.

**India.** With its growing population of 1.3 billion, India is set to become the world's third-largest consumer market by 2025. Consumers purchase brands they recognize, so investment in advertising and promotion is critical. Consumers are brand conscious but not with brand loyalty; prefer fresh products; shop 2 to 3 days a week; and prefer products and services with

a value-added benefit. Rural consumers are becoming an increasing factor.

**Japan.** Its rapidly aging population shows a focus on "silver" products and services. Eating and entertainment activities are popular, and there is an emphasis on environmental benefits and discounted products. There is an increased focus on price and quality, while brand loyalty has decreased.

**Australia.** GDP per capita of US\$46,790 results in high consumption levels. Purchasing power has increased by 43% in the past 15 years. Australians show a preference for new and alternative products and are early adopters who are fond of new technologies. Nearly all (95%) of franchises in Australia are local. ■

**William Edwards** is CEO of Edwards Global Services (EGS). This article was created by EGS's U.S.-based team, who collectively have 150 years of international franchise experience. Contact him at [bedwards@edwardsglobal.com](mailto:bedwards@edwardsglobal.com) or 949-224-3896. **Robert Jones** is the chief international officer for EGS and can be contacted at [rjones@edwardsglobal.com](mailto:rjones@edwardsglobal.com).

### Facebook Members by Country

COUNTRY	POPULATION	# MEMBERS	% POP.
China (WeChat)	1.42 billion	1 billion*	49.47%
India	1.35 billion	270 million	19.94%
United States	326.77 million	240 million	73.45%
Indonesia	266.79 million	140 million	52.47%
Brazil	210.87 million	130 million	61.65%
Mexico	130.76 million	85 million	65.01%
The Philippines	106.51 million	69 million	64.78%
Vietnam	96.49 million	58 million	60.11%
Thailand	69.18 million	52 million	75.16%
United Kingdom	66.57 million	45 million	67.59%
Central Europe	58.42 million	28 million	48.10%
Colombia	49.64 million	31 million	62.67%
Canada	39.95 million	25 million	67.65%
Peru	32.55 million	22 million	67.58%
Australia	24.77 million	17 million	68.63%

\*WeChat users commonly create multiple accounts.

# It's closing time

## Making the Grade How good is your recruitment team?

BY ART COLEY

Let's jump in and grade your recruitment team:

Team Grade	Signings per 100 Kept Initial (Step 1) Calls
Advanced	14-20+
Skilled	11-13
Implementer	6-10
Learner/Beginner	4-5
Underperforming	0-3

If your recruitment team is achieving a 14 percent or better ratio on kept initial ("Step 1") calls to signings, you have an advanced process and team. Congratulations! If your team has a lower grade, then you have a decision to make: Is it acceptable, or are you doing something about it?

The key point is that you need to know team performance ratios for every 100 calls with candidates. Why is this important? Because knowing these and other ratios will guide and direct your team hiring, training, coaching, and management. The ratios will also greatly influence lead generation, budgeting, scripting, and so

much more.

Ratios you want to know and track for team performance should include:

- 1) Kept Step 1 calls to applications
- 2) Kept Step 1 calls to discovery day attendees
- 3) Kept Step 1 calls to signings.

The key point is that you need to know team performance ratios for every 100 calls with candidates.

These three ratios are considered critical for grading a recruitment team's performance. They should be tracked and discussed quarterly at a minimum. Let's take a look at each of them.

**1) Kept initial (Step 1) calls to applications.** The typical Phase I of a re-

cruitment process includes an initial call, a brand review, and an application. I would argue that more than 90 percent of success is about getting Phase I right. The better you do here, the stronger the results and ratios will be downstream. Candidates in this phase must get inspired about their goals, excited about what's possible, and be able to see a new future for their life as a small-business owner in your franchise system. That's why this phase is nicknamed the "vision" phase.

**2) Kept initial (Step 1) calls to discovery day attendees.** This is Phase II, or the "grind" phase. At this point, the recruitment team members and candidates are working on funding, the FDD, and all the necessary preparation before attending discovery day. Most candidates who drop out in Phase II had a weak experience in the vision phase. Since they didn't see their future strongly enough with your franchise, they won't continue.

**3) Kept initial (Step 1) calls to signings.** This is the "angst" phase, or Phase III. The candidate has traveled to your brand's home office, met the team members, received an award of a franchise, and now the final decision on their future is in their hands. It's called angst to reflect the feeling of waiting in line for a wild and crazy roller coaster. We want to get on and go for it, but while waiting we have our moments of doubt, concern, and fear mixed in with our desire to enjoy the feeling and jubilation of the ride. This is the period between attending discovery day and signing a franchise agreement.

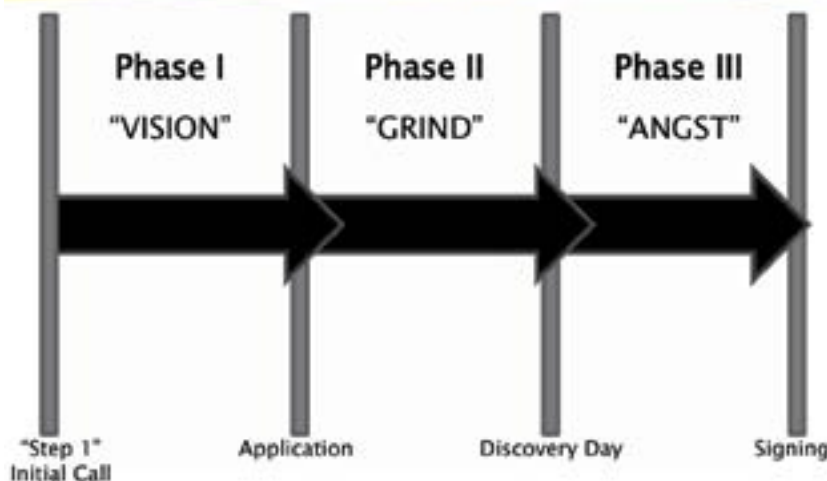
Odds are you have these numbers on a report sitting in your email right now. Get them out and calculate your team's grade. In five minutes you'll have the key information for a solid discussion on action steps for the future.

Let's go to work!



**Art Coley** has been helping franchise brands maximize their investment in recruitment and onboarding of new franchisees for more than two decades. Contact him at 254-239-5411 x101 or [acoley@cgifranchise.com](mailto:acoley@cgifranchise.com).

### Discovery Process – Phases



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