FRANCHISE Update

Business Intelligence for Growing Franchisors

Q2 | 2019

INNOVATION AWARDS

CELEBRATING FRANCHISING'S MOST INNOVATIVE BRANDS, pg.06

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CONTENTS

Multi-Unit Franchisee | Q2, 2019

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Greg DelBene

CONTRIBUTING EDITORS
Kay Ainsley, Andrea Brandon
Chris Cheek, Art Coley
John DiJulius, William Edwards
Evan Hackel, Carl Jenkins
Darrell Johnson, Liz Schaefer
Edith Wiseman, Hallie Wright

CONTRIBUTING WRITERS
Helen Bond, Sara Wykes

ADVERTISING & EDITORIAL OFFICES
Franchise Update Media
6489 Camden Avenue, Suite 204
San Jose, CA 95120
Telephone: 408-402-5681
Fax: 408-402-5738

SEND ARTICLE INQUIRIES TO:
editorial@franchiseupdate.com

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sharonw@franchiseupdate.com
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EDITOR'S NOTE

Innovation Rewarded

Franchising was born of innovation. Think back to Dunkin's Bill Rosenberg, McDonald's Ray Kroc, KFC's Colonel Sanders, Subway's Fred DeLuca, and other "first wave" franchising pioneers. The very essence of franchising is rooted in creating and providing a better, faster product or service, while the business model is based on expansion through replicability and scalability. With this proud entrepreneurial legacy in mind, we launched the Franchise Innovation Awards to recognize and honor today's most innovative franchise leaders.

To determine the winners, a panel of 10 judges reviewed more than 90 entries. Looking for game changers and disruptors, the judges ranked each entry based on programs and campaigns introduced in 2018, and their results. As one of the judges, I can say it was very difficult to rate the entries. There were many remarkable ones, some surprising ideas, and some "Wow, what-a-great-idea!" moments. When all was said and done, every entry was worthy of consideration, and we commend the many brands that participated.

Winners were evaluated based on four categories: Marketing & Branding, Products & Services, Operations, and Human Resources. We broke down each category into several subcategories and named 17 winners.

Some winners stood out. Who didn't love IHOP's fun, playful marketing campaign when the brand flipped the "P" in IHOP into a "b" to create IHOb? The attention-getting, suspense-driven strategy succeeded wonderfully in its stated goal to steal share from the competition and increase guest frequency by reframing IHOP as an option for multiple mealtimes, starting with burgers.

Other winners caught us off guard with their unique products and innovative approaches. Topper's Craft Creamery rose to the top with its brand-within-a-brand concept. Adding one of the company's soft-serve ice cream machines to almost any brick-and-mortar retail space not only provides an additional, complementary revenue stream, it also increases foot traffic and brand value for a franchisee's primary offerings.

You'll find short descriptions of each of this year's winners and their innovations in this issue. Addditionally, winners in the Marketing & Branding category will be recognized at our Franchise Marketing Leadership Conference in Atlanta this June 18–20. The winner of the top award, the Franchise Marketing Leadership Award, will be announced during a special dinner on the last night of the conference.

We hope you enjoy reading about some of franchising's most innovative ideas and practices—and maybe learn a trick or two you can use at your own brand! If you missed out on submitting an entry this year, you have plenty of time to get ready for next year's competition.

1ST ANNUAL

FRANCHISE INNOVATION AWARDS

THE BEST OF THE BEST FROM MORE THAN 90 ENTRIES

Written By
KERRY PIPES & EDDY GOLDBERG

Innovation and technology are changing our world more rapidly than ever before. Many of today's top companies and organizations are looking for ways to leverage innovation and technology—not only to ensure that they survive, but to help them grow in an increasingly competitive marketplace.

With so many kinds of innovation happening in the franchise space, we introduced our first-ever Franchise Innovation Awards earlier this year and received nearly 100 entries.

The goal of the awards is to identify and recognize the franchise brands that are creating and implementing the most original and successful innovation strategies and tactics in four categories: Marketing & Branding, Operations, Products & Services, and Human Resources. (See below for details.)

A panel of 10 judges evaluated all entries, looking for each one's objective, a problem they were seeking to solve, or improvements they hoped to achieve through innovation in 2018. The winners are profiled in the following pages, along with a listing of runners-up in each of the 17 categories that produced winning entries.

The winners in the Marketing & Branding category will be celebrated at Franchise Update's annual Franchise Marketing Leadership Conference in Atlanta this June 18–20. An overall winner in this category will be revealed during a special awards dinner on June 19. The four finalists for the Franchise Marketing Leadership Award are Camp Bow Wow, Edible Arrangements, European Wax Center, and IHOP. Each finalist will be invited to share their innovation success stories at the conference.

THE 4 CATEGORIES

Innovation occurs in many ways, from implementing a new technology to developing a new process to hire and retain the best employees. As noted above, we chose four categories, with each containing subcategories. Entrants were encouraged to share financial and other confidential data to the judges, with the understanding that those details would not be disclosed publicly.

- **MARKETING & BRANDING:** How brands are finding innovative ways to grow consumer awareness, engagement, and loyalty; everything from traditional advertising and PR campaigns to social media, rewards programs, new product launches, and local store marketing.

- **OPERATIONS:** Systems and processes, along with replicability and scalability, are essential for franchising success. Judges reviewed the most forward-thinking operations teams and how they are working to improve and streamline their brands' processes and practices through innovations in technology, tactics, support, etc.

- **PRODUCTS & SERVICES:** To meet the changing needs of today's consumers franchise systems must evolve along with them—not only in what customers want in products and services, but also in *how* they want them. Technology plays a huge role here in how customers order, pay for, and receive a brand's products or services.

- **HUMAN RESOURCES:** Growing a great brand requires the best people at every level. This category examined how brands are employing unique, innovative strategies and tactics to attract, hire, train, and retain the employees that best suit their vision and culture.

The judges for this year's awards were Darrell Johnson, CEO of FRANdata; Jon Chang, IBM Watson Global Product Marketer & NYU Adjunct Faculty of Social Media and Web Analytics; J.B. Bernstein, CEO of AviSight; Michelle Rowan, President of Franchise Business Review; Theresa Huszka, Senior Consultant at MSA Worldwide; Adam Pierno, Marketing Strategist; and from Franchise Update Media, CEO and Co-Founder Therese Thilgen, Chief Content Officer Diane Phibbs, Managing Editor Eddy Goldberg, and Executive Editor Kerry Pipes.

Visit franchising.com for more details on the 2018 awards and subcategories—and to start your planning for next year's contest.

CATEGORY
MARKETING & BRANDING

BEST BIG BUDGET CAMPAIGN

WINNER	**IHOP**

OBJECTIVE

To steal share from the competition and increase guest frequency by reframing IHOP as an option for multiple mealtimes. Burgers presented the greatest opportunity.

OVERVIEW

IHOP flipped the "P" in IHOP into a "b" to create IHOb. The campaign was unveiled in a phased rollout targeting owned, earned, and paid media channels. For one week, a nation of guests, influencers, celebrity fans, and media guessed, "What's the b in IHOb?"

PR drove the narrative with executive interviews and culinary previews for target media and influencers, including a national TV interview, strategically placed print, and social media initiatives. A second wave of media relations included an exclusive burger tasting event preview for food-focused media and influencers with the IHOP Culinary team in NYC, embargoing the news until launch. In Hollywood, a grand "re-obening" event at the first fully "burgerfied" IHOb restaurant featured a "VIb" launch event.

With more than 100 coordinated tastings and media drops, PR sustained the momentum well beyond the launch to make IHOb an ongoing consideration.

RESULTS

The campaign created more than 28,000 media stories, $113+ million in earned-media value (an 11x ROI), and more than 42.5 billion earned impressions. Every major news, entertainment, lifestyle outlet, and TV personality covered the campaign. IHOb generated 1.2 million tweets in the first 10 days, including unpaid celebrity engagement, and was simultaneously the #1, #2, and #4 Trending Topic on Twitter.

The campaign created a 2x increase in word-of-mouth, and increased brand awareness from 25% to 45% (as tracked by YouGov's BrandIndex). Guest perception of IHOP "having great burgers" increased from 41% to 51%, catapulting the brand from last place to second place among competitors.

On reveal, IHOP lunch and dinner sales increased 15% and 28%, respectively. Burger sales quadrupled YOY during the first month after the campaign launch, selling 500,000 burgers per week, and sustained 2x lunch and dinner sales through year-end.

RUNNER-UP	**Gold's Gym**

BEST LIMITED BUDGET CAMPAIGN (UNDER $1M)

WINNER	**Edible Arrangements**

OBJECTIVE

To determine if advertising on connected TV (CTV) was a more effective medium than traditional (linear) television in reaching target audiences.

OVERVIEW

A 2018 study from eMarketer noted that "cord-cutters in the U.S. (consumers who have canceled traditional pay TV service and do not resubscribe) will climb 32.8%, to 33 million adults." As this trend continues to grow, it is increasingly important for franchise brands (particularly those that have traditionally invested significant advertising dollars in linear television campaigns) to develop digital TV campaigns that reach their target audiences in order to maintain and grow their market share.

Before this campaign, Edible had never invested in digital television advertising. The company developed a connected TV campaign that would run in parallel with their existing linear TV ad campaigns in an effort to discover if connected TV would be more efficient in reaching their desired target audiences and would drive more consumer purchases than linear TV. The campaign chose three U.S. markets (West Palm Beach, Syracuse, and El Paso) because no other media was running in-market. This provided more control of the test environment based on consumers' potential exposure to the Edible Arrangements brand and/or business locations. The KPIs tracked included total sales volume, cost-per-acquisition, and total revenue generated.

RESULTS

Using programmatic CTV media buys, Edible Arrangements was able to drive significant increases in total sales and total revenue—while spending nearly 76% less in advertising dollars than it would have on traditional TV.

The campaign on CTV helped reach 29% incremental unique households, and drove 7 times more conversions at a cost-per-acquisition that was 29 times *lower* than traditional TV. In addition, customers who engaged through the CTV advertising purchased both higher quantities of items and higher-priced items.

RUNNER-UP	**Nothing Bundt Cakes**

CAUSE MARKETING CHAMPION

WINNER	**European Wax Center**

OBJECTIVE

European Wax Center's (EWC) #axthepinktax campaign focused on raising mass awareness about how women are charged more than men for comparable products and services (the "pink tax"); and on inspiring women to make more empowered purchasing decisions and advocate for equal prices for equal products.

OVERVIEW

A study in NYC found that women lose $1,351 every year to the pink tax; on average, pay extra 42% of the time; that products for women or girls cost 7% more than comparable products for men and boys; and that women lose an estimated $40,000 to the pink tax by age 30.

A fully integrated, 360-degree program engaged women through messaging and imagery across paid media and EWC-owned channels that included a media partnership with Refinery29 to host a livestreamed "Ax the Pink Tax" panel; and a partnership with Cosmopolitan.com to create co-branded online video content.

Social media was used to highlight educational facts. EWC's AxThePinkTax.com website housed comedic videos and educational materials directing women to the nearest EWC to receive free pink brows to post to social channels.

The campaign included fully aligned, in-center programming offering guests a 13.51% discount on one service or product. EWC partnered with Girls in Tech, Beauty Changes Lives, and The Fashion Institute of Technology to provide educational and entrepreneurism support for women through scholarships. Programming continued through 2018 and extended into 2019 with new partners, platforms, and a new campaign.

RESULTS

In April 2018, EWC's total network adjusted sales rose 17%; ticket count rose 6%; new guest count rose 5%; and package sales rose 51%. In May, the brand had its highest adjusted sales growth ever (33%), which continued through 2018.

EWC delivered almost 650,000 impressions through paid media and PR efforts in April; drove three times more Google search activity for the words "pink tax"; and saw $1,351 become a rallying cry. Online engagement was noteworthy not only for amount, but also for intensity and length of engagement.

The campaign won a Clio Award for Mass Integrated Campaign in 2018, and in 2019 received a Shorty Award.

RUNNER-UP	**Black Bear Diner**

LOCAL MARKETING LEADERSHIP

WINNER	Handyman Connection

OBJECTIVE

To help franchisees retain and hire quality craftsmen to fulfill the brand promise to customers. The goal was to allocate more resources to this crucial aspect of the business, allowing franchisees to focus on the execution and completion of jobs while building a sustainable business.

OVERVIEW

One of the marketing team's greatest challenges was not generating leads, but having enough craftsmen to execute them. The company created a series of videos focused on the benefits of working with Handyman Connection, featuring a wide range of craftsmen working for local offices. The videos are featured on local websites, on Handyman's craftsman recruiting page, and rotated in recruiting ads on various platforms. A wide range of supporting marketing material helps with this strategy.

The company implemented an NPS program for craftsman to learn how satisfied they were working with their local office. This provided insights previously gained only in post-exit surveys and allowed the brand to identify and correct potential issues.

When combined, these resources allowed Handyman to attract and retain the right candidates to help fulfill its brand promise. Long term, this will allow franchisees to service more customers and help build and maintain customers for life.

RESULTS

The win comes in easing some of the challenges owners face when it comes to the struggles of hiring and retaining craftsmen. Offices are seeing more qualified craftsman applicants, more applicant leads, more recruiting sessions, more onboarding sessions, and more craftsmen starting, an 18% increase measured quarter over quarter system-wide. Conversion percentage on applications to candidates has also risen to an all-time high of 49%, well above industry averages.

The NPS program has a 72% open rate; a 27% response rate (up 3%); and 46% are leaving feedback along with their rating (to boost this, the brand is making this a mandatory field).

RUNNER-UP	Peace, Love and Little Donuts

BEST SOCIAL MEDIA CAMPAIGN

WINNER	Camp Bow Wow

OBJECTIVE

To increase brand awareness among dog owners on the benefits of doggy day care.

OVERVIEW

Camp Bow Wow sought to engage dog lovers across the country by celebrating how they go above and beyond for their pets, while also raising awareness of doggy day care as an important element of responsible pet ownership. The campaign employed an integrated, multi-channel campaign that included national advertising and PR, regional events, local advertising in event cities, a dedicated microsite, Instagram influencer campaigns, and signage at 160-plus locations.

Four kick-off events in city parks across the U.S. featured a large, custom-built tennis ball dispenser/photo booth. After each photo of a dog and "parent," a ball was dispensed and Camp Bow Wow donated $5 to a shelter of their choice. One lucky golden ball offered a year of doggy day care and boarding. The events also included local shelters and rescues with adoptable dogs, food trucks, doggy caricature artists, and pet-related vendors.

A follow-up national social media contest encouraged pet parents to share photos and videos on Facebook, Instagram, and Twitter to prove how they #GiveAFetch. One participant won a free year of doggy day care and boarding.

RESULTS

The brand as a whole and local franchises saw a lift in awareness, share of voice, and engagement.

1. PR and earned media: 192 million media impressions from 94 placements, including national coverage on "Fox & Friends Weekend"; impressions for the single campaign accounted for a quarter of all earned media impressions in 2018; established 79% share of voice (measured by media coverage and ads) vs. the largest franchise competitor
2. Digital awareness: 3.3 million Facebook ad impressions; 11,300 unique users on giveafetch.com; 6,300 #GiveAFetch entries on Facebook, Instagram, and Twitter; 40% engagement on corporate social media posts; and 13% growth in corporate Instagram followers
3. Additional results: $40,000 donated to more than 20 local dog rescues and shelters; 44 dogs adopted; 2 free years of doggy day care and boarding awarded

RUNNER-UP	St. Louis Blues

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BEST DIGITAL CAMPAIGN

WINNER	Goldfish Swim School

OBJECTIVE

To educate the public, build brand awareness, and capture and convert leads through a re-launch of the corporate and franchisee websites.

OVERVIEW

To achieve this, Goldfish partnered with Scorpion. Design and functionality were determined through research, evaluation, restructuring, implementation, and competitive analysis. The new sites were built with the customer journey in mind. The aim was to appeal to the emotions of a prospect who landed on the site.

Trust was built using pictures of staff, unique identifiers that set the brand apart from its competition, etc. As the prospect continued to scroll, credibility would be established through informative content and the logos of partners. Cost information was included near the middle/bottom of the site. To maximize conversions, a short form was prominent on new school sites, whereas a longer form was placed prominently on existing school sites.

Once the new sites were up and running, Goldfish deployed on-site, technical SEO, on-page call-to-action and content optimization, competitive geofencing and retargeting, PPC campaigns for each location on Google, Bing, and Yahoo, along with locally targeted and demographically focused ads on Facebook, Instagram, YouTube, and more. This initiative gave Goldfish more available channels to advertise on than ever before and maximize brand impact in local markets across North America.

RESULTS

From a visual, strategic, support, and diversification perspective, Goldfish drastically enhanced its digital marketing strategy to best support its network system-wide. The new digital marketing strategy produced a 30 percent increase in brand search over 12 months, strong engagement with Gmail and retargeting ads, an average organic ranking of 1.6 across the network, 195-plus leads on average per month, 40,000 total new clients, and a sub-$20 cost per acquisition.

RUNNER-UP	Mountain Mike's Pizza

BEST PR CAMPAIGN

WINNER	Labor Finders

OBJECTIVE

To help furloughed federal government workers pay their bills during the U.S. government shutdown. To make ends meet, many sought temporary jobs.

OVERVIEW

Traditionally, the end of December is when people await the holiday season and all it brings: vacations, time with friends and family, presents, and holiday cheer. But for many federal workers there was little to celebrate on December 22, 2018 when the federal government shut down. The shutdown lasted 35 days, ending on January 25, 2019.

Nine executive departments with approximately 800,000 employees had to close down partially or completely, causing employees to be furloughed or required to work without pay. For scores of Americans this was devastating. Following a meeting between its CMO and PR manager, Labor Finders issued a press release informing the general public that the company would find jobs for the furloughed government employees for however long they needed. The press release, "Helping Government Workers Pay Their Bills," was distributed to media outlets that included business, general assignment, Hispanic, community, trade, human resources, family, and lifestyle publications, as well as to government newsletters and business bloggers.

RESULTS

Within a few hours of release, the media was directly contacting branch offices (which they were not supposed to do) or reaching out to corporate (which they were) to arrange interviews with furloughed workers and local branch staff. This became a major news story appearing in thousands of publications worldwide and was picked up by numerous TV stations and networks. The press release and the many stories it spawned went viral immediately and lasted until the end of the shutdown. The resulting millions of global media impressions brought in an advertising cost equivalent (ACE) value of around $7 million.

RUNNER-UP	Mosquito Squad

CATEGORY OPERATIONS

MOST INNOVATIVE BUILDING DESIGN, REMODEL, OR PROTOTYPE (TIE)

WINNER	**Dunkin' Brands**

OBJECTIVE

As Dunkin' Brands looks to grow as a beverage-led, on-the-go brand, the company wanted to introduce a new restaurant design that would cater to the on-the-go customer and align with the new branding that conveys Dunkin's focus on serving great coffee— fast.

OVERVIEW

The Next Generation (NextGen) restaurant was created to optimize the guest experience from an expanded on-the-go mobile order pickup area to a more efficient labor deployment model behind the counter. The NextGen store debuted in early 2018 and featured a more modern design, state-of-the-art equipment, and an increased focus on technology. As part of the new design, Dunkin' would be the first QSR in the U.S. to feature a dedicated mobile order drive-thru lane. The brand is also committed to improving the Dunkin' app, which supports on-the-go mobile ordering.

Dunkin' worked closely with its franchisee community to create a positive, energetic atmosphere for guests that remains true to the brand's heritage, while emphasizing and enhancing the convenience, digital innovation, and restaurant excellence that distinguishes the brand. Each NextGen restaurant features the brand's new logo, which embraces Dunkin's heritage by retaining its familiar pink and orange colors and iconic font, introduced in 1973.

RESULTS

Dunkin' opened 130 new and remodeled NextGen restaurants across the country, more than double the initial target of 50 for 2018. The company also revealed a new brand identity in 2018, officially changing its name to simply Dunkin'. The new logo will continue to be featured on exterior and interior signage on all new and remodeled stores in the U.S. and, eventually, internationally. By simplifying and modernizing the brand name, while still paying homage to the company's heritage, Dunkin' sees an opportunity to create new energy for the brand, both inside and outside its restaurants.

WINNER	**Schlotzsky's Austin Eatery**

OBJECTIVE

In an effort to become more relevant and meet evolving consumer demands, Schlotzsky's changed its name to Schlotzsky's Austin Eatery.

OVERVIEW

Schlotzsky's Austin Eatery was developed to meet and exceed the expectations of today's consumers. Following extensive market research and consulting outside firms, Schlotzsky's determined that consumers are searching for quality, fresh food and a fun, unique dining experience. In late 2016, the brand created a new prototype, with a full system rollout to be completed in the summer of 2019. After thoroughly reviewing market research and consumer interests, Schlotzsky's sought to develop a new, purposeful design and brand with a shareable, unique dining experience evoked by Austin's spirit of originality. As Schlotzsky's Austin Eatery, the brand aims to become the largest restaurant chain to scale "fast-fine" dining—a blend of fast casual and fine dining. The challenge, however, was to avoid customer confusion by not straying too far from the original brand.

By creating an atmosphere and design with comfortable seating, entertainment, music, and quality fresh food, Schlotzsky's Austin Eatery has carefully combined a series of elements to create a unique dining experience. For fast casual brands, the challenge is often rooted in finding a way to deliver a high-quality product quickly and in a unique environment. To meet that challenge, Schlotzsky's Austin Eatery looked into elements that would encourage faster and more convenient service, such as iPad kiosk ordering, drive-thru windows, and third-party delivery.

RESULTS

By August 2019, all 400-plus Schlotzsky's restaurants will be converted into Schlotzsky's Austin Eatery. Since making the transition, the remodeled and rebranded restaurants are seeing higher-than-average checks, and evenings and weekends have seen also a sales increase.

MOST INNOVATIVE USE OF TECHNOLOGY [TIE]

WINNER	**Checkers & Rally's**

OBJECTIVE

Checkers & Rally's sought to provide more options to bring its food to customers' front doors by partnering with *multiple* delivery services—and to give franchisees a fully integrated platform that would make it easy and profitable for them to fulfill those new delivery orders.

OVERVIEW

The new platform integrates five national delivery services—DoorDash, Uber Eats, Postmates, Grubhub, and Amazon Restaurants—in a single, seamless POS system. Guests can now order from their favorite delivery service, and restaurants now have a profitable, operationally simple way to fulfill the orders. Unlike other delivery services, where restaurants must add a new order-receiving tablet for each third-party delivery provider, Checkers & Rally's developed a unique process where orders from the delivery services feed into a single POS system and directly into their kitchens.

RESULTS

Delivery orders now integrate directly into the POS system, along with traditional drive-thru and walk-up orders, reducing labor, time, and input errors. The company has experienced a 1.5 to 2 times higher-than-average check from delivery, and more sales of higher-margin items. Incremental sales from the new channel are in the 70% range. Delivery accounts for about 4% of total sales, a figure that continues to rise every year.

WINNER	**Dream Vacations**

OBJECTIVE

Dream Vacations wanted a more efficient and uniform way for franchisees to market to and communicate with existing and prospective clients about their upcoming trips, as well as capture their personal booking information.

OVERVIEW

Franchisees were spending time on group administration, not on selling groups and building relationships. Competitors had a similar tool and franchisees were creating their own websites to capture and share this information. The brand created the Groups Registration and Payment Tool.

RESULTS

The tool has created efficiencies in group administration and improved reporting practices. In the past year, usage has doubled, with more than 40% of franchise owners using it. Currently, there are more than 1,400 active group registration websites for future cruise sailings, and the tool accounts for a significant portion of system-wide sales. The tool also is used by the franchise sales team to attract and recruit new franchisees. Perhaps most important, because the group registration websites are synced with the company's proprietary cruise booking and CRM system, the tool allows corporate a real-time view as customers book into a group.

MOST INNOVATIVE FRANCHISEE SUPPORT

WINNER	**College Hunks Hauling Junk & Moving**

OBJECTIVE

College Hunks Hauling Junk & Moving wanted to do a better job of helping its franchisees retain the information and training they received and looked for a solution that would guide them through all areas of operations during all stages of their ownership and growth.

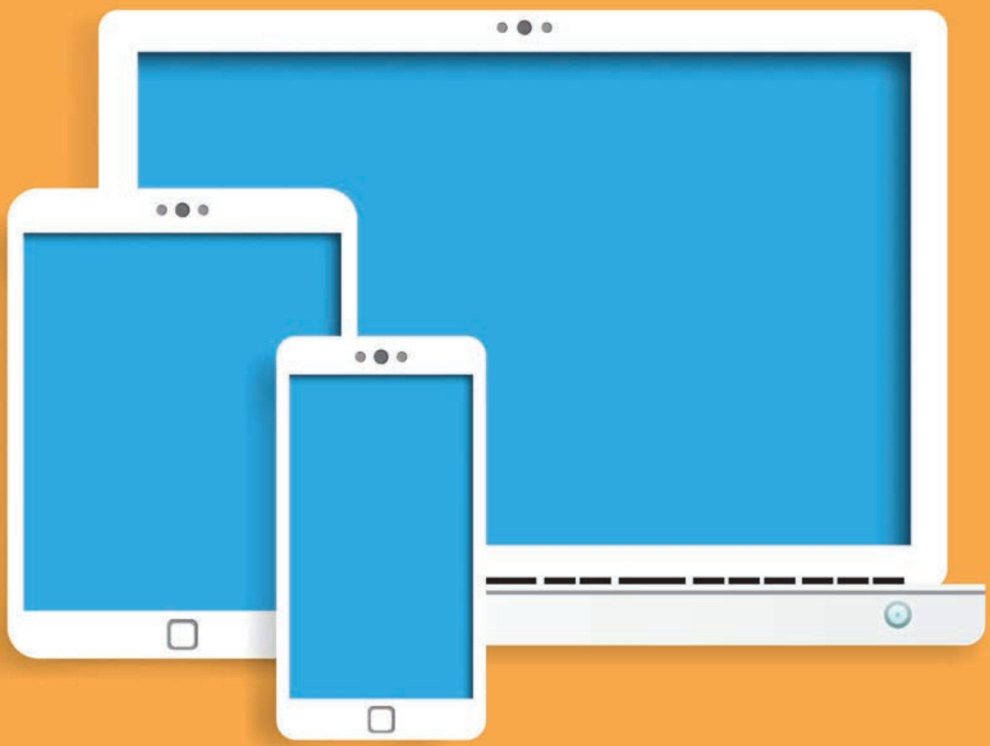
OVERVIEW

The brand surveyed franchisees about areas they thought needed improvement. This led to the creation of an operations team of multiple specialists called business performance coaches. Located throughout the country, the coaches have a wealth of knowledge to offer franchisees, including support with onboarding, ramp-up and opening, move training, and marketing.

RESULTS

Since adding these coaches across the system, College Hunks has seen new franchisees consistently breaking revenue records and reaching $1 million more quickly than ever. A location in Wilmington, N.C., has consistently increased revenue by an average 40% month over month, with a 45% month-over-month increase in March 2019, an increase of $50,564. A marketing coach helped the Kalamazoo location optimize a PPC campaign to produce a lower overall cost per lead, an increase in leads, and a higher overall conversion rate from 22% to 41%. The marketing adjustments alone increased revenue by 8% without any additional budget.

RUNNER-UP	**Captain D's**



CATEGORY
PRODUCTS & SERVICES

MOST INNOVATIVE USE OF TECHNOLOGY: SERVICES

WINNER	**Two Maids & A Mop**

OBJECTIVE

Two Maids & A Mop wanted to differentiate itself from inefficient mom-and-pop cleaning competition by streamlining and automating its operational services with innovative technology tools. The goal was to advance its business by empowering franchisees, employees, and customers through the introduction of tech-forward, game-changing operating software.

OVERVIEW

Two Maids & A Mop developed Gataware, a proprietary operating software that cohesively blends several aspects of the business with its website to offer one place for franchisees, customers, and employees to go for everything from booking and scheduling crews to collecting payments and ensuring quality control. The software powers convenient automation that turns customer leads and bookings into systematic functionality for each franchisee—beginning with locking in a customer through the completed service review process. The system implemented text alerts to make connecting with customers and receiving their feedback quicker and easier, while innovating a new way to ensure pricing is more accurate. The software team continually innovates with new advancements to the software—with both internal and franchisee collaboration—and can advance the technology whenever the need arises.

RESULTS

Since implementing Gataware, Two Maids & A Mop has consistently driven improvements in revenue, customer satisfaction, customer acquisition, time management, and quality control. From Q1 2018 to Q1 2019, franchisees collectively increased systemwide revenue growth 51 percent, from about $3.6 million to $5.4 million. Today, franchisees are pumping more than 350 leads a day (5 to 10 for each individual franchise) into their business's CRM system, which also is integrated in the software. The brand has also seen an increase in its brand rating (9.2 on Google, Yelp, and Facebook) over the past year.

RUNNER-UP	**Jersey Mike's Subs**

MOST INNOVATIVE USE OF TECHNOLOGY: PRODUCTS

WINNER	**Little Caesars Pizza**

OBJECTIVE

To the increase speed of service and payment from order placement to pickup.

OVERVIEW

Little Caesars, the country's largest carryout-only pizza chain, has taken another step in customer convenience with its "Reserve-n-Ready" pickup option. Here's how it works. 1) Using the Little Caesars app, a customer orders and pre-pays online. 2) When their order is ready the app notifies the customer. 3) At the store, they go directly to the Pizza Portal (a heated, self-service mobile order pickup station) where they input a 3-digit PIN or scan a QR code from their phone. 4) The door on the customer's secure compartment opens, and off they go to enjoy their meal. No line, no waiting.

RESULTS

After almost a year of using the Pizza Portal, John Hotchkiss, a franchisee with 46 Little Caesars, is loving it. "Digital sales are responsible for 6 percent of our current company sales—up from zero," he says. "We love the increased ticket average and the speed with which our customers can obtain their order without ever having to go through the normal process of the quick service restaurant." So do customers. "They love the ability to walk in and go directly to the portal and be on their way without having to wait and pay a cashier," he says. "The feedback from our customers has been overwhelmingly positive. We will continue educating our customers so they understand and hopefully use the Pizza Portal to help us further expand our online business." He's also getting a boost from corporate, with the franchisor spreading the word about the new system. "TV and in-store advertising are helping to promote the Pizza Portal, and our management team was very excited to launch it and work diligently in promoting it to our customers."

RUNNER-UP	**College Hunks Hauling Junk & Moving**

MOST INNOVATIVE USE OF CUSTOMER-FACING DIGITAL TOOLS

WINNER	**Pinch A Penny Pool Patio Spa**

OBJECTIVE

To help improve the overall customer experience, Pinch A Penny Pool Patio Spa wanted to create a more trusting and transparent relationship between customers and store owners and their staff. The goal was to bridge communication barriers by creating a mobile app where users could communicate with the brand and browse products on their mobile devices. The brand also wanted to stand out with a digital experience that was useful to its customers, and did so with features such as water testing and analysis.

OVERVIEW

Pinch A Penny's mobile app was developed to provide customers with more information at their fingertips and more streamlined communication with store owners and staff. The app works for service and retail customers and generates weekly, monthly, and quarterly reminders for general maintenance such as brushing, skimming, vacuuming, or cleaning the pool filter. Full water testing is also stored on the app. Customers can text a store from the app if they have an immediate issue, and also have the option to call or send an email. Each user can easily contact stores using the app's capabilities, helping to build a trusting and more transparent relationship.

RESULTS

Pinch A Penny Pool Patio Spa successfully developed a user-friendly mobile app that bridged overall communication for users and store owners. Early results have shown consumers engaging with stores at a higher rate and increasing in-store transaction averages. Pinch A Penny has found that through increased communication and accessibility, its customer experience has improved and continues to have a positive impact on sales and store revenue.

RUNNER-UP	**Epcon Communities**

MOST INNOVATIVE SERVICE INTRODUCTION

WINNER	**Conserva Irrigation**

OBJECTIVE

About 1.5 billion gallons of water are wasted daily throughout the world on irrigation alone, making water the world's most limited, yet wasted resource. Russ Jundt, founder of Conserva Irrigation, wanted to develop a proprietary system to audit irrigation systems and rate water efficiency. This would allow home and business owners to better understand how much water their sprinkler systems were wasting and reduce water consumption and lower their water bills.

OVERVIEW

Conserva Irrigation developed the "System Efficiency Score," a proprietary process to audit irrigation systems. This system accurately rates the water efficiency of an existing system based on a numerical scale. The systematized approach allows home and business owners to thoroughly understand how much water their sprinkler systems are wasting, as well as what improvements to make in order to reduce water consumption and lower water bills. The leading-edge technology and advances applied through the company's services can reduce water use from irrigation by more than half.

RESULTS

Conserva's proprietary process to audit irrigation systems, along with the technology provided by The Toro Company, has reduced water waste by up to 60 percent. Conserva also has partnered with Target to combat water waste at their retail locations nationwide. As a result of this joint effort, The Irrigation Association awarded Conserva and Target its 2018 Vanguard Award in the Landscape category, created to honor an innovative project in the irrigation industry. Since launching the sustainability project across more than 320 Target properties, Conserva's services have saved the retailer more than 36 million gallons of water.

MOST INNOVATIVE PRODUCT INTRODUCTION

WINNER	**Topper's Craft Creamery**

OBJECTIVE

Topper's Craft Creamery sought to position itself as a complementary brand, offering an additional revenue stream without increasing existing staff, with a minimal investment, and a high EBITDA.

OVERVIEW

The brand's proof of concept has been under way for more than 6 years since the first Topper's Express opened. To master the operations necessary for integration of a crafted soft-serve frozen custard with another brand, Topper's chose a slow and methodical approach, with more than 10 different integration pilot tests to observe performance under different conditions. A 2,000 sq. ft. space doing $1 million in annual sales translates to $500 per sq. ft. Topper's has cracked the code on how to add high EBITDA in only 10 square feet. With volumes of only $100 per day in ice cream, that would add $3,650 per square foot.

Topper's was engineered to be a complementary brand, a brand within a brand. It can lift a franchisee's bottom line by adding high-profit sales with minimal investment and minimal required sales. Topper's essentially created a new business model that makes it nearly impossible to lose money by providing an additional way for business operators to increase ticket averages, boost customer traffic for new products, and increase brand value by introducing an additional product. This approach can allow smaller brands to develop new points of distribution when combined with an appropriate branded partner. The theory is proven and the concept of co-branding works when it is simplified.

RESULTS

One location added $42,700 in incremental sales within a coffee brand store in the first year. The EBITDA from that addition was 53%, approximately $22,700. Another location notched 61% EBITDA in the first 5 months.

RUNNER-UP	**True Rest Float Spa**

CATEGORY
HUMAN RESOURCES

MOST INNOVATIVE EMPLOYEE TRAINING

WINNER	**Dog Haus**

OBJECTIVE

Dog Haus, a brand that emphasizes fun in its guest experience, employee experience, and consumer messaging, looked for a training platform that could leverage the fun of gamification to train employees.

OVERVIEW

It is no easy task to constantly train and re-train an ever-changing and churning workforce. Dog Haus wanted to ensure that its franchisees and their employees are always at the highest level. To achieve this, the brand introduced 1Huddle, a training platform that uses gamification to allow employees to train in a self-directed fashion.

As part of the roll-out of the new platform, Dog Haus created a contest with four weekly employee winners. The employee with the highest score each week was awarded $1,000. At the end of the month, the franchisee whose location had the highest percentage of employee engagement with 1Huddle was also awarded $1,000. More important than the money was the benefit of employees learning about essential activities such as operations and customer service.

RESULTS

Since the launch of 1Huddle across the brand, the company's collective workforce has played almost 5,000 learning games on the platform, earning more than 500 trophies inside 1Huddle and garnering 50% participation brand-wide—all for a voluntary training initiative. Anecdotal evidence from both franchised and corporate stores indicates that employees who continue to use the platform outperform their peers who do not use it. This same set of employees has demonstrated greater brand knowledge across all areas, including those they don't work in.

MOST INNOVATIVE EMPLOYEE RETENTION

WINNER	**College Hunks Hauling Junk & Moving**

OBJECTIVE

To put more focus on the company's core values to improve the culture, as well as the people who consistently aided the brand's success and growth.

OVERVIEW

The COO of College Hunks determined that the brand's high turnover rate was not the lack of a good set of core values, but that hiring was not based on them. Instead, hiring was based on "shiny toy" resumes, rather than having the right attitude and eagerness to live the brand's core values. In February 2018, the COO decided to have an in-person interview with every prospective employee, focusing on educating them on the company's core values and culture.

RESULTS

Employee retention at corporate improved to an astounding 89% YOY from March 2018; and the company received a high independently given employee satisfaction survey rate of 8.4 out of 10 from TinyPulse. In addition, the following improvements were made to each core value:

Always branding: We strive to be an active philanthropic company and choose to participate in local charity partnerships, fundraising, and sponsorship opportunities.

Building leaders: In Q2 of 2018, College Hunks added a personal development fund for each employee that could be used for personal or professional education, training, or corporate convention.

Fun, enthusiastic, team environment: In early 2018, a group of corporate employees formed the Hunk Brigade, a company culture committee that reviews opportunities for office parties, group outings, team-bonding events, costume dress days, etc. The brigade also sends ideas and best practices to each franchisee to implement in their locations to keep the culture front and center with all employees.

Listen, fulfill, and delight: Listen to the needs of employees and try to go above and beyond when there is opportunity to do so. This core value has produced the Hunk Brigade, additional employee health benefits, and the personal development fund, among many others.

RUNNER-UP	**True Rest Float Spa**

Cajun-Asian Fusion

Angry Crab Shack poised for national expansion

Written By
RON LOU

Angry Crab Shack is a full-service, casual dining restaurant featuring Cajun-Asian fusion seafood specializing in boiled shellfish flavored with signature sauces. As we carve out a niche in the restaurant industry, we have expanded our focus and are poised for nationwide growth.

I am a first-generation immigrant and the first Asian-American to play in the NFL, so I am no stranger to standing out and filling a niche in various aspects of my life. After my time as a player for the Houston Oilers and Philadelphia Eagles, I spent 35 years creating various restaurant concepts that have seen repeated success over the decades. As I became ready for another entrepreneurial adventure, I set out to create something unique and fun—not just another wing, burger, or pizza restaurant.

Six years ago, in 2013, I launched Angry Crab Shack in Mesa, Arizona. I wanted to create a concept that had a vibrant, memorable dining environment and that could offer high-quality seafood at a more affordable price. The simplicity and bold flavors in Asian food attracted me. I was able to combine flavors inspired by my heritage, affordable prices, and strategic real estate practices into the winning franchise brand we operate today.

Currently, we have eight locations open in Arizona. Our development goal is to reach 100 locations by 2023 through conservative growth strategies. We are targeting development in Arizona, Colorado, New Mexico, Utah, and El Paso.

HANDS-ON LEADER

As the founder, I like to be a very hands-on leader. I try to make a personal connection with everyone in the company, from in-restaurant staff to the corporate team. My goal is to bring out the best in everyone so they know they are a vital part of this organization and look forward to coming to work and being a valued member of the Angry Crab Shack family. To build on these relationships, I visit every location as often as I can to get to know everyone, and to make sure each location is operating as effectively as possible.

When I visit, I'm looking for operational consistency, and to see if there are ways to improve the systems and processes we have in place. It's critical that our guests receive the same experience, service, and high-quality meal regardless of which location they visit. I typically don't tell the staff when I'm coming. I want to experience the true atmosphere of the restaurant, rather than have employees feeling pressured to perform better just because I'm there.

Each location has its own unique characteristics, and something that works at one location might not be the best fit at a different location, which is why it's so important to observe and inquire about different day-to-day procedures or practices. I can see how all of the moving parts in each restaurant encompass the overall culture of our brand. Then, if something needs to be changed, I can better direct those initiatives.

FISHING FOR FRANCHISEES

With Americans increasing their seafood intake every year, we are capitalizing on the growing trend of seafood boils to bring family and friends together for a memorable and unique dining experience. Angry Crab Shack offers a new business opportunity for entrepreneurs ready to take a bite out of the $90 billion seafood industry and help to expand the concept across the nation.

Angry Crab Shack is a family-oriented restaurant that caters to everyone for every occasion and offers an entertaining, affordable, and fresh experience that embodies the feeling of a mom-and-pop shop. The quality of food is superior to other seafood concepts in the industry since we use only the freshest ingredients, sourcing the majority of our product from suppliers on the East Coast, Ecuador, and the Pacific.

With simple interiors and kitchen operations and a low entry cost, our locations have experienced high success with average unit volume above $3 million, as well as dramatic year-to-year sales increases. With a laid-back atmosphere and unique presentation, our guests are encouraged to get messy: restaurants serve each order in a clear plastic bag mixed with our Cajun-Asian fusion signature sauces. Once you take your first bite, you understand immediately why the restaurants are fully equipped with communal sinks in the middle of the dining area.

Following the initial success of our Arizona locations, we're looking to continue momentum by partnering with local entrepreneurs in metropolitan cities across the Southwestern U.S. With an initial investment range between $450,000 and $850,000, Angry Crab Shack offers an attractive investment opportunity for entrepreneurs looking to enter the full-service restaurant industry. ■

Ron Lou is the founder of Angry Crab Shack.

> "Our previous provider lacked the full-service capabilities Prisma offers, handling all aspects of production in-house. The streamlined nature of dokshop allows our team to customize and order items quickly and easily, and the customer service we receive is second to none."
>
> **THE JOINT CHIROPRACTIC**

The Joint's relief with **dokshop**

When The Joint was looking to lock-down their brand integrity in 2015, they knew the process had to begin with examining their marketing supply chain. Frustrated with slow turnarounds, they sought a full-service provider who could fulfill the needs of the franchise, and work seamlessly with their franchisees.

Then, they found Prisma. A one-of-a-kind company offering a full spectrum of marketing solutions in a streamlined approach. From the initial order to fulfillment, Prisma proved capable of handling all aspects of production in-house with the quality and control brands trust. In the eyes of a quickly growing franchise, what set them apart from their competition was their proprietary web-to-print solution, dokshop.

The level of adaptability and customization dokshop offers The Joint ensures franchisees can cater to their local audiences while upholding brand standards. The online marketplace provides digital assets, promotional materials, digital ads, print, and grand format products, available to all 400+ locations.

The results are simple: increased speed-to-market and exceptional quality.

To ensure the accuracy of the brand and individual clinic, the auto-population of variable data is assigned to every location. When owners or managers order marketing materials, whether print or digital, pertinent information like pricing, hours, and addresses are automatically inserted into the selected item. In addition, critical medical and legal disclaimers are linked to users too, assigned to franchisees by corporate based on zone criteria. The system updates this information daily so customers are always up-to-date.

Thanks to store profiling through dokshop, The Joint can offer a seamless experience for their patients nationwide. Since each user is tied to their respective location data, window dimensions and wall sizes are saved to signage. As a result, franchisees will only ever be a few clicks away from marketing materials catered to their specific site.

For franchisees, the hassle of managing multiple vendors is a thing of the past. Even items that aren't produced on-site, such as promotional pieces, are still available via dokshop and can be inventoried for on-demand orders. For The Joint, that means gel packs, uniforms, and other miscellaneous branded items are always readily available to their franchisees to purchase.

Dokshop is constantly evolving to fit clients' needs, so when The Joint wanted to better prepare clinics for grand openings, Prisma got to work. Required by corporate, Prisma programmed dynamic kits called "pre-opening kits" that are available to new franchisees via their portal. Included are the essentials, such as uniforms, signage, banners, and any other materials needed to make the right impact.

The Joint's partnership with Prisma has not only strengthened their brand but also offered their franchisees much-needed relief.

For more information:

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BRAND MASTER

Steve Greenbaum aces the transition to home care services

Written By
KERRY PIPES

Steve Greenbaum, 57

CEO

Company: Best Life Brands
Units: 350+ locations
Years in franchising: 26
Years in current position: 1.5

Steve Greenbaum is well known in franchise circles. In 1992 he co-founded PostNet, where, as CEO, he led the brand's growth into a 660-unit global printing and marketing services company. In 2008 he served as chair of the IFA, among his many other roles with the organization over the years. And he was featured on Season 4 of the CBS television series "Undercover Boss," followed by a return appearance in 2014.

In the spring of 2017, PostNet was acquired by MBE Worldwide. For a time, Greenbaum remained involved as an advisor. In October, he was hired as CEO at ComForCare, a home care provider. In January 2019, he was instrumental in creating Best Life Brands, a new company that united ComForCare and At Your Side, two homecare providers, with CarePatrol, a senior placement franchise, under a single multi-branded service organization.

Greenbaum is adept at running brands, adapting to change, deploying new technologies, and building a talented team. Entering a new industry, he admits, came with a learning curve, as his background was in B2B services, not the home care or senior placement industries.

"I have surrounded myself with great people who are experienced in these industries and know how to move our business forward," he says. His goal, he says, is to create "a values-based culture and organization that offers upward mobility." To achieve this, he looks for team members who understand their roles and responsibilities, have a passion to succeed, and the ability to do the job well.

Brand growth has long been a motivational force for Greenbaum, dating back to his days at PostNet. Today he is focused on revenue and earnings growth for Best Life Brands and its franchisees. In addition, plans are for aggressive growth through the addition of new brands that fit the company's mission to serve older adults and people with diverse needs in a more effective and holistic way.

"We will be adding two more brands in the next year, and adding more locations for ComForCare, At Your Side, and CarePatrol," says Greenbaum. An investment from the Riverside Company in July 2017 will surely be instrumental in achieving that.

LEADERSHIP

What is your role as CEO? I am responsible for all brands under the Best Life Brands family portfolio. This currently includes ComForCare, At Your Side, CarePatrol, and future add-ons and acquisitions. I also play a large role in the strategy and growth of Best Life Brands by identifying companies that fit the portfolio's objectives and participating in their acquisition. I am basically the chief leadership, growth, and influence officer.

Describe your leadership style. Open, honest, transparent, and values-based. I have been told I can be a little intense, which I like to think of as passionate or driven, but never to the extent that it overshadows my ability to connect with or inspire my team. Through the years, I have learned not only to surround myself with great people but to empower and inspire them to reach their full potential.

What has inspired your leadership style? Building a franchise company early in my career that endured economic downturns, changes in technology, and fierce competition over several decades has shaped who I am today. Building relationships and trust, leading a company through difficult issues, especially when they involve change, requires being genuine, open, honest, and transparent. When people believe in, connect with, and trust you, that goes a long way in achieving your goals.

What is your biggest leadership challenge? Like many leaders, my biggest challenge is finding and retaining great people. I truly believe the answer to that challenge is operating with a values-based culture and organization that offers upward mobility. People want to be a part of an organization that matters, that is moving forward, that believes in them, and that does the right thing.

How do you transmit your culture from your office to front-line employees? You begin by permeating the organization with your values and using them as a screen when

hiring, firing, recognizing, and rewarding team members and franchisees. When you live your values fiercely, people will naturally be attracted to them and will share them because they believe in them.

Where is the best place to prepare for leadership: an MBA school or OTJ? I think everyone should go to college and an MBA school would be great, but that doesn't always work for some people based on circumstances—like me, for example. Franchising is a people and relationship business, and while basic business principles most certainly apply, there is a human element that requires a need for a "walk in their shoes" attitude and mentality. Things are different when you are responsible for advocating decisions that affect real people, their investments, and their families.

Are tough decisions best taken by one person? How do you make tough decisions? Tough decisions are best considered and taken on by a leadership team. A collaborative approach to problem-solving and decision-making leads to team buy-in and supports a values-based culture. That being said, there are times when a leader has to make a final decision. When that happens, I must consider all the available information and make the best choice possible, drawing on my years of experience, intuition, and values.

Do you want to be liked or respected? I would choose respected first because of the huge responsibility that has been entrusted in me. You can't demand or command respect, you have to earn it. Being likeable is an admirable and important trait as long as you have earned the respect. Who would you rather go into battle with, someone you like or someone you respect?

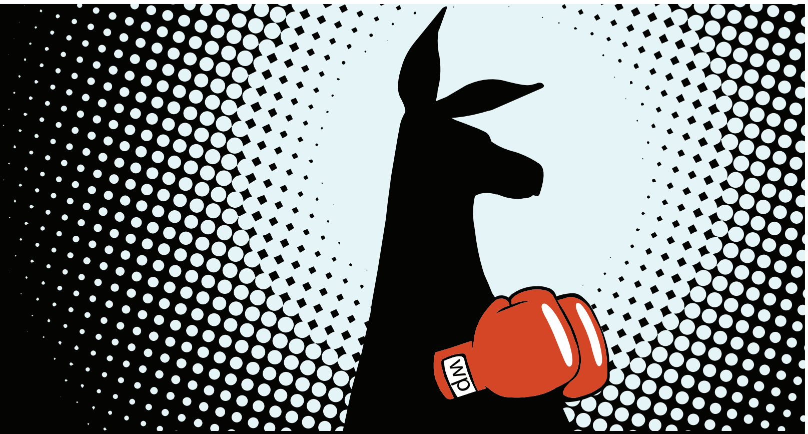
Advice to CEO wannabes: Be purpose-driven and serve the greater good along the way. Aspiring leaders also need to surround themselves with successful people they can learn from, and/or identify mentors to improve their knowledge and skills. I truly believe this made all the difference for me in my career.

MANAGEMENT

Describe your management style: Collaborative, engaging, purposeful, and deliberate.

What do you think makes up a good management team? A good management team challenges those around them. They are not afraid to embrace healthy conflict, challenge the status quo, or take risks when all things have been considered. You also need to ensure you have the right people in the right seats. They have to fully understand their role and responsibilities, passionately want to succeed in that role, and have the natural-born ability to do the job well.

How does your management team help you lead? By teaching me more about the industry and about myself. My background was in B2B services, not home care or senior placement or anything along the lines of what we are currently building. I have surrounded myself with great



WHAT IS YOUR BRAND HEALTH?

SYMPTOMS

STAFF-INFECTION

Staff Infection: Employees are affecting your recruiting efforts by posting about negative working conditions on Glassdoor and Indeed.

REVIEW RESPONSE-ALGIA

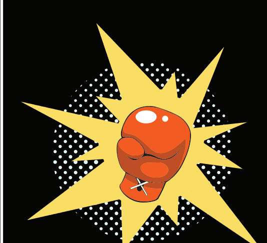
Your company is not responding to your online reviews, giving potential customers and Google the impression that you are not aware or don't care.

RETCHED-REVIEW DISORDER

Your brand is not proactively removing erroneous online reviews; customers are posting negative comments on sites such as Google, Yelp, and Facebook and more.

SURVEY FATIGUE-ITIS

Recurring customers or employees have become tired of answering the same survey over and over again.



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people who are experienced in these industries and know how to move our business forward. They are also not afraid to ask tough questions or help drive conversations that get to the core of an issue.

Favorite management gurus: Do you read management books? I'd have to say Gino Wickman has been in my life for many years through the EOS platform. *Traction* and related books have laid the foundation for our company's operating system.

What makes you say, "Yes, now that's why I do what I do!"? When I see people's lives changed for the better, that's when I'm reminded of why I do what I do. Throughout my years in franchising, I've watched people find success, serve others, put their kids through college, build equity for their retirement, and find their purpose. I decided to take on my new role because I'm passionate about serving people, and I get to watch people "live their best life possible" every single day.

PERSONAL

What time do you like to be at your desk? I am usually at my desk around 8 a.m.

Exercise in the morning? Wine with lunch? I exercise in the morning 4 to 5 days a week and never have wine for lunch! I do love wine though, and am a co-owner of Brilliant Mistakes Winery in Napa Valley with my good friend and mentor Doc Cohen.

Do you socialize with your team after work/outside the office? Yes! I make it a priority to have dinner with individual members of my leadership team and their spouses or significant others a few times a year. It allows us to get to know each other better and keeps us connected as people, not just co-workers.

Last two books read: *How To Be a Great Boss* by Gino Wickman and René Boer has some powerful insights. Next on my list is *Radical Candor* by Kim Scott.

What technology do you take on the road? Apple is my chosen platform and I take a laptop and cell phone.

How do you relax/balance life and work? I am an adrenaline junkie. I love to scuba dive, ski, ride motorcycles, and participate in endurance athletics. I am also a private pilot. All of these require discipline and focus in the moment, which doesn't leave much room for anything else. Some people meditate or do yoga. I like that as well, but really enjoy pushing my limits and capabilities for clarity. That's my version of mindfulness, and I believe mindfulness is critical to self-awareness, making good decisions, and fostering creativity.

Favorite vacation destinations: Grand Cayman (diving), Paris, and Tuscany.

Favorite occasions to send employees notes: I need to do a lot better at this. With G Suite, instant messaging, pop-up meetings, and regular collaboration, I tend to be communicating so much that even I forget to use this important touchpoint. I believe birthdays, anniversaries, and other special occasions are worth recognizing and are an important aspect of our company culture.

> Success is measured by how it was originally defined as an outcome, or as how an individual sees success as it relates to their own particular goals, desires, or needs. I start with what success would look like in any endeavor and measure accordingly.

BOTTOM LINE

What are your long-term goals for the company? To create a platform company that serves people across what's known in this industry as the "Continuum of Care." I am focused on growth in terms of revenue and earnings for our brands and franchisees, adding more franchises in terms of locations and brands to support our multi-brand strategy, and continuing to enhance our value and value proposition.

How has the economy changed your goals for your company? The economy rarely changes goals; it typically changes strategy. If the economy throws us a curve or an opportunity, we need to revisit our strategy to determine how reliant it may or may not have been on the economy and adjust accordingly.

How do you measure success? For me, success is measured by how it was originally defined as an outcome, or as how an individual sees success as it relates to their own particular goals, desires, or needs. I start with what success would look like in any endeavor and measure accordingly.

What has been your greatest success? You might expect me to say this, but my greatest success is the three beautiful children, Joshua, Brandon, and Alexandria that my wife Sonia and I have raised, and our enduring marriage of nearly 25 years. After that, I would say the lifelong friendships and relationships I have forged through franchising, from other franchise executives and professionals to franchisees.

Any regrets? We all have regrets and wouldn't be human if we didn't. It's how we channel those regrets into learning experiences and do better going forward. We can't change the past, but we can create profound change in the future.

What can we expect from your company in the next 12 to 18 months? You can expect Best Life Brands to continue to experience significant growth, and you can expect to hear a lot more about it in the weeks and months to come. In the next 12 months, we will be adding two more brands to our growing brand family, as well as more locations for ComForCare, At Your Side, and CarePatrol. ■

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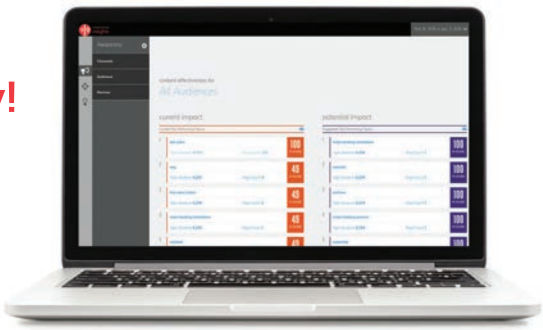

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100 Years and Counting

A&W finds its groove in the 21st century

Written By
KERRY PIPES

Kevin M. Bazner, 63

CEO

Company: A&W Restaurants

No. of units: ~1,000 locations worldwide

Years in franchising: 40+ (in restaurants)

Years in current position: 7 (25 with A&W)

A&W is a 100-year-old brand. Kevin Bazner is a veteran of the restaurant industry who first joined A&W Restaurants in 1985 in corporate operations. Three years later he took over the international division, based in Kuala Lumpur, Malaysia. From 2000 to 2003, he served as president and CEO then left the company to become a franchising industry consultant, investor, and then president and COO of Smoothie King. In 2011, when a partnership of international and domestic A&W franchisees acquired the concept from Yum Brands, he returned to A&W as president and CEO.

As president and CEO, Bazner has been a key part of the brand's resurgence, part of an effort to "sustain the company for another 100 years," he says. He's pushed the needle on everything from menu changes and marketing efforts to unit economics and aggressive development strategies. His background and experience have helped him steer the ship through some choppy waters. Today, he says, he remains committed to long-term development of the brand both at home and abroad.

Under his leadership, A&W sales have dramatically turned around and are outpacing the industry. After years of declining unit counts, the brand is again growing, with both existing and new franchisees opening restaurants. A&W now has nearly 1,000 restaurants operating worldwide.

I'm a big believer in "situational" leadership. My role as CEO has evolved since we acquired the business in 2011. We started with a 100 percent focus on improving existing franchisees' sales and profitability. Today, we are equally committed to this, as well as to new growth, which we call our second number-one priority.

Bazner is committed to the long-term development of the iconic chain and continues to head day-to-day operations and the development of A&W's domestic and international markets. An example of this commitment came earlier this year when the brand introduced a new franchise growth program offering reduced royalties for new franchisees and an incentive program for existing operators.

And there's more of that coming down the pike, he says. "We are focused on an accelerated growth plan with a goal of adding another 50 to 75 restaurants per year to our pipeline, with a continued focus on growing profitable same-store sales."

LEADERSHIP

What is your role as CEO? I'm a big believer in "situational" leadership. My role as CEO has evolved since we acquired the business in 2011. We started with a 100 percent focus on improving existing franchisees' sales and profitability. Today, we are equally committed to this, as well as to new growth, which we call our second number-one priority. While our business has evolved, my primary responsibilities as CEO remain strategy, people, culture, and communication, while ensuring the organization and all of its stakeholders are focused on our strategic initiatives.

Describe your leadership style. Collaboration, people first, doing the "right" thing, respect for others, and data driven wherever possible.

What has inspired your leadership style? I am fortunate to have had three very influential personal and professional mentors. They've taught me to be strategic—always—and that you can't run a business from the "seat of your pants." They've inspired me to be open and to push ego aside. And they've shown me that sometimes we evolve more from our mistakes than from our successes.

What is your biggest leadership challenge? Always the people. It is important to have the right people in the right places, even as our business evolves and our needs change. I've always believed in promoting from within, and that means providing appropriate challenges and professional opportunities for our employees.

How do you transmit your culture from your office to front-line employees? Walk the talk, starting with myself and our leadership team, then throughout the organization, franchisor and franchise partners alike. Our culture is based on respect, transparency, proactively recognizing positive contributions, learning from our mistakes, and having fun.

Where is the best place to prepare for leadership: an MBA school or OTJ? For me, they go hand in hand. Forty-plus years in the business has helped provide me with significant operational and industry knowledge. Business school put structure around the strategies needed to execute our brand vision.

Are tough decisions best taken by one person? How do you make tough decisions? I strongly believe that decisions are made in the boardroom, collaboratively, and with respectful debate—never in a vacuum. Ultimately, the buck has to stop somewhere and in our organization that's with me.

Do you want to be liked or respected? Respected.

Advice to CEO wannabes: You must build trust to have followers, and you can't be a leader if people won't follow you. Respect and trust are earned, not given.

MANAGEMENT

Describe your management style: Again, while this is somewhat situational, I'm a naturally collaborative person. I believe we accomplish more by working together, and we're fortunate that our brand's ownership structure allows us to work closely with our franchise partners, who collectively own the brand.

What do you think makes up a good management team? Trust and a firm belief in the same vision, the "what" and the "why." We need diversity of ideas, complementary skill sets, respect, and strong communication.

How does your management team help you lead? Our team has good communication, which allows for continuous alignment. We are quick and nimble. We use the same language as we lead our teams. And we all have a genuine respect for each other. All of these factors pay dividends throughout the organization.

Favorite management gurus: Do you read management books? I do read management books (see below). However, I feel I've learned more about life from my experiences and mentors than from any book.

What makes you say, "Yes, now that's why I do what I do!"? The mutual trust and respect from our stakeholders makes it easy. I love getting up in the morning knowing I get a chance to make an impact on our business and its people.

PERSONAL

What time do you like to be at your desk? I shoot for 7:30 a.m. so I can get a head start on the day before the majority of our team is in the office.

Exercise in the morning? Wine with lunch? I exercise

for about 30 to 40 minutes most mornings. I rarely drink wine with lunch, except for special occasions.

Do you socialize with your team after work/outside the office? I find it best to have a clean line between my personal and professional life, unless the social activity is work-related.

Last two books read: I am an avid reader, and I am likely to be reading multiple books at the same time. I just finished *Billion Dollar Whale* by Tom Wright and Bradley Hope, as well as *Thinking Strategically: The Competitive Edge in Business, Politics, and Everyday Life* by Avinash Dixit and Barry Nalebuff. I read to relax and probably go through 50 to 60 books a year.

What technology do you take on the road? My smartphone and laptop.

How do you relax/balance life and work? I need "me" time for myself and "us" time with my bride of 35 years. I stay active and enjoy being outside running, walking, or gardening. My wife and I enjoy traveling and exploring new places.

Favorite vacation destinations: Where to start? My wife and I love to travel. We enjoy going to the beach where we can relax and read books with our feet in the sand. And we enjoy experiencing new places across the globe. Some of our favorites are Bali, Cambodia, Vancouver, and our old standby, Hilton Head, because of its proximity and familiarity.

Favorite occasions to send employees notes: I write each employee a physical, handwritten note on their birthday, as well as recognition cards when I spot someone doing "something right." I like to take that moment to reflect on the contributions of that individual person. We have a strong recognition culture, and I believe that must start from the top.

BOTTOM LINE

What are your long-term goals for the company? Our goal is to become a thriving second-century brand, creating a replicable growth path that will sustain the company for another 100 years.

How has the economy changed your goals for your company? Because of the nature of our business and its ownership structure, our long-term strategy and goals have not wavered. However, fluctuating economic uncertainty may affect our goals' timing. This is the benefit of true generational thinking.

Are there any trends in the industry you foresee having an impact on your brand? Two major trends are having an impact on all brands. First, technology, broadly, because it is moving so fast. Second, challenges in the labor force create uncertainty and hardships for our operators.

How do you measure success? I see success as achieving one's goals "the right way." I believe in learning from mistakes. And I believe in bringing people along on the journey.

What has been your greatest success? Personally, my 35 years of marriage and watching my two children grow up to be kind, strong, intelligent, and productive adults. Professionally, I believe my greatest successes are yet to come.

Any regrets? I don't have time to consider regrets. I generally try to stay focused on what is next because I can't change what has happened in the past, only learn from it and keep moving forward.

What can we expect from your company in the next 12 to 18 months? The best is yet to come. We are focused on an accelerated growth plan with a goal of adding another 50 to 75 restaurants per year to our pipeline, with a continued focus on growing profitable same store sales. ■

SPONSORED

APPLEPIE TRANSFORMS ACCESS TO CAPITAL FOR FRANCHISORS

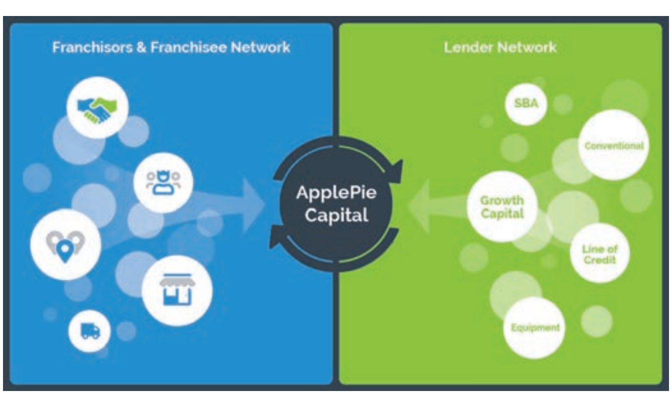
Securing financing for a franchise business should be quick and easy, with access to multiple options that meet a franchisee's specific needs. Unfortunately, this is often not the case in today's fragmented franchise finance landscape where one-size-fits-all solutions are all too common.

ApplePie Capital is changing the face of franchise finance with an approach that streamlines the financing process with modern technology, offers true product choice, and helps accelerate the growth of high-quality brands and their franchisees.

As the first and only online lender solely dedicated to franchising, ApplePie cuts through the chaos of dealing with multiple lenders. The San Francisco-based firm works closely with franchise brands and a diverse network of lending partners to provide a one-stop, simplified lending experience.

"We have built our business from the ground up to specifically address the needs of franchising," says Denise Thomas, founder and chief executive officer of ApplePie Capital. "We provide franchisors with a wide range of efficient financing options for their franchisees, including our own proprietary loan product which was designed to help open new locations faster than they could with a typical bank."

ApplePie provides unmatched value as a consultative ally and capital markets advisor for franchisors. "Franchisors no longer have to waste time interfacing with and educating multiple lenders about their brand and their performance metrics," says Thomas. "ApplePie takes care of that for them so they can focus on more important things."



In addition, with ApplePie, franchise prospects no longer have to knock on multiple doors to find a financial partner. After completing a single online application, qualified borrowers have access to a wide range of funding options – saving time and money without jumping through the typical hoops to find the capital they need. "We've unified, standardized, and simplified the borrower experience," says Thomas. "It's completely digital, which our borrowers love, and is pretty unique in this space."

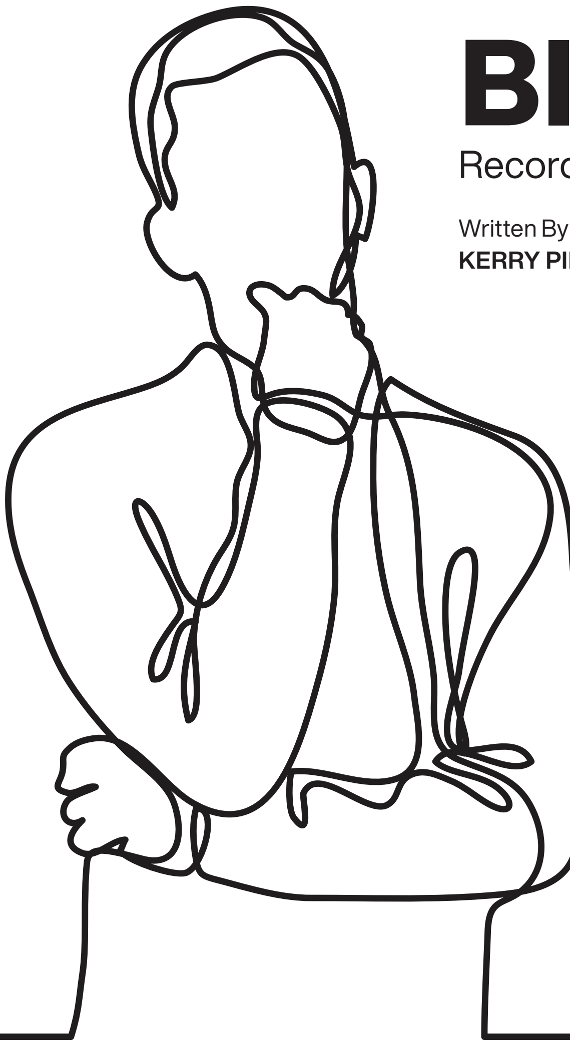
"No single source may be able to provide all of the capital needed over a franchisee's entire life cycle and oftentimes, a lender will get over-concentrated in a single brand and need to turn away otherwise qualified franchisees," notes Thomas. "By maintaining a deep and diverse network of capital providers, ApplePie eliminates those constraints. We can access capital from across the network to fulfill all of the capital demand from a single franchisee or franchise brand. We ensure they have the liquidity they need to keep growing."

ApplePie creates custom lending programs for each brand tailored to meet the full spectrum of financing needs for their franchisees, focused on future growth from the start. The company funds loans across the United States, ranging from a $10,000 equipment loan to a $20 million multi-unit acquisition and refinance.

In addition, for long-term brand partners, ApplePie prequalifies franchisee candidates and then creates unparalleled transparency into the brand's new unit development pipeline with an online portal that provides real-time access to ApplePie's CRM. Franchisors can quickly access the loan status of each franchisee and can provide updates that are posted directly to their CRM, where their originations team can access them.

ApplePie has already surpassed $400 million in loans originated since their official launch in 2015, and have secured an additional $500 million in committed capital from investors for new loans in the next few years.

Ready to meet your goals with a fresh, new approach to franchise finance? Submit your inquiry online today at applepiecapital.com/getstarted or contact us at 1-844-734-GROW to schedule a free consultation to discuss your franchise growth plans. Together, we'll plant the seeds for your success. Easy as ApplePie.



BIGGEST EVER!

Record-setting MUFC keeps the customers satisfied

Written By
KERRY PIPES & EDDY GOLDBERG

CONFERENCE BY THE NUMBERS

Employees **250,000+**	Attendees **1,720+**
Systemwide revenue **$9 billion+**	Franchisees **650+**
Exhibitors **200+**	Units **14,000**
Seeking new brand **75%**	

Some of the biggest and brightest multi-unit operators in the country gathered March 24–27 at Caesars Palace in Las Vegas for what has become franchising's must-attend event for multi-unit franchisees: Franchise Update Media's annual Multi-Unit Franchising Conference (MUFC). Whether they operated 3 units or 300, they came for the education, the networking opportunities, and a chance to visit with representatives from other brands, as well as vendors and suppliers.

PRE-CONFERENCE WARM-UP

Once again, attendees eased into the conference with a scramble-style golf tournament at the Arroyo Golf Club in the balmy breezes of Nevada's high desert. The annual event, followed by an awards banquet, is attendees' first chance to network and enjoy some serous fun in the sun before business kicks in the next day. Later that evening, attendees flocked to Carmine's in Caesars Palace's Forum Shops for the opening social. The meet-and-greet offers first-time attendees to meet with Conference Advisory Board members over hors d'oeuvres and drinks for the first hour, before the event opens up to franchisees who have previously attended.

DAY 1, AM: KEYNOTES & GENERAL SESSIONS

As the doors swung open for the first general session, Franchise Update Media CEO Therese Thilgen welcomed the crowd of multi-unit operators and industry allies as they packed the room. "We had more than 1,720 registrations for the event this year," she said, the largest number in the history of the conference. "There are more than 650 franchisees representing almost 500 enterprises employing more than 250,000 people, and doing more than $9 billion in annual revenue." And representing more industries than at any previous MUFC.

Additionally, of those who responded to a questionnaire:

- 75 percent were seeking new brands in either food, retail, or service
- In the next 12 months they plan to add more than 4,000 units
- In the next 5 years, they plan to add 14,000 units
- 50% had 1 brand, 18% had 2, and 32% had 3 or more.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Matt Gutmann, ABC News Chief National Correspondent

Jon Taffer, host of TV's Bar Rescue

Next up was 2019 Conference Chair Greg Cutchall, who took the stage to offer his own welcome. In the world of restaurateurs, he is something of a legend in his hometown of Omaha, where he operates multiple Sonics, Domino's, and First Watch restaurants, along with a few concepts of his own. He thanked last year's co-chairs, Supercuts franchisees Cheryl and Joe Robinson, for their hard work and dedication.

Next up was the first keynote speaker, Chris Wallace, award-winning journalist and host of "Fox News Sunday." The keynote was sponsored by Inspire Brands. Wallace warmed up the crowd with several jokes about Washington insiders before digging into political subjects including the current administration and the just-released Mueller Report. "Was there collusion by the Trump administration? No," he said. "Was there obstruction of justice? Perhaps." He also spoke about what he called "the biggest moment of my career," when he moderated the final presidential debate between Hillary Clinton and Donald Trump in 2016.

Wallace was followed by a high-powered general session panel titled "Open Markets, M&A, and the Impact on Franchisees." Dunkin' Brands franchisee Rob Branca facilitated a panel consisting of Omar Simmons, managing partner of Exaltaire Capital Partners and a Planet Fitness franchisee; David Tarantino, senior analyst for restaurants and co-director of research at Baird; Aziz Hashim, managing partner at NRD Capital and former IFA chair; and Steve Romaniello, managing director at Roark Capital Group, also a former IFA chair.

The general consensus among the panel was that the franchise space is still flush with capital and multiples are strong, perhaps too strong at present. "There are some eye-popping valuations out there today," said Branca.

Two major factors driving increased valuations, said Romaniello, are the historically low cost of capital and the high supply of investor money. Also, he said, "There's a lot more competition for deals right now." There's also "a little bit of extra hype right now because new investors don't get it," said Simmons.

Hashim noted the importance of unit economics. "Good unit economics are essential in today's market," he said. However, Tarantino noted, potential outside investors remain more interested in top-line sales than in the business model or unit economics of franchise brands and franchisee organizations.

The morning session was followed by two luncheons, one exclusive (i.e., pitch-free) for franchisees, the other for franchisors and exhibitors to meet and mingle. At the franchisee luncheon, Greg Cutchall shared his "$90,000 to $90 Million (The Hard Way)" story to an appreciative crowd. At the franchisor and supplier luncheon the topic was the 5 deal-killers for multi-unit franchisees.

DAY 1 PM: BREAKOUT SESSIONS

The afternoon kicked off with a set of breakout sessions, with four tracks: Franchisee Growth, Mega Franchisees, Real Estate & Finance, and Service Brands. Topics included Adding New Brands to Your Franchise Portfolio, Growing to 10, 20, 30 Units & Beyond, Advice for Growing Franchisees, Operating Non-Brick-and-Mortar Brands, Real Estate Trends & Tips To Find the Best 'A' Sites, and more.

Chris Wallace, host of Fox News Sunday

New to the conference this year was a room set aside for one-on-one meetings between franchisees and finance and real estate experts to discuss problems and solutions confidentially. The Finance & Real Estate (FIRE) Pavilion was open during the first two days of the conference.

The afternoon ended with the Opening Network Reception in the Exhibit Hall, this year filled with more than 200 booths offering franchise opportunities, products, and services.

DAY 2 AM: BAR RESCUE, MVPS, ECONOMY

Continental breakfast (and coffee!) awaited attendees eager to gear up for the conference's second full day. Franchise Update Media Co-Founder and Chairman Gary Gardner welcomed attendees to the general session before turning the stage over to the day's first keynote talk, sponsored by Pronto Insurance.

If anyone needed more than coffee to wake them up, Jon Taffer was their guy. Entrepreneur, bestselling author, and host of TV's "Bar Rescue" show, Taffer kicked off the day with a bang. He began by explaining how he uses anger (his) as a tool to wake people up to see—and change—their behavior to achieve the results they want. He said the TV show was not so much about bar and restaurant rescue as it was about people rescue.

One lesson he learned from the show was that the common denominator of failure was excuses, the inability of people to own their actions, accept responsibility, and move forward. "Accountability is #1 with me." Another was about speed to make changes. "None of you do it as fast as you can," he said. "Waiting is what hurts you. Plan for it. Go forward."

He also introduced his idea of Reaction Management. "The reaction is your product," he said. Chefs are not preparing a meal, they're preparing a reaction, he said. If there's no reaction when the meal is placed in front of a customer, it failed. "The ones who create the greatest reactions win. Turn your company into a sales and reaction machine," he exhorted the crowd.

Next up was one of the conference's most anticipated events: the announcement of this year's MVP (Most Valuable Performer) Award winners—franchisees who are leaders in their organizations, their brands, and their communities. The presentation was sponsored again this year by American Family Care. See page 10 for profiles of this year's winners.

The awards were followed by the annual "State of the Industry" presentation by Frandata CEO Darrell Johnson. Overall, his presentation offered a cautious optimism, though he mentioned slowing global economies (China and Europe) and flat consumer demand.

For 2019–2020, he said, the "Goldilocks era," where business conditions are just right, will continue a while longer. "The low cost of capital is driving three franchise trends right now: brand diversification for multi-unit operators, an increasing focus on operator efficiency, and mergers and acquisitions of brands and franchisees." Still, he said, "The air is going out of this balloon."

On another front, he addressed the role of franchising in solving the problem of skilled vs. unskilled labor in this country. He challenged the marketing and advertising people in the room to reframe and reassess what franchising is, and its role in the nation's economy.

"We have allowed the brand of franchising to be defined by others. Yet you in this room have launched more than 1 million careers," he said. "We're already doing the very thing that is missing in employment circles: teaching fundamental skills like teamwork, training, computer literacy, and customer interaction. You are doing exactly the things this economy needs." The problem, he noted, is getting this message out to the public, to legislators, and to the media in an effective way.

DAY 2, AM, PART 2: LABOR & CAVE RESCUE

Next up was a timely general session panel called "Attract, Recruit, & Retain in a Tight Labor Market." Supercuts franchisee Gary Robins moderated a panel consisting of Matt Haller, senior vice president of government relations and public affairs at the IFA; Keith Miller, Subway multi-unit franchisee and former chair of the Coalition of Franchisee Associations; and attorney Michael Lotito, labor counsel to the IFA and co-chair of Littler's Workplace Policy Institute. Panelists discussed issues ranging from federal issues such as joint employer and overtime rules to state and local regulations affecting employers and employees alike, such as minimum wage.

"Some decent things are happening," said Lotito, who expects a favorable outcome this fall regarding joint employer rules. He also expects a "pretty good" ruling on overtime pay and hours. "The real challenge is how do we keep them happening? How do we write a rule that will be sustained if Trump is not re-elected?"

Miller, whose Subway stores are in California, raised a cautionary flag about ongoing minimum wage hikes. He said wages are up $30,000 per year for his three stores. "And I'm just a little guy. It affects our business model. And when we raise prices, franchisors get a bigger raise than we do," he said. "We have to concentrate on efficiencies. We must do the same with fewer labor hours." Eventually, he said, falling unit margins are not sustainable. And, he added, if some larger franchisees fall below their loan covenants, it could spell danger for their franchise systems.

After this sobering discussion, attendees were treated to the inspiring story of what's come to be known as the Thai Cave Rescue. ABC News Chief National Correspondent Matt Gutman told the riveting story of the rescue of 12 Thai boys and their soccer team coach trapped in a cave complex in Thailand for 18 days. Gutman, who was on the scene when a rescue seemed bleak, if not impossible, told a story of human spirit, survival, and inspiration. His on-the-scene knowledge and photos of the ordeal had attendees on the edges of their seats until it was past time to break for lunch. (And yes, his book on the rescue came out in November.)

Lunch was served in the Exhibit Hall, offering franchisees another opportunity to rub elbows and talk shop with their peers, and to visit booths staffed by brands seeking new franchisees and suppliers seeking new clients.

The afternoon was filled with breakout sessions on four tracks: People, Innovation & Disruption, Real Estate & Finance, and Operations & Profitability. Each track featured 2 or 3 "mini-sessions." Topics included Develop Great Managers, Labor Reduction Ideas Using Technology, Attract & Recruit the Best Talent for Your Locations, Lease Negotiations & Renegotiations, and New Ideas for Online Ordering & Payment.

Greg Vojnovich, CDO, Inspire Brands

The Exhibit Hall opened its doors one more time for a closing networking reception and a final chance to check out new brands, suppliers, and connect with fellow franchisees.

DAY 3: TIME FOR ACTION!

The closing morning session, Build Your Franchisee Action Plan for Legislative Advocacy, focused on how franchisees can get involved in protecting and promoting the franchise business model. Franchisees were urged to get involved in educating their elected officials and shaping future legislation on the local, regional, state, and federal levels.

Erica Farage, vice president of political affairs and grassroots advocacy at the IFA, facilitated a panel consisting of Mara Fortin, a Nothing Bundt Cakes franchisee; Tamra Kennedy, a Taco John's franchisee who serves on the IFA board, is vice chair of the Franchisee Forum, a member of the Franchise Relations Committee, and Minnesota's state captain for the Franchise Action Network (FAN); and Tom Baber, an IHOP and Money Mailer franchisee who serves on the IFA's Franchise Relations Committee and Franchisee Forum.

Each panelist shared their own stories of how they became so involved and how they learned to participate in local and national politics, offering advice on how other franchisees could—and should—get involved. The discussion made its way from NLRB joint employer rules and frivolous ADA lawsuits to the critical labor shortage and rising minimum wages.

The 2020 Multi-Unit Franchising Conference will be held April 13–16 at Caesars Palace in Las Vegas. Find more at www.multiunitfranchisingconference.com. ■

22 BRANDS, 1 UMBRELLA

Neighborly unites 3,700 franchisees under 1 virtual roof

Written By
EDDY GOLDBERG

Lisa Zoellner is chief strategy and marketing officer for Neighborly (formerly Dwyer Group), the world's largest franchisor of home services. She drives the marketing and communications strategy for the company's 24 brands. As a member of the executive team, she works closely with CEO Mike Bidwell and brand leadership.

Neighborly (Neighbourly in Canada) has 3,700 franchisees under one umbrella brand. Currently, the company has a total of 24 brands—22 service brands (19 franchised), 2 corporate brands, and 2 franchisee support companies—but may have more by the time you read this. Neighborly's brands include Aire Serv, Five Star Painting/ProTect Painters, The Grounds Guys, Glass Doctor, Molly Maid, Mr. Appliance, Mr. Electric, Mr. Handyman, Mr. Rooter Plumbing, Mosquito Joe, Rainbow International, Real Property Management, and Window Genie.

Zoellner has served in a variety of marketing and merchandising roles spanning more than 25 years, primarily with franchised brands. Before joining Neighborly, she was executive vice president and CMO for Golfsmith International. Before that, she was senior vice president and CMO for Gold's Gym International. She began her career at Blockbuster Entertainment when it was a category killer with 50 million members and 7,000 stores in the U.S. and more than 20 countries.

Describe your role as chief strategy and marketing officer. As CSMO, my role is to oversee marketing and strategic initiatives driving growth across Neighborly's expanding roster of brands. Neighborly is the world's largest holding company of 22 home service brands across 9 countries. Our focus is building brand equity across all those brands while helping our 3,700 franchisees build their businesses locally. Additionally, my charge since joining the company in 2016 has been to develop our overarching "umbrella" brand, Neighborly. The consumer-facing digital platform we've created brings all our individual brands together at GetNeighborly.com, where consumers can connect with home service professionals for everything from maid service to painting to plumbing. This spring marked 2 years since the launch of this platform, which has been a remarkable success thus far.

What's most challenging about being a CMO/marketing leader today? The unprecedented breadth and rate of change in consumer expectations and the explosion of options for reaching them makes marketing more complex and exciting than ever. Leveraging technology and data to tell our brand story in a way that is relevant to our target consumer is an amazing opportunity. We began that journey a few years ago, and I know that many of my CMO colleagues are experiencing the joy and pain of that experience. In my position, doing this across so many brands in multiple service verticals that are at different stages of brand development is both challenging and fun.

What are the 3 most important keys to being an effective CMO/marketing leader today? 1) Keep learning. The seismic shifts in consumer expectations and the constant change in ways we can connect with them requires that we remain perpetual students of marketing. We have a strong culture of learning at Neighborly. 2) Be accountable. Develop the vision and the road map to achieve your goals. Create milestones along the way. Measure and socialize your progress (and setbacks) with your stakeholders. 3) Build a great team. Surround yourself with the best people you can find. Be strategic about the structure you build. I love how Courtney Kolar, our vice president of people services, puts it: "Organization follows strategy."

How do you measure your marketing results and effectiveness? Neighborly has a wealth of data coming from multiple sources such as our POS systems, various digital platforms, voice of the customer program, consumer research, and more. Over the past couple of years, we've partnered with our IT team to develop a scorecard to track the progress of each brand, and Neighborly as a whole. The scorecard synthesizes our data down to what we've determined are the most important and measurable KPIs. We review the scorecard every quarter and refine our strategies and plans as needed. Our goal is to optimize impact at the brand level and to help our individual franchise owners grow.

How do you budget for and balance your traditional vs. digital/mobile spend? We want to engage with our target consumers where they are. In large part, that is online and on their smartphones. This is why we launched our Neighborly online platform in April 2017, effectively bringing all our brands together for the first time under one virtual roof. The intent is to create a seamless, one-stop shop for nearly all the home services a consumer would need to repair, maintain, or enhance their properties. We've also invested heavily in our individual brands' digital footprints, from websites to search engine marketing, search engine optimization, social strategies, and more. The outcomes of these digital efforts have been very impressive, ultimately helping us to achieve a 39 percent increase in multi-brand customer penetration, which was a key focus of mine when I stepped into the role of CSMO.

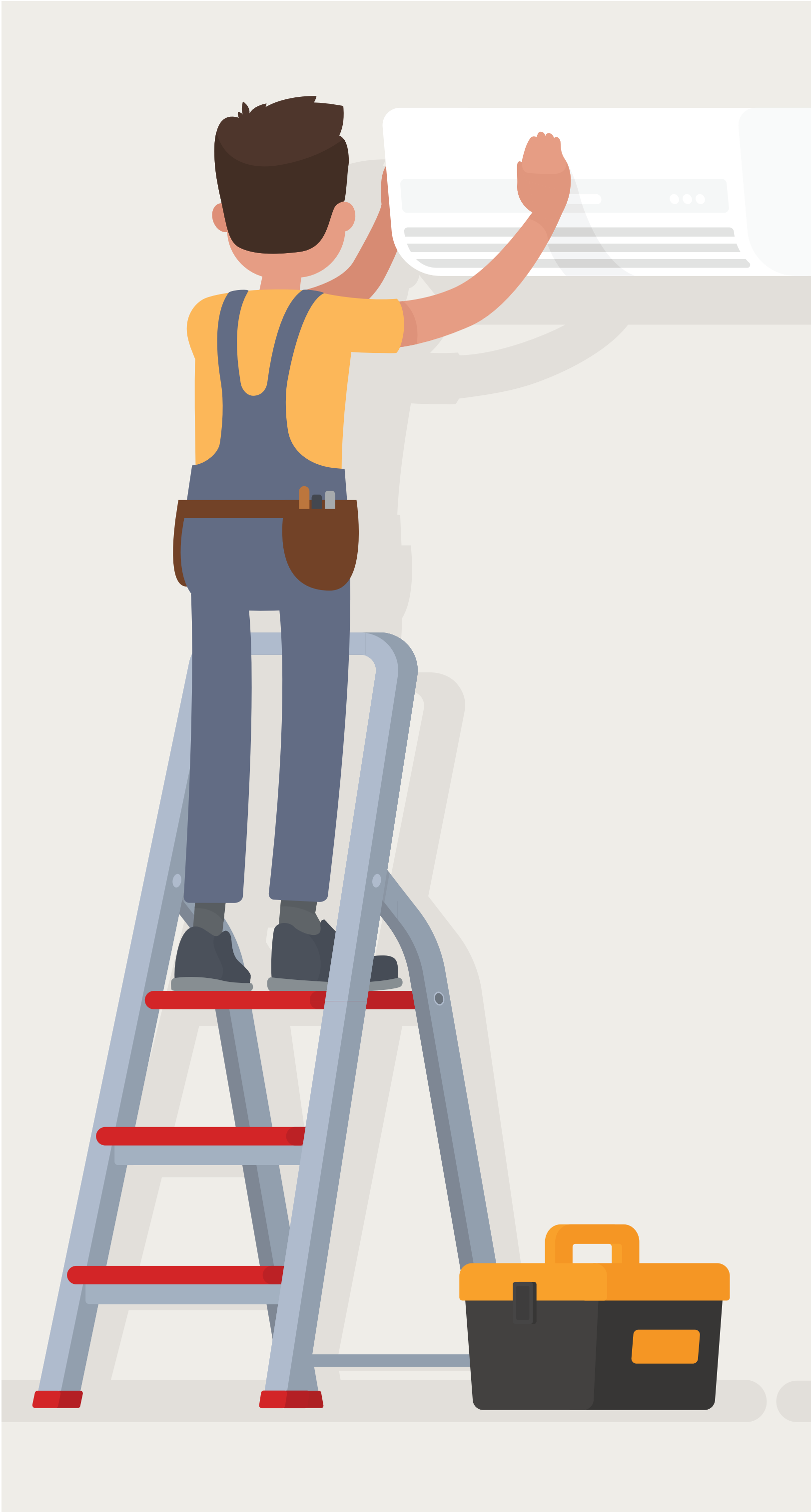
How closely do you work with your CEO, CIO, and other departments? Very closely! I report to Neighborly's CEO Mike Bidwell and am a member of our Growth Team, which is what we call our executive team. In particular, my team works closely with IT and operations. Technology is so integral to marketing and operations as the point where the rubber meets the road to make our strategies come to life. Our CIO Shayne Mehringer and COO Mary Thompson are key partners.

Why do you think so many CMOs are women? Marketing in general is dominated by women. However, according to Korn Ferry, only 32 percent of CMOs are women. So, there is still opportunity to improve here. I think that the most important job of someone in a CMO position is to be an effective communicator, and some of the best communicators I have ever known are women. Empathy is a great characteristic to have for being able to better understand the perceptions of your audiences, both internally and externally, and this is a common trait among women.

What is your favorite accomplishment as a marketing leader? I've had the privilege of working on some great brands throughout my career. Working with my team, our leadership, and some great partners to develop the Neighborly brand has been the most challenging and rewarding accomplishment for me. Our company had long envisioned a world in which all our brands worked together to provide home services to consumers. What had been missing was the overarching brand strategy. Consumers did not know that our franchised brands such as Molly Maid, Mr. Rooter, or Aire Serv, for example, were part of the same family, a family with a shared commitment to quality and high standards of service. They did not know because we had not created a way to communicate it. Introducing the overarching Neighborly brand to connect all our franchised service brands in the minds of consumers has allowed us to more fully tell our story. After developing the brand and strategy, launching the online platform in 2017 really catapulted the positioning of our parent company as a homeowner's "one stop shop" for all home service needs. So in 2018 we went a step further and rebranded our company from Dwyer Group to Neighborly. This began an exciting new chapter for our company, demonstrating our commitment to the strategy.

How do you see the role of the CMO/marketing leader changing in the next 5 to 10 years? I believe the CMO's role will continue to broaden and the focus on growth will intensify. Over the past several years, responsibilities have been added to the marketing plate, such as voice of the customer and customer experience. Going forward, new functions will emerge like "change agent," a natural outgrowth of our focus on the ever-changing consumer. Another skill that will become even more important in the future is the ability to manage complexity. The proliferation of channels, technologies, and tools will need to be synthesized and applied effectively to deliver results. What will not change is that marketing leaders must continue to be great at crafting brand stories and experiences that connect with their target consumers, in whatever channels emerge over time.

What advice would you offer aspiring CMOs/marketing leaders? Be intentional about the roles you take on. I believe a broad array of experiences creates a great foundation. Get as much experience as you can within marketing, including brand strategy, digital, social media, public relations, etc. Broaden your experience beyond marketing. The operational experience from early in my career has helped me have a broader view of the impact of marketing and the importance of execution. Take on roles in different industries. It is amazing how portable and enriching those experiences can be as you grow in your career. ■



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Chief Media Officer/Partner
Coyote Ugly Saloon

With so much noise all around vying so desperately for consumers' attention, marketing a business effectively is an essential function to any business's lifeline. To put this into perspective: the average person is inundated with 5,000 to 30,000 marketing messages a day, depending on their location. This makes it challenging to stand out in the crowded marketplace, which is key to do if you're ever going to see an ROI on your marketing expenditures.

Newsprint estimates their reach based on how many issues they print, and factors in that two people will read every paper they distribute; as a business, they expect you to believe this. Radio rankings can be manipulated by sales people to appear they are ranked higher, based on demographics and geographical manipulations. Digital marketing has started to change this "faith-based" system with hard data. Now, businesses have real numbers to look at and access to important metrics such as impressions, page clicks, engagements, and followers, which makes gauging the ROI more accurate for businesses. While this is the case, it was still difficult for us to tell how effective our ads were in getting new customers into one of our locations, until now.

In 2013, we partnered with Zenreach to provide free wi-fi to our customers. They agree to the terms and click to connect with us on social media. This made it possible for us to generate accurate customer email lists, drink preferences and, most important, create a profile of who our average customers are and what they like. The profile gave us the ability to target ad buys more accurately by putting our ads in front of people who share similar interests. Additionally, it provided more consumer data than we had ever been able to collect, without having to survey each customer that visits our bars.

In late 2018, they rolled out a program that expands the trackable metrics. In addition to impressions, click-throughs, and engagements, I can now see when one of those customers walks into our bar and connects with our wi-fi.

I have a true ROI and customer acquisition cost for the first time ever, and also have insights into which ad they saw that inspired them to try our products. This information will help us continuously craft better marketing messages and get them in front of the people who are more likely to become new customers, based on real data we've collected on existing customer preferences.

We have been testing this new technology in one of our stores for the last two months and have cut our customer acquisition cost by 50 percent, with a 200 percent increase in engagements. With this, we are rolling out the program nationwide in the months ahead.

No matter your role in the business, keep informed of technological advances and how your brand can leverage them for higher profits and better ROIs, as well as to grow your brand more effectively. ■

> “This self-service or do-it-yourself form of advertising has allowed our franchisees to feel in control of their marketing efforts so they can get back to running their businesses. And they are able to do it all for a fraction of what it costs to use an agency or hiring multiple digital marketing firms.

PAUL ERDELT

Chief Marketing Officer
The Woodhouse Day Spas

Our success is based on the success of our franchisees, so we put an enormous level of resources behind supporting local store marketing. In particular, we have focused heavily on reaching potential customers through a variety of digital channels, namely Google Search, Facebook, Instagram, YouTube, and display ads.

But as anyone who has managed national digital marketing campaigns understands, it’s a tedious, time-consuming, and often costly process. Each channel has its own ad specifications and reporting tools, and we struggled to effectively optimize our media spend. The space can be very complex, especially when many of our franchisees are small-business owners without sufficient marketing skills or the means to afford them.

That’s why in 2018 we partnered with Eulerity to help us streamline our local digital marketing efforts. It’s an app that allows franchisees to deploy marketing campaigns from their smartphone using creative that we, the franchisor, push out through a desktop dashboard. Using machine learning and automation, budgets are shifted to the best-performing ads several times a day, eliminating the need for manual monitoring and optimization. This self-service or do-it-yourself form of advertising has allowed our franchisees to feel in control of their marketing efforts so they can get back to running their businesses. And they are able to do it all for a fraction of what it costs to use an agency or hiring multiple digital marketing firms.

Using our franchisor dashboard, our corporate marketing team can monitor performance, understand the creative running in our local franchise system, and understand how our franchise system is engaging in their Internet marketing in efforts to help drive new business and retain our best customers.

Implementing new technology in a franchise system can be scary and potentially risky, but we’ve been thrilled with the results so far. As an example, during our Black Friday and Cyber Monday seasonal period, our advertising with Eulerity paid off immediately from a revenue perspective. As we are able to track online conversions, our cross-channel marketing program paid for itself our first 30 days into the promotion, and we continue to drive a strong ROI from our paid marketing spend with Eulerity. ■

Rethinking Ad Funds

Is your franchise agreement holding you back?

Written By
KAY AINSLEY

During his keynote address at this year's IFA Convention, Gary Vaynerchuk polled the audience to see how many people spent the majority of their TV viewing time watching network and cable television vs. streaming video online. To the surprise of many, the majority of hands went up for streaming video.

The franchise community is not alone in their viewing preferences. A Pew Research Center survey conducted in August reported that the Internet is closing in on TV as a source of news in the U.S. A generation ago, TV was far and away the dominant news source for Americans, but now the Internet substantially outpaces it as a regular news source for adults younger than 50.

There is no question that consumers are changing the ways they interact with media. The question for franchisors is whether the advertising requirements in their franchise agreement meet the needs of their business model—and will this enable them to keep pace with the changes and allow them to provide their franchisees with effective advertising programs in the future?

"Franchisors need to anticipate the future in their agreements," says Lee Plave, partner and co-founder of the Plave Koch law firm. "For example, we know that 5G is coming, and although we don't yet know all that it will bring, we can anticipate that there will be huge change. These changes will affect how a company interacts with its consumers. For example, what works for a company in 2019 may not work in 2020, especially as newer competitors arise that are able to organically embrace newer technology from the start."

One of the ways his firm positions clients to adapt to a changing marketplace, says Plave, is by including language in their franchise agreements that provides them with the agility to adopt new technologies, and to shift the allocation of the franchisee's required contribution to the brand fund and the amount spent on local marketing—as long as the total of those two requirements remains the same. "The more flexibility we can provide to our clients, the better they will be able to compete in the future," he says.

EXTEND GRAND OPENINGS

MSA has long advised our clients to look closely at their grand opening requirements. For many businesses, spending on a one-weekend or one-week event may not be enough to get the business off to a good start, and franchisees can run out of advertising budget before being able to fully introduce their brand and build a clientele. A business that does not garner consumer attention and generate sales when it opens can struggle in getting to breakeven. A new franchisee is better served when the franchisor requires a larger advertising commitment to be spent over a period sufficient to get the business operating on solid footing (what we call "market introduction"). The franchisee can then budget for a more realistic approach to opening their business.

If the requirement for local advertising in your franchise agreement reads "franchisee must spend each month X percent of the gross sales for the previous month" (or words to that effect), it may be time to consider a more effective means of requiring the franchisee to promote the brand and drive sales to their business. There are two fundamental issues with this one-size-fits-all requirement:

1. Not all businesses benefit from year-round advertising. Any business that operates sessions, a preschool for example, should spend heavily during the enrollment period, but generally can reduce their advertising once the session has started. This strategy also holds for seasonal businesses. During times when consumer demand is low, franchisees should set aside money to be spent in the period leading up to and during the times consumer demand is high.
2. For new franchisees or those with lower sales, the actual dollars based on the required percentage may not be enough to make an impact in the market, and may therefore be a wasted effort. Franchisees in these situations may see a greater return on their spend by flighting their advertising.

A more effective alternative to the requirement to spend a set percentage each month would be for a franchisor to require a franchisee to advertise and promote their business according to an annual plan prepared by the franchisee and approved by the franchisor. For even greater effectiveness, the plan can be coordinated with the franchisor's national advertising.

Most franchise agreements require franchisees to contribute to a fund controlled by the franchisor and used to promote and protect the brand and build sales. To ensure they will be able to take advantage of new technology and media/communications opportunities in the future, franchisors should review the language describing the allowable expenditures for their fund. To this end, many franchisors may find that the term "advertising fund" is no longer the best term. The definition of "advertising" is more specific than terms such as "marketing" and "branding." Using a broader term may set the stage for greater flexibility in the franchisor's ability to deploy funds most effectively.

IN CONCLUSION

The advertising requirements in a franchise agreement should be based on what is necessary to build a specific business, and structured to provide as much flexibility as possible for the system to capitalize on new methods of interacting with consumers. What works in one industry may not work in another. Now would be a great time to look at the advertising requirements in your franchise agreement to ensure they work—for you. ■

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

CSR and Millennials

Corporate social responsibility matters to this group

Written By
ANDREA BRANDON

When Millennials are part of your target audience, your marketing strategy should be socially focused. But if your mind immediately goes to platforms like Instagram and Twitter, you're overlooking another type of social marketing—one that communicates your corporate social responsibility (CSR).

While it seems a given to use a robust social media approach when engaging this "always connected" generation (born between 1981 and 1996), what may not be as obvious is the appeal and respect gained from socially responsible branding and content. And, yes social media is prime for sharing these efforts with Millennials.

A recent Nielsen study reports that 85 percent of Millennials say it is extremely or very important that companies implement programs to improve the environment, and 75 percent say they definitely or probably would change their purchase habits to reduce their impact on the environment.

Keep in mind that 53 million members of this generation are established in the U.S. workforce, and by 2025 will represent approximately 75 percent of U.S. workers. They're consuming content and making decisions about brands, products, and services through social media. According to a Gartner study, brands that actively and sincerely engage with followers are influencing 62 percent of Millennials.

Here are some of the types of CSR programs Millennials are looking for online:

- Charitable giving and partnerships
- Community activity and volunteering (often demonstrated at the franchisee level)
- Fair trade programs
- Environmental policies like focusing on reducing carbon footprints
- Positive labor policies, including anti-discrimination and anti-harassment practices

INTEGRATE CSR INTO YOUR MARKETING

It's not unusual for franchise brands to have a CSR program already in place, but not all brands are integrating the message into their marketing. So while franchise employees, vendors, and the planet may be benefiting from your social responsibility programs and activities, your bottom line could stand to gain more by pulling in consumers' attention and dollars by sharing your CSR success stories on social media.

With 66 percent of U.S. Internet users believing that more brands should take a stand on important social values, and 52 percent spending more money with brands that align with their social values, your message will not fall on deaf ears.

WHERE TO SHARE?

Where should franchises tell their CSR story to Millennial consumers? According to eMarketer, U.S. Millennials are using the following social sites the most:

1. Facebook – 65 percent
2. YouTube – 61 percent
3. Instagram – 55 percent
4. Snapchat – 42 percent
5. Twitter – 28 percent

BE SPECIFIC

A final note about corporate social responsibility messaging: get specific. Blanket statements wanting the world to be a better place and vague comments about making a difference will be lost. Millennials are generally in touch with sustainability and social problems. CSR marketing will resonate better with specifics on what programs you're managing, how they are run, and who they benefit.

To earn their business, give Millennials something to believe in and get behind. ■

Andrea Brandon is vice president of marketing and creative services at Mindstream Media. She works across the organization and its client base to build awareness and generate leads for both the agency and its franchise brands. Learn more at mindstreammedia.com.

Customer Obsessed

Who owns your customer experience?

Written By
JOHN DIJULIUS

Nearly every business states how important customer service is to them. However, the vast majority don't truly mean it, are not willing to do what it takes, and will never be a world-class customer service organization.

I can tell which companies are the pretenders and which are legit just by asking one simple question: "Who is in charge of your company's customer experience?" A contact center supervisor or director of your customer service team does not qualify. Those companies are not only not in the game, they can't even get into the stadium.

The roles of Chief Experience Officer (CXO) or Chief Customer Officer (COO) have been two of the fastest-growing executive positions for the past decade, but too often these are empty titles. The majority of companies do not have anyone who *owns* their customer experience, who loses sleep over how the company is treating its customers. Companies have heads of operations, marketing, accounting, sales, and human resources, but rarely do they have someone in charge of their second biggest asset (after employees). That asset is the customer.

Companies need truly senior-level executive sponsorship and a commitment to the long-term strategy of dominating their industry by providing superior customer service. I am talking about a leader who oversees the entire company's customer service—every department. That person should not be the president, CEO, or owner, but someone who reports directly to them.

BECOMING CUSTOMER-OBSESSED

The emphasis on customer service is not a purely altruistic exercise. Leaders love to talk about revenue streams by showing graphs and charts with a breakdown of sales by categories. Of course, it is important to know the percentage of sales generated by products or services, and to monitor trends, especially the growth or decline of your revenue. However, there is one critical component that every business has in common: 100 percent of your sales come from one place—your customers!

Similarly, executive leaders frequently focus on analyzing their company's P&L to determine where they are overspending and being wasteful, and figuring out how to reduce expenses to drive more profit to the bottom line. However, once again, the company's biggest expense does not show on your P&L, at least not directly. There is no line item for poor customer service, but nothing may have a greater impact on your bottom line than dissatisfied customers.

Poor customer service dramatically causes loss of sales, decline of company reputation, lack of new customers and referrals, an increase in returns and refunds, increased discounting, more service recovery, higher advertising expenses, lower morale, higher turnover, increased hiring, and more training—all of which further perpetuates a poor customer experience. It is imperative for every person in your company to understand that your biggest expense is *dissatisfied customers.*

It's clear that developing a customer-obsessed organization extends well beyond your customer-service team. It must be the responsibility of every single department: HR, training, marketing, support, sales, IT, finance, operations, and, most important, leadership. Employee compensation must be as focused on customer retention as it is on customer acquisition. A great example of how this might work is the sales commission plan for HubSpot, a sales and marketing software company.

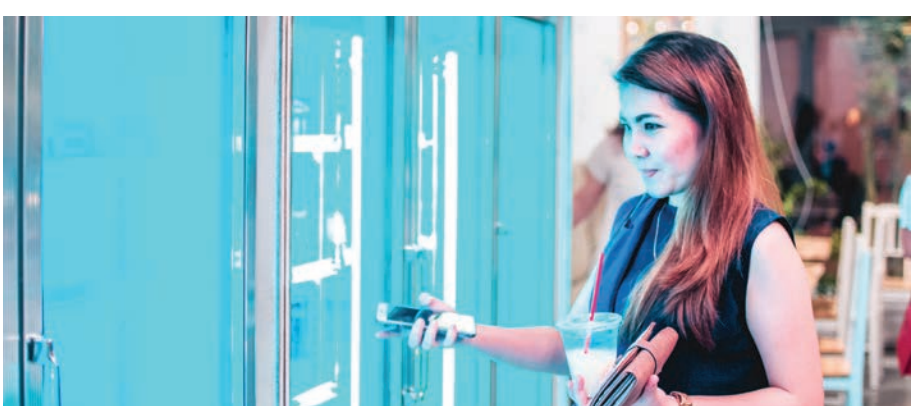
"In 2015, a sales rep earned commission on everything they closed," says Brian Halligan, CEO of HubSpot. "Now, we've made two important tweaks to it: a carrot and a stick. The stick was very unpopular. If a sales rep closed an account, and that account cancelled within eight months, the company would 'claw back' that commission. Painful, but effective. The carrot was easier, and also effective. The sales reps who do the best job at setting expectations, who have high retention rates and the happiest customers, receive a kicker, getting paid at a higher rate. Our sales reps are focused not only on closing customers, but on delighting customers."

Companies spend millions creating and advertising their brands, yet each customer's experience is what truly drives customer perception, retention, and referrals. If you take really good care of your existing clients, they will generate more new customers than any advertising campaign ever could. Think about what might happen if you reversed your budgets for advertising and customer service.

In any case, it is no longer acceptable to allow customer experience and marketing to act as separate silos. Both departments must work together. Otherwise the customer loses, which ultimately means that the company loses.

So how do you merge marketing into the customer-experience hierarchy? Start with these four actions:

1. Figure out who owns voice of the customer
2. Initiate customer satisfaction surveys
3. Sponsor soft-skill experiential training
4. Designate a senior-level executive to hold all departments and locations accountable for KPIs. ■



John R. DiJulius III, author of *The Customer Service Revolution,* is president of The DiJulius Group, a customer service consulting firm that works with companies including Starbucks, Chick-fil-A, Ritz-Carlton, Nestle, PwC, Lexus, and many more. Contact him at 216-839-1430 or info@thedijuliusgroup.com.

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Do They Know You're There?

Spending on brand awareness to increase sales

Written By
HALLIE WRIGHT

"*What's the ROI of an impression?*" No matter if they're seasoned marketers or bootstrapped founders, this is a question I hear from clients all the time. It comes up *a lot*. Listen, I get it. I've asked myself the same thing. Why are we advertising, if not to drive sales?

Here's the thing. Putting money into awareness *is* putting money into sales. Repeated impressions means increased awareness, and without awareness you've got nothing. For people to buy, they must know your brand exists. Try not to roll your eyes too hard and call me Captain Obvious, but if the virtue of brand awareness seems so elementary, why are marketers so skeptical of tactics designed to increase it?

Because we're drunk on data. The thought of investing in an objective that cannot be neatly tracked to purchase is scary. Digital marketing, despite all its benefits, has trained us to glorify the conversion as the only metric that really matters. On paper that makes sense. The problem is that this is extremely shortsighted.

If conversion is the destination, awareness is the route. A more accurate label for "impression" might be "potential future conversion," because while the sales funnel has certainly evolved in the years since the Internet took hold, people still move from awareness to consideration to purchase and (hopefully) to repeat purchase.

Yes, smart marketers have pointed out that the traditional sales funnel is no longer a reliable model because the movement between each phase of the customer journey today is faster (sometimes immediate), nonlinear, and the amount of information to consider is greater than it used to be. True. However, to ultimately see a return, you still must get people "on the road" (aware). Stated bluntly, the reason you need to invest in building brand awareness is to drive sales. Why? Because science.

MENTAL SHORTCUTS

Brand awareness is the likelihood that your company's brand, products, and services are recognized by consumers. The importance of recognition is easily dismissed, but it's actually a critical piece of getting into a consumer's consideration set. If you employ distinctive and consistent elements in your advertising, consumers will start to recognize your brand over time, which increases the likelihood they will buy.

Recognition means less mental effort—and we subconsciously favor less effort. In fact, when it comes to making purchase decisions, studies have shown that the brands consumers recognize are more likely to be included in their consideration sets. It's how we narrow down all the choices we have to make.

Our brains look for all sorts of shortcuts to make life easier. In marketing, we study these shortcuts and refer to them as "cognitive biases." Understanding the patterns and inherent irrationality of the human mind is extremely useful in influencing decision-making.

One of these mental shortcuts is called the "availability heuristic": the theory that when evaluating a purchase decision (or any decision), people rely on immediate examples that come to mind. Ultimately, our brains determine that if something can be recalled it must be important, or at least more important than alternative solutions that are not recalled as readily. Think of how this comes into play, for instance, when your potential customer is scrolling through their favorite third-party delivery app looking for a place to order lunch.

Strong branding builds conscious and subconscious memories associated with your brand, which bring it front-of-mind when it comes time to make a buying decision. Through these memories and associations, we build a sense of familiarity with brands. Another truth that comes out of cognitive bias is this: We imagine things we're familiar with as better than things we're not familiar with.

So make sure you're investing in a media mix that reaches consumers where they live, work, and play, so your brand is able to earn the familiarity that will bring it into their consideration set.

BE THERE AT THE ZMOT

Google's well-known Zero Moment of Truth (ZMOT) study found that 70 percent of Americans look at product reviews before making a purchase. After seeing a TV commercial, 83 percent said they still do online research on the products they've seen. With so many purchasing options these days, the traditional marketing funnel isn't quite the law of the land anymore. This doesn't mean it's null and void. Although the path from awareness to conversion has become a little "loopier," it's still important to understand.

Make sure you have reviews and testimonials that are easily discoverable through a quick Google search of your brand or products. Build a content strategy to help reinforce your expertise or quality offering. And make sure you're active on social to intercept conversations that take place during the ZMOT. These critical steps will help shepherd consumers down the funnel to ultimately choose your brand. ■

Hallie Wright is associate strategy director at Santy, a full-service marketing and advertising firm known for unexpected thinking and delivering results-oriented campaigns. She can be reached at hwright@santy.com.

Marketing at Scale

Kona Ice manages rapid growth with a tech fix

Written By
LIZ SCHAEFER

Kona Ice re-invented the traditional ice cream truck, serving up shaved ice in hundreds of flavor combinations from its colorful trucks and tropical steel drum music. Kona is also known for giving back, donating more than $50 million to local communities since 2007 through fundraisers for schools, sports teams, playgrounds, and other local causes.

Cultivating this unique brand has propelled the franchise from a startup with its first truck in 2007 to a national franchise organization with 1,200 trucks, operated by nearly 600 franchisees in all 50 states.

Scaling its marketing operation to serve its growing franchisee community was no small feat for the company, which handles all creative in house, including video and digital marketing. So how does Kona keep its cool while serving nearly 600 franchisees? Jessica Ross, Kona's head of branding and digital marketing, shares her thoughts on marketing at scale, which includes the right technology, partners, and a little patience.

- **Automation and working smarter.** A couple of years ago, with only three designers on staff, Kona was straining to handle the volume of custom requests coming from its growing number of franchisees. "With a comparatively small corporate staff, it can be challenging to rein in so many franchisees," says Ross. "Our designers were spending lots of time on custom requests. We'd keep doing the same flyer, only changing contact information. We knew there had to be something better." To solve the problem, Kona implemented a marketing resource management system, freeing the graphic design team from many of those custom requests, allowing them to work on more strategic initiatives.
- **Dialing in the marketing mix.** Ross and her team focus their marketing spend on what they know will work. Kona also allocates some of corporate's budget to experimental initiatives. Kona hones the marketing mix with input from its Ad Council, 12 franchisees who meet with corporate marketing annually to discuss marketing activities for the year ahead. At these meetings, the corporate team presents recommendations, including one or two experimental ideas that address franchisee requests. This year Kona is testing the waters with programmatic advertising and influencer marketing.
- **Communication and franchisee engagement at scale.** One of the biggest challenges is communicating a new initiative to hundreds of franchisees and getting everyone on board. "In the early days, it was like steering a speedboat," Ross recalls. "Now we're in 50 states, and it's like steering a cruise ship. We strive to get things done fast, but we need to remember that we need to bring 600 franchisees along with us." Timing also is important. "We know the time of year when it's best to contact our franchisees, so we communicate with them then," she says. "At the end of May they are slammed with end-of-school-year events. We've worked our way through it, and I'm sure every franchise business does the same."
- **Keeping pace with the franchisee lifecycle.** As a franchise business grows, the franchisee relationship matures. Once franchisees are in business for a few years, they become skilled at running their franchise and start looking for ways to continue their growth. This adds a different dimension to the support corporate marketing provides.

"There's a part of us that always wants to be able to cover the marketing for franchisees so they don't have to do it on their own," says Ross. "We're hearing from our established franchisees, and they want to know what's the next step. And it's always marketing. They want more leeway and customization so they can track their analytics. They want to dive deeper into their local marketing."

Kona is giving them more control while maintaining brand consistency with the marketing resource management system launched last year. Franchisees can print, fulfill, and track their localized marketing materials. This system also allows franchisees to send out their own emails, giving their messages a personal and local touch, as opposed to a corporate brand communication.

Maintaining perspective. To other franchise marketers, Ross advises them not to try doing everything themselves. "You do have to be nimble and do everything at the beginning. But when you get to that point when you can look to outside partners, do it," she says.

At the end of the day, Ross says Kona marketing's focus is on how they are helping the franchisees. "We always want to put them first. They are corporate's first customers, particularly in the marketing department."

Ross admits that it can be overwhelming adding so many franchisees so fast. But she says, "You just have to simplify it. That's why I ask myself these two questions at the end of each day: First, 'What did I do today for the brand?' And second, 'What did I do for the franchisees?' Then I know I've done my job." ■

Liz Schaefer is director of client engagement at Vya, a provider of simplified marketing execution for franchise businesses and other distributed organizations. Contact her at lizschaefer@vyasystems.com or 513-552-0144.

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SMART TECH GUIDE

Table of Contents

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

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

BRANDING MERCHANDISE

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Branding Merchandise, a B2B brand management company, has partnered with clients nationwide to deliver strategic branded merchandising programs for over 25 years.

We partner and collaborate with you to learn your brand, your goals, and your vision for your program. In working this way, we provide the best products and merchandise to ensure the success of the program. We can manage traditional inventory programs, maintaining and holding deep inventory with replenishment. Or we can provide a zero-inventory program, utilizing our print-on-demand screen print and embroidery services. This means your program can have minimal to no inventory! We even offer hybrid programs, maintaining some inventory and printing other items on-demand.

We offer complete turnkey program solutions with freestanding website creation, optional CXML/punchout capabilities, seamless order processing, state-side and offshore manufacturing, the highest quality control standards and the ability to package, label, kit, warehouse and deliver your merchandise. We can also provide basic or detailed reporting based on your parameters.

You will have a dedicated account team, including customer care, assigned to you. Your team will assist you in curating the best items as well as working with you to get your branding the way you want it.

Your team works to provide you full visibility during the process. In addition, the customer care team will help your customers with any questions via website chat, e-mail or phone providing the care your customers deserve.

Branding Merchandise is a certified Minority Owned (MBE), Small Disadvantaged Enterprise (DBE) and Veteran owned organization with production facilities located in Boring, Oregon and in Qingdao, China.

CONTACT INFORMATION

E-mail
info@brandingmerchandise.com

Phone
877.219.2495

Address
28255 SE Wally Rd.
Boring, OR 97009

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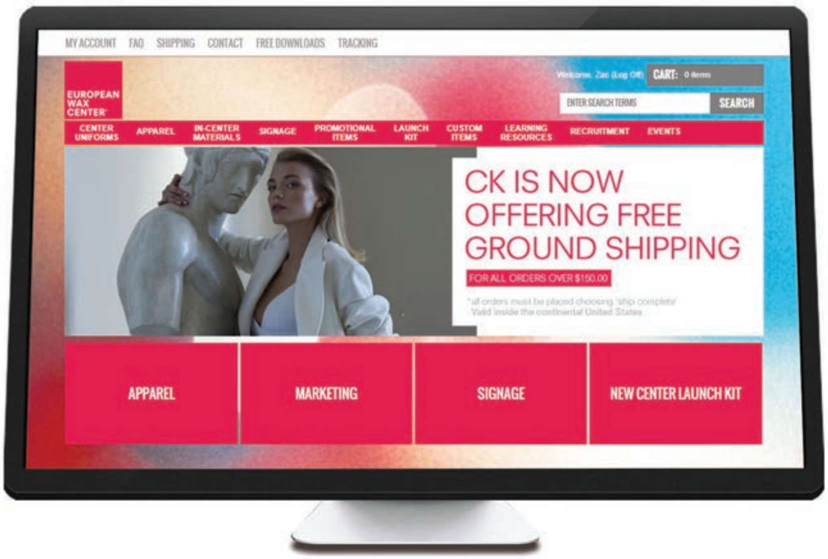

Clayton Kendall provides franchise communities nationwide with comprehensive branded merchandise programs, leading to greater brand exposure, cost-savings, streamlined operations and brand compliance. Our customized online stores give franchisees access to advertising and marketing collateral, apparel,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

LEVERAGE OUR TECHNOLOGY

Our proprietary technology is designed to meet the unique needs of your user community. We help you find the best assortment of marketing tools and display the offerings in a user-friendly, organized fashion. The technology platform unifies all aspects of the program and provides management with control of the brand as well as spend.

- **CUSTOMIZED REPORTS** – You can monitor inventory, purchasing patterns, store profiles, participation and compliance.
- **TIERED LEVELS OF ACCESS** – You control the offering of different materials, marketing collateral and price points to specific regions. Also, we can assign varying levels of access to your users, including franchisees, regional managers or corporate.
- **BUDGETARY CONTROL** – Spend can be tracked by items, user, region or any measurable data. Inventory can be tracked real-time. We monitor purchasing patterns to help you manage your spend, validate brand strategy and monitor compliance. We offer drag-and-drop technology that allows you to easily select the specific data that you want to review. Customizable reports are available as well as dashboards. Our software assists you in setting budgets and controlling spend by individuals or user groups. For example, you can limit a specific dollar spend per person, product, department or location.

Our technology-based programs are scalable and can expand with the community.

CONTACT INFORMATION

DAN BROUDY

CEO

E-mail
dan@claytonkendall.com

Phone
412.798.7120

Address
167 Dexter Drive,
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a neighborly company

Mr. Rooter® Plumbing wanted to differentiate themselves from the competition and needed a PR partner that could help them achieve that goal. Through creative campaigns, such as our **award-winning** Bathroom Astrology that paired zodiac signs and bathroom habits, Fish's out-of-the box approach has garnered impressive national media coverage for Mr. Rooter, reinforcing the brand's position as a leader in the industry.

Entrepreneur TODAY THRILLIST GOOD MORNING AMERICA THE HUFFINGTON POST

BUSINESS INSIDER USA TODAY People Good Housekeeping

"We enlisted Fish several years ago to secure national consumer press for Mr. Rooter and four other Neighborly brands, and they've delivered! Their strategic thinking and creativity has led to some of our most unique and successful campaigns, and we're grateful to have them as partners."

- Lisa Zoellner, Chief Strategy & Marketing Officer of Neighborly

FISH

Results Like This Are Typical

fish

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

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

We are deliberate. The results may seem organic, but we strategize and plan to make sure that your public relations matches your business goals. We blend content marketing, traditional and online marketing services and social media to get people talking about you and to you, in a good way. Two-way conversation is essential in modern marketing, no matter if you are trying to entice new franchise candidates or encourage consumers to try your product or service.

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

You launch the brand.
We start the conversation.

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

CONTACT INFORMATION

E-mail
lfisher@fish-consulting.com

Phone
954.893.9150

Website
fish-consulting.com

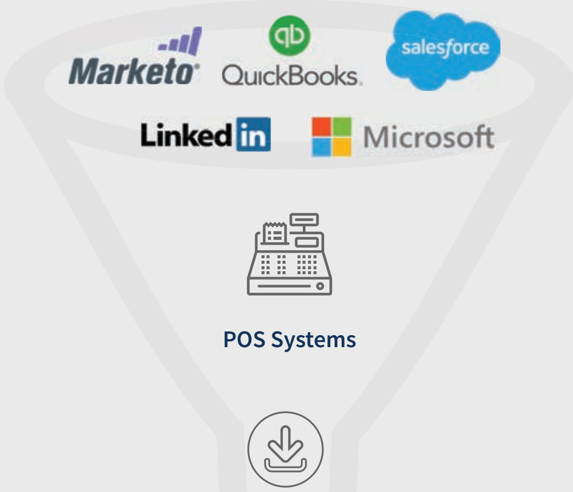
Address
117 NE 2nd Street
Fort Lauderdale, FL 33301

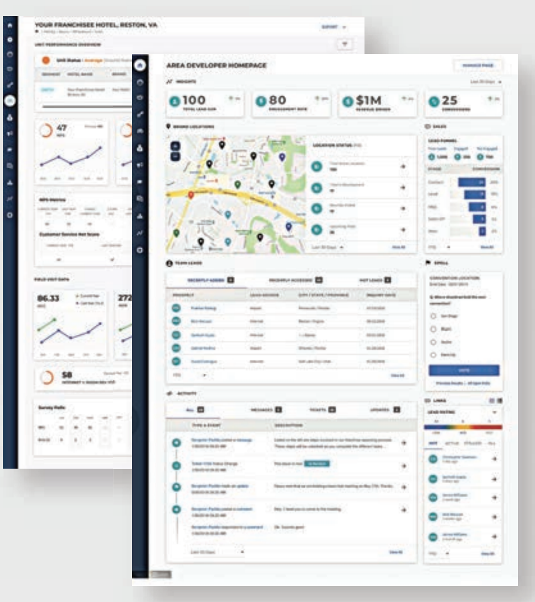
CREATE A CONNECTED FRANCHISE BUSINESS

Grow confidently by making information, interactions, and innovations flow faster – with FranConnect's powerful growth platform

Connect Your

THIRD PARTY BUSINESS SYSTEMS





FranConnect Command Center

Stay on task with a comprehensive, unified dashboard of real-time action items, tasks and priorities.

FranConnect *Command Center* is a unified management console, featuring actionable decision-making dashboards, KPIs, analytics, and workflows across a franchise system.

The new FranConnect *Sky* capability provides real-time data and recommended action steps for individual responsibilities.

Create a connected franchise business with FranConnect *Integrator*, powered by Dell Boomi

Get more from your investment in enterprise business systems with FranConnect Integrator.

With its powerful integrations with popular CRM tools, leading POS systems, and 1,500+ applications, FranConnect Integrator makes it easy to unify key performance data, applications, processes, from other enterprise solutions into the Command Center.

For more information on Command Center and Integrator, visit:
franconnect.com/CommandCenter

FRANCONNECT

The No.1 Ranked Franchise
Performance Management Platform

franconnect

FRANCONNECT - FRANCHISE INNOVATIONS FOR INCREASING FRANCHISEE EXECUTION

FranConnect is the most trusted franchise management software on the market today. Through its cutting-edge software purpose built – by franchisors for franchisors – FranConnect serves to optimize the business of franchising — from selling more units to ensuring compliance and achieving superior unit-level success.

A recent Entrepreneur Magazine survey of franchisors voted FranConnect the industry's No. 1 software supplier.

Successful franchise brands not only have to focus on location expansion, but also unit-level performance. FranConnect's agile software platform offers the key metrics you need to improve unit operations, grow revenue streams, and plan and manage expansion.

NEW PRODUCTS TO SUPPORT YOUR FRANCHISE BUSINESS

In 2019, FranConnect unveils significant upgrades to its widely-used franchise performance management platform. Developed from extensive customer feedback, FranConnect introduces the Command Center, a centralized entry point for all franchisor and franchisee team members to optimize the growth of their business. Based on the team member's responsibility, they will now have immediate access to real-time data and recommended action steps, within a new, easy to use interface. The new Command Center also has the capability to integrate franchisor's other 3rd party tools - including Salesforce, QuickBooks, Hubspot and Microsoft 360 – and over 1,500 business applications enabling them to access, in one view, all of their proven solutions inside and outside the FranConnect platform.

A PASSIONATE COMMITMENT TO FRANCHISE CUSTOMERS

FranConnect's commitment to the customer extends to regular product updates every 90 days; new technology, new features, new benefits.

FranConnect offers 24/7 training, dedicated help-desk, and customer advocacy NPS top-rated.

Renowned for its thought-leadership FranConnect delivers its annual Franchise Sales Index, operations benchmark studies, an annual Growth Circle CEO event, webinars, surveys — for the benefit of its customers.

CONTACT INFORMATION

E-mail
sales@franconnect.com

Phone
844.344.4303

Website
franconnect.com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FranFund designs smart all-in-one funding plans that get franchisees in the race and across the finish line.
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FRANFUND

Fast forward your funding & your future.

> From the start, our experience with FranFund has been outstanding. Their professionalism, patience, and communication really made a complicated process much easier to navigate. Great companies are made of great people and FranFund has the best. I highly recommend FranFund as a trusted partner for anyone looking to own a franchise!
>
> - Marcy Simons from Roswell, GA | *Fish Window Cleaning Franchisee*

A preferred partner of the IFA and recognized as a top franchise funding supplier by Entrepreneur, FranFund, Inc. designs smart all-in-one funding plans that grow with your franchise business.

Founded by a veteran in the franchise industry with first-hand experience as a franchise owner, franchise developer, and new franchise creator, FranFund specializes in funding solutions for franchisees. With our deep roots in franchising, we know how to navigate the challenges associated with starting or growing your business.

No matter where you are in the journey of business ownership – whether you are considering leaving your current job to start a new venture or if you are looking to expand your existing operation – we are here to help. Based on your specific financial picture, we will work with you to design a funding plan that will set your business up for long-term success. We provide a free funding consultation and make sure you understand all of our program and service costs upfront before you commit to anything.

Our most popular funding programs are SBA loans and 401(k) business financing, which allows you to use qualified retirement savings tax-free and penalty-free. We also offer conventional loans and other non-traditional solutions including unsecured loans, securities-backed loans, equipment leasing, and refinancing programs.

By utilizing our franchise-specific pre-approval tool and cultivating an extensive network of lenders who are comfortable with the franchise model, FranFund's loan approval rate is 99%.

We believe delivering an exceptional customer experience is just as important as providing high-quality products and services and are proud of our high level of customer satisfaction. Our greatest successes are those of the clients we work with.

CONTACT INFORMATION

TIM SEIBER, CFE
Director of Franchisor Relations

E-mail
info@franfund.com

Phone
817.730.4500

Address
505 Main Street
Suite 200
Fort Worth, TX 76102

NARANGA

We Help Franchisees Follow Your Process

"We just want our franchisees to follow our process!"

We hear you. You have the recipe for success. Your challenge is to replicate that process across multiple locations. We can help.

As a leader in franchise operations software, Naranga's platform simplifies and automates operations across emerging, growing and mature franchise systems. Here's how:

FRANCHISE SALES
Find the right candidates. Leverage our lead management CRM, which includes drip campaigns, auto-text reply to new leads and digital signatures to make your life easier.

ONBOARDING NEW FRANCHISES
Make it seamless and give them access to a system that can guide them from post signing to grand opening. This allows them to self-serve and you the ability to log in and check on their progress on demand.

COMMUNICATIONS, SUPPORT AND COMPLIANCE
Provide your franchisees with a social media-like approach to communication. Also, give them the ability to chat to corporate or with other franchisees to share best practices. Don't stop there. Provide them with an online system for franchise support and compliance notifications.

BRAND STANDARDS
Provide both corporate as well as self-audit quality assurance reviews. This increases touches and makes your franchisees a true ambassador of your brand.

LOCAL MARKETING
Drive traffic to your locations or website via social, mobile and geofencing ads.

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Point of Sale Platform. In the cloud, with solid financial reporting.

WORLD-CLASS SUPPORT
Experience it for yourself.

To date, over 300 brands have made the decision to switch to Naranga. Schedule a call today at naranga.com or call 404.751.9329. #SimplySucceed

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CONTACT INFORMATION

Website
naranga.com

E-mail
info@naranga.com

Phone
404.751.9329

Address
980 Hammond Drive
Suite 900-A
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RESOLUT

The Complete Marketing Ecosystem

The Resolut MRM platform offers powerful tools that allow marketing departments to organize the creation, deployment and management of marketing activities and assets across a geographically dispersed organization.

This streamlines the marketing process, maintains brand integrity and empowers marketers at the local level. The result is lower marketing costs and increased revenue.

- Activity Planning
  - Distribute an overview of activities and insights to details in a structured way for the whole organization
- Marketing Asset Management (Digital Asset Management)
  - Assemble, share and order marketing and brand assets in one single location customized for your organization
- Local Multi-Channel Marketing
  - Increase and strengthen control over your brand with easy-to-use templates
- Dashboard
  - Measure, analyze and optimize marketing performance in a dynamic dashboard.

Select just the tools you need, knowing that the Resolut tools are integrated and intuitive, to maximize speed and performance:

- Marketing Planner
- Production Planner
- Web to Print
- Email Marketing
- Animated Banners
- Print Direct Marketing
- Loyalty Program
- Marketing PIM
- Media Bank
- Brand Manual
- Marketing Shop – Company Store
- Online Proofing
- Dashboard
- CMS pages
- Campaign Manager

RESOLUT

CONTACT INFORMATION

COURTNEY BONSER

Product Specialist

E-mail
courtney@resolut.com

Phone
973.614.2390

Address
30 Plymouth Street
Fairfield, NJ 07004

locate connect grow

Silvercrest was founded to make media easily accessible to our clients through our automated platform. Driven by real-time data, Silvercrest understands that **locating** your customers is the first critical step in building your brand.

Consumers drive our brands and our economy. Therefore Silvercrest makes it easy to locate and **connect** with the exact market you desire. Our propensities include over fourteen-thousand data points to connect you to the perfect customer, each and every time.

Nothing happens before a sale is made. Locating and connecting with the consumers who will become loyal brand followers is what drives us to bring opportunity through your doors. Through technology, media, and data, Silvercrest ensures that first step happens, because we grow - when you **grow**.

SILVERCREST

Delivering Sophisticated Marketing and Media Solutions Through Technology

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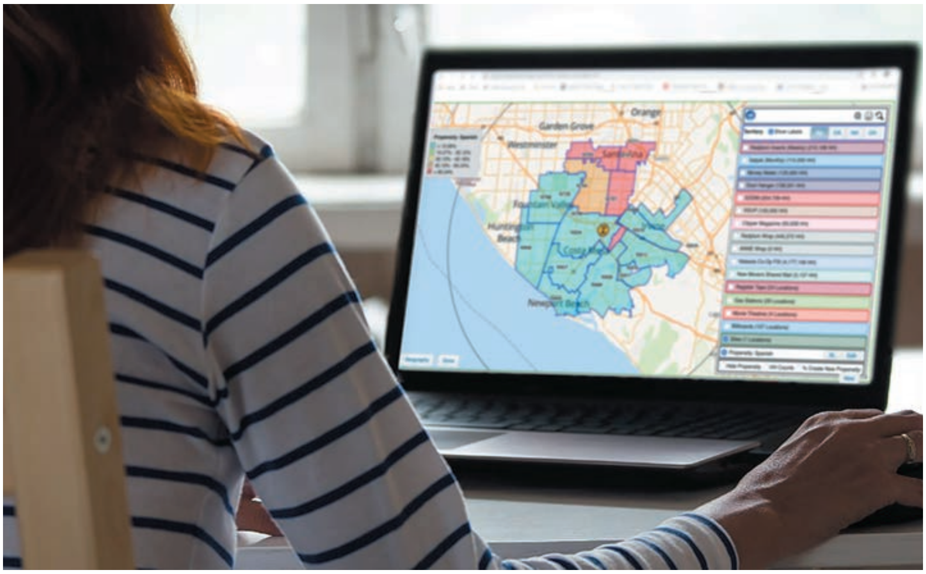

Silvercrest delivers brand marketing solutions for organizations with the combination of proprietary technology, customer data, and media buying, harnessed in one sophisticated and simple platform.

Our technological innovation and custom-built tools can simplify your brand's national and local marketing needs. Our system is the only platform that allows brands to manage and access all of these needs from one portal: Territory Analysis, Media Planning & Buying, National Ad Fund Budget Planning Tool, Creative Customization, Print-On-Demand, Coupon Bar Code Scanning, Grand Opening Automation, Specialty Products, Email Marketing, Social Media Management. Powering this is our Localized Media Automation Platform (LMap) which is a user-friendly, cutting-edge cloud-based system.

Now you can integrate over various channels with customizable tactics that include – but are not limited to – newspaper or magazine ads; door hangers; e-mail; social media; local media; business to business strategies; free-standing inserts; shared mail; solo mail pieces; digital media; TV; radio – to get your promotional message into the hands of the people who can use it most: the customers in your community.

But Silvercrest has gone beyond just advertising campaigns to offer their clients Intelligent Tracking as well. Intelligent Tracking allows a client to see exactly where their media pieces are and if they have been delivered. Pushing the boundaries of advertising data, the barcodes printed on mail pieces not only deliver helpful tracking information but also valuable information on the interaction of individuals and the pieces they receive.

Let us help you build your brand by simplifying and streamlining your marketing tools with one portal. Schedule your demo now.

CONTACT INFORMATION

TRACY BURY
Chief Sales Officer

E-mail
tbury@sca-mail.com

Phone
818.447.4061

Website
www.silvercrestadvertising.com
www.lmap.com

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Say "goodbye" to pesky paper invoices.

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Enjoy all of these invoice automation benefits right at your fingertips:

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Don't wait. Just Yooz it!

"Many of the providers we considered offered a 500-pound solution for our 10-pound problem. Yooz, seamlessly integrated with the Sage Intacct ERP, was the perfect fit, and it will scale as we grow.

Tim Carter
Chief Financial Officer
Salsarita's Fresh Mexican Grill

Just a few franchise innovators who've made the switch

Border Foods · Falcon Holdings Management · Perry's Ice Cream · Pollo Campero · Salsarita's Fresh Mexican Grill

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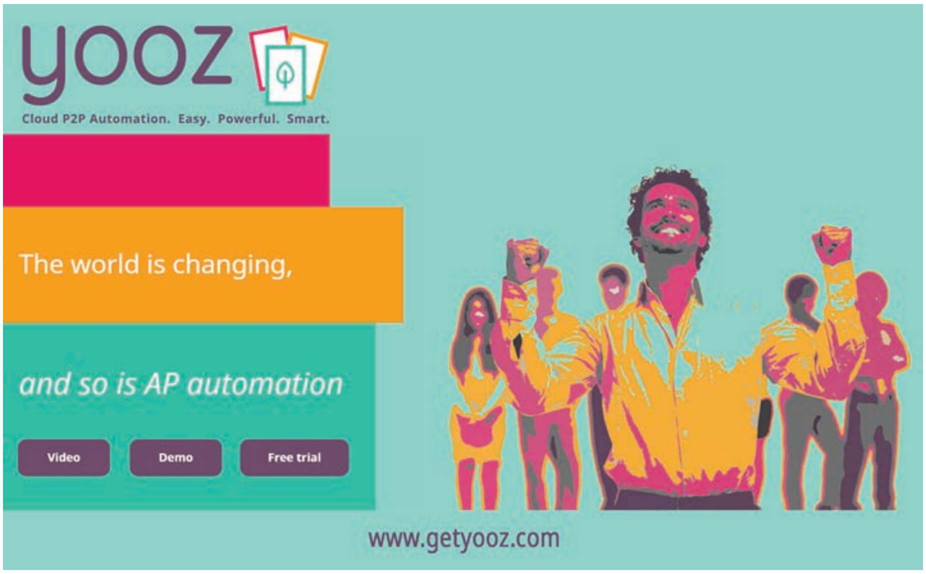
YOOZ INC.

Cloud P2P Automation. Easy. Powerful. Smart.



Cloud P2P Automation. Easy. Powerful. Smart. That is the Yooz brand promise and is represented in every area of its business. Yooz is a fast-growing, multiple award-winning SaaS company that solves for today's finance and accounting professionals' top invoice and payment processing challenges by providing innovative, cloud-based, invoice workflow automation.

Historically, AP departments have been the quintessential back office function. But businesses today are expecting more from their AP function. They realize that if they can get at the information and data housed in their AP department, they can use it to support better management of their working capital, mitigate potential risk, and make more strategic decisions. But when the staff is bogged down with manual repetitive processes, everything takes too long, costs too much, and frustrates internal leadership and valued suppliers.

Yooz leverages and optimizes powerful features and smart technologies—AI, machine learning, smart data extraction (OCR), robotics process automation—that frees members of the AP staff from mundane, repetitive tasks in favor of more strategic value-added initiatives.

Yooz continues to stand out and be recognized for offering a complete end-to-end AP automation workflow solution—a key differentiator among its competitors. One Yooz client, Tim Carter, CFO, Salsarita's Fresh Mexican Grill restaurant franchisor, advises, "*Instead of adding head count, give your existing staff the automation tools to make their roles multi-faceted. Your finance department—all departments for that matter—can run lean and take on other, more strategic duties.*"

Yooz offers an intuitive, simple, secure processing solution that integrates seamlessly with more than 200 ERP platforms—more than any other solution on the market.

Yooz has been nationally recognized as a SaaS, Cloud, and FinTech innovator by CFO Tech Outlook as a Top 10 Accounting Solution Provider, FinTech Breakthrough Awards as the Best Procure-to-Pay Software, a Spend Matters Top 50 Provider to Watch, Best-of-SaaS (BoSS), and by Industry Era as a 10 Best Cloud Solution Provider.

Cloud P2P Automation. Easy. Powerful. Smart.

CONTACT INFORMATION

MELISSA HENDRICK
VP of Marketing

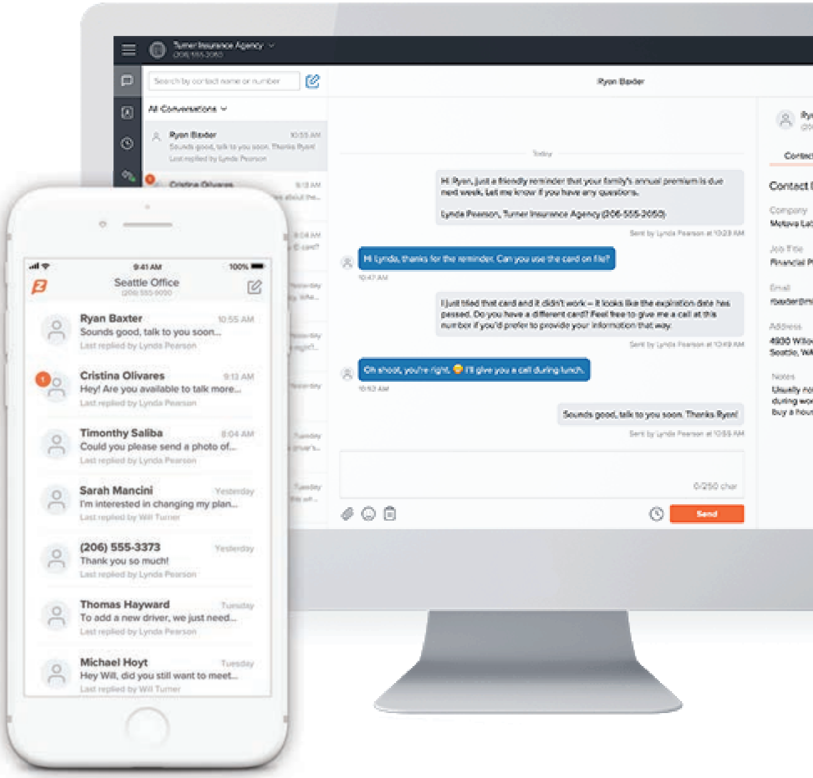
E-mail
Melissa.Hendrick@justyoozit.com

Phone
469.334.4276

Address
8951 Cypress Waters Blvd.
Suite 170
Dallas, TX 75019

zipwhip™

Grow your franchise system with Zipwhip's Texting for Business



Send and receive text messages on your computer

Use your existing business phone number

Reliable and secure via direct carrier connections

"We pride ourselves on our client connection. In the age where a lot of communications happen via text messages, Zipwhip has really helped."

– JORDAN MODINE
Director of Portland Operations, Barre3

ZIPWHIP

Your customers are only a text away!

Zipwhip is the leading software and API text messaging provider for franchise systems. Our texting-for-business platform empowers your franchise to reach customers faster by sending and receiving text messages from a computer using it's existing business phone number.

Eighty-nine percent of people actually prefer to communicate with businesses through text over email or phone. If you haven't taken advantage of this simple solution; why not? On the other hand, many franchises already text but aren't equipped with the tools to implement effectively. Where do you fall on the adoption curve?

HOW FRANCHISES USE TEXTING TO COMMUNICATE

- **Marketing:** Grow your brand through the market's preferred channel.
- **Sales:** Build real relationships and convert leads into customers faster.
- **Alerts and Reminders:** Reduce missed appointments and fill open slots quickly.
- **Service:** Less calls means faster daily operations.
- **Billing:** When people owe money, they often avoid answering the phone.
- **Internal Communication:** Send reminders, ask questions and exchange documents.

BENEFITS OF EFFECTIVE TEXTING FOR BUSINESS

- **Brand consistency:** Own your brand by providing a consistent messaging experience for your customer across your entire system.
- **Business intelligence:** Make data-driven decisions by tracking the effectiveness of your messaging, promotions and more.
- **Administrative tools for risk mitigation:** Message archives and administrative controls allow for greater quality assurance and compliance.

Adopting a texting platform like Zipwhip will provide you the tools to improve customer communication and drive sustainable growth.

Your customers want to text with you. Let them.

CONTACT INFORMATION

TIM JOHNSON
Head of Franchise Sales

E-mail
franchise@zipwhip.com

Phone
206.299.1318

Address
1501 1st Ave S Suite 500
Seattle, WA 98134

Q How has innovation affected your sales and development process?

JOE GUITH

President
McAlister's Deli

Innovation is key to staying relevant in the quick-moving fast-casual industry. When we progressed with the evolution of McAlister's Deli last year, we knew we'd be presenting a few challenges for our sales and development teams. Whenever you change the look and feel of the restaurant, you have to be open to dialogue with your team and be honest about the challenges as you work to construct a new prototype and direction. This was our biggest evolution in 30 years, so we had to answer a few key questions.

1. The first question asked is in relation to cost. How do we increase brand relevancy while driving both the top and bottom lines? Fortunately, we were able to develop a new prototype that is equivalent in cost to our older model when it comes to finishes and decor, so we can forecast the return for our franchisees. However, the new footprint is smaller (less seating) because of our off-premises growth, so we had to correctly position that to our current franchisees and prospects.
2. Next always is why? Why are we evolving, and why now? These are natural questions and it's on us to properly communicate our reasoning. We worked with our teams to discuss the reasons for evolving and doubled down on our core equities, beverage merchandising, and community connections. We knew that our guests would appreciate the convenience of our off-premise offerings and would want to see our McAlister's Famous Sweet Tea at the forefront of what we do. That's already showing, as tea remains our number-one third-party delivery item (accounting for 10 percent of all sales), and our pick-up windows are showing a good return as well.
3. Finally, comes the how (the most important question). Our sales and development teams want to know how we are going to pull this off and the time frame for doing so. They want to know what messaging to use in their sales conversations and how this may affect our relationships with developers. Focus Brands' leadership in this area is key. Our leadership team knows how to make brands more relevant and how to maintain established relationships with some of the best real estate brokers in the industry. Additionally, the analytics model we use to identify the best trading areas and site criteria has helped make the development transition rather smooth.

Innovation is never easy, but it's entirely necessary. It's essential that brands always look to improve, for both their franchisees and their customers. ■

> “We challenge ourselves every day to create new programs and stay open to new possibilities of how to connect. Whether we’re working on developing new segments or targets like social equity programs or appealing to multi-unit franchisees as a method of diversification, remaining committed to creativity has been critical in opening new doors to new possible franchisees.

JUSTIN LIVINGSTON

VP of Franchise Development
One Cannabis

Change is hard. Many in sales and development rest on the tried-and-true processes of the past, but the reality is that the world is evolving around them. The adage “If it ain’t broke” will inevitably be etched into the career tombstone of those unwilling to embrace the fact that every day is a new day.

Constant innovation and adaptation to buyer behavior is key to success. Technology evolves, consumer trends morph, and the competition is constantly experimenting with innovative strategies to stand out above the white noise potential prospects must endure. This bold new world is forcing new skills onto companies seeking to capture and hold the attention of a concept’s future franchisees. It begins with marketing and understanding that the old ponds are not the only places to fish today.

Our development process relies heavily on innovation. Innovations in technology allow us to make data-driven decisions about the behaviors of the target prospects we’re trying to attract. We now have technology and analytics that allow us to be better informed and focus our custom messaging as a spear approach (as opposed to a net).

These changes in how we seek potential franchise partners and understand their searching and buying criteria have led to a unique dynamic between communication and relationship-building. Thriving concepts embrace new opportunities to communicate their brand message and culture through a variety of mediums. Active social media presence, interactive website exploration, and development processes that leverage new technologies to lead prospects through experiential mutual investigations all contribute to the overarching goal: fully immersing a prospect in the total brand experience, complemented by opportunities to build rapport with the development team.

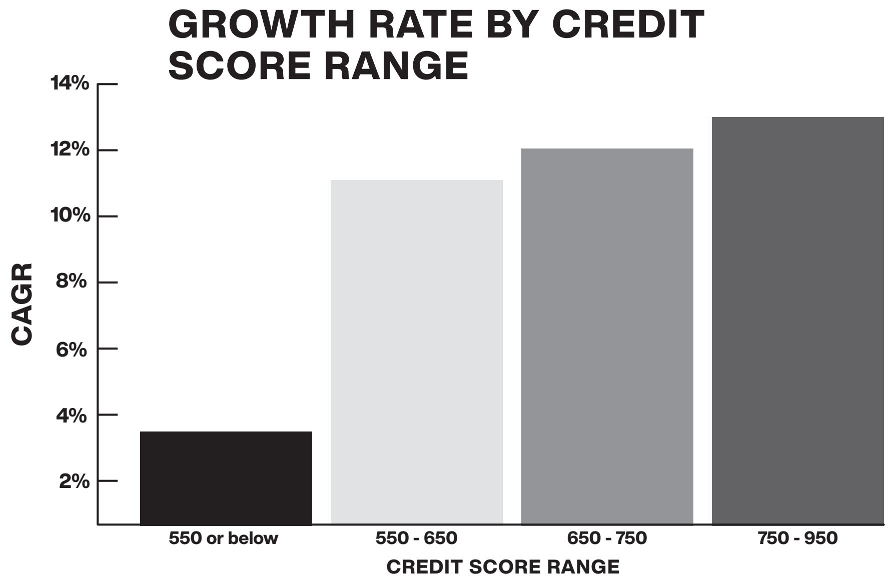
Bringing an entirely new industry to franchising, innovation is our normal. We challenge ourselves every day to create new programs and stay open to new possibilities of how to connect. Whether we’re working on developing new segments or targets like social equity programs or appealing to multi-unit franchisees as a method of diversification, remaining committed to creativity has been critical in opening new doors to new possible franchisees.

A myopic stance clinging to the “way things have always been” will paint a dim future for concepts unwilling or unable to adapt. Embracing innovation and the new freedom to present your brand in many exciting ways will build a brand culture and attract brand partners who will carry the concept into a bright and promising future. ■

Know Your Brand's FUND Score

And make financing easier for your franchisees

Written By
EDITH WISEMAN



Most lenders you meet are on the business development side of banks. They are "selling" you on why their bank's money is greener than other banks' money. What do lenders really think of your brand? To know that, you need to talk to the credit departments where deals are underwritten, decisions to lend are made, and deal terms are established.

What do credit departments look at to make those decisions? Of course, there's borrower information, starting with FICO scores. For decades, lenders have used FICO scores as one tool to screen individuals associated with businesses. Over time, lenders stratified individuals by FICO ranges. Low-risk lenders migrated to the higher FICO score individuals and offered the best terms. High-risk lenders pursued low FICO score individuals and charged for the additional risk they were assuming with businesses associated with such individuals—if they were willing to do the deals at all.

When lenders sought a standardized, objective way to assess thousands of franchise brands, they turned to FRANdata to develop credit risk profiles of franchise brands. This has evolved over the past decade into a predictive credit risk scoring model that banks collectively representing over a trillion dollars of assets have been using to make credit decisions about which brands to include in their lending programs and the kinds of credit terms they should require.

Understanding your brand's FUND Score will help you see how the actions you take affect your franchisees' access to and cost of capital. How does a failed unit affect lender assessment of your system? What is the cost of not letting lenders easily see your system's unit economics? A FUND Score answers those questions.

WANT TO GROW YOUR SYSTEM?
There is a strong correlation between a brand's FUND Score and how fast the brand grows. Brands in the highest category of FUND Scores are growing their systems *more than seven times faster* than brands in the lowest category of FUND Scores.

IN CONCLUSION
Lenders have a credit risk perspective that seems to be aligned with brand performance. Knowing your brand's FUND Score and understanding the elements that inform that score helps you make better business decisions, which result in more growth, more access to capital, and more favorable terms for your franchisees. Knowledge is indeed power. So I ask you, What's your FUND Score? ■

Edith Wiseman is president of FRANdata, an independent research company supplying information and analysis for the franchising sector since 1989. She can be reached at 703-740-4700.

FUND SCORE AND LOAN PERFORMACE

A lender's risk assessment	FUND Score Range	What does this mean for Franchisees
Low Default Risk	**750–950**	Access to the Best Credit Terms (fixed rate financing, low equity payments, easier process.
Moderate Default Risk	**650–750**	Favorable terms, but not the best terms
At Risk	**550–650**	Need strong borrower to overcome franchisor credit concerns - reduced access to capital
High Default Risk	**550 Below**	High borrowing costs or loan denials

Opening for Less

The big savings are on the front end

Written By
CHRIS CHEEK

The primary reason franchise candidates acquire franchise rights is the hope of an attractive return on investment. For retail franchises, ROI is largely a function of three variables: 1) up-front or input costs, 2) top-line sales, and 3) cost controls on a P&L statement. With an acceptable ROI, franchise brands grow units and add franchisees; without it, brands struggle to grow. In the development department, we assist with all three variables.

The identification of great sites should, theoretically, be a good set-up for strong top-line sales. In parallel with this, lease negotiations that lead to favorable occupancy costs help minimize one of the largest fixed costs on a retail P&L. Ultimately, ROI is calculated using the initial input costs. For that reason, it has been my team's focus to reduce new store input costs, subject to two very critical requirements: 1) don't compromise the customer experience, and 2) don't compromise our food.

For most retail franchises, input costs consist largely of construction costs combined with furnishings, fixtures, and equipment. Of course there's also working capital, franchise fees, and other pre-opening costs, but general contractor and equipment vendors are the largest bills tenants pay. It has been my experience that the vast majority of cost or time savings on a typical store opening are achieved on the very front end of the project, with many opportunities for savings arising well before the lease is signed.

For this reason, and with a goal of 15 percent cost savings on new store input costs, we focused on three areas of the process to achieve this: 1) up-front work letter negotiation and coordination; 2) "clean" prototypical plans and vendor coordination; and 3) value engineering items or areas that don't affect the guest journey.

THE WORK LETTER

Cost savings opportunities begin with initial site-specific negotiations to include the work letter. The work letter defines the items provided and conditions under which the landlord will turn the space over. This is an investment by the landlord in infrastructure items such as HVAC and mechanical components, power and water requirements, and storefront items. This is separate from and, in most cases, in addition to what is often referred to as a tenant improvement allowance.

For example, our work letter is worth about $175,000. We negotiate hard for this as most of the items could not be removed in the event that one tenant leaves and a new tenant leases the space. Once a landlord agrees to provide any level of a work letter, it is critical to make sure that the agreed-upon work letter items make their way into the lease. I have had numerous occasions where the work letter attached to the initial lease draft did not reflect the work letter negotiated with the LOI. This is not a case of a landlord acting nefariously, but rather is often caused during the hand off from the "business" folks to the development and legal departments.

THE ARCHITECTURAL PLANS

Another opportunity for cost savings arises in the coordination of the turnover of the work letter-enhanced shell space with the tenant's (in this case our franchisee's) architectural plans. Through better coordination of our site-specific plans with the condition of the space provided by the landlord, we realize cost savings driven by time savings and reduced change order charges.

While we have a master architect, we allow franchisees to use their own architect, subject to our approval of their architect's level of relevant experience. General contractor change orders often drive costs up. These are often caused by ambiguities or inaccuracies in the architectural plans when introducing new architects. They can also be caused by lack of plan coordination with critical vendor provided equipment. For these reasons, we held our first construction summit about 2 years ago, bringing together architects, equipment vendors, and general contractors for two days. During this summit, we focused on cleaning up and clarifying our prototypical plans. We all were able to learn from each other and strengthen relationships across all areas of a new restaurant construction process. The result has been reduced change orders and a smoother and more predictable construction process.

THE CUSTOMER

Finally, we felt that we had additional opportunities to look through the lens of the guest at the methods we used in certain aspects of the construction process. For example, it didn't matter to guests that our general contractors did most of our millwork on-site. For this reason, we determined that we could outsource certain aspects of our build-out to vendors better equipped to produce and ship to each site, items that previously were built on site and subject to the general contractor's price and that of the local trades.

RESULTS

Although we saw up 20 percent savings with first-generation spaces, we continue to look at all aspects of our process. We continue with our construction summit to maintain clarity and alignment across the complicated construction process. As you look for cost savings, remember to look at the front end of the process. That's where the savings can be found. ■

Chris Cheek is chief development officer for Newk's Eatery. He has a degree in mechanical engineering from North Carolina State University and has worked for several franchise brands since 2002.

Building for Growth

Ready to scale, or ready to fail?

Written By
EVAN HACKEL

There are transition points as franchises grow. Suddenly (or so it seems), the entire system is different from what it was at the previous stage. Your ability to transition from one stage to the next will determine your survival and success.

The way you run a franchise system with 10 franchisees is totally different from how you run one with 250. I think most people get that. But in practical terms, whatever stage you're in, think about what will be different at the next stage, and begin to adapt now.

STAGES OF FRANCHISE SIZE AND GROWTH

Startup (1 to 5 franchisees). At this stage, your franchise system is extraordinarily entrepreneurial. Everyone knows everyone. The franchisees rely on your support, but their demands are not massive because there aren't too many of them.

Early growth (6 to 25 franchisees). At this stage, you have some growing pains. Because it is no longer workable for every franchise owner to call your CEO on the phone to ask every question or request help, you need well-conceptualized and efficient systems in place. You now must think differently because you are a bigger company. The time to plan for this stage is earlier on, when you have five or fewer units.

Midlife growth (26 to 100 franchisees). Franchises sometimes feel shifts when they have 50 franchises, 75, or 100. To navigate these changes effectively, you already must have the right support systems in place.

Maturity (100 to 1,000+ franchisees). At these numbers, franchises must rely on strong systems and documentation that support franchisees in everything they do, from training to displays and marketing materials.

ADJUSTING EXPECTATIONS

These transition points are valid for every type of franchise business. You might be wondering why I have not defined an exact number of franchises for some of them. That's because other considerations come into play.

For example, what is the size of your average franchise unit? Their number of employees, profits, costs, and other factors? It is interesting to note that the higher the per-unit sales and profits, the earlier the transitions happen between the stages listed above. For example, five locations that each generate $5 million in sales are going to require more involvement from the franchisor than five locations that each generate $500,000 in sales. That only makes sense, but well-run franchising companies understand this and plan their growth accordingly.

HOW DO YOU PLAN TO GROW TO SCALE?

Let's assume you would like to grow your franchise, move to the next growth stage, and make it even more successful. Here are two critical issues to consider:

1. **Are you set up to scale** because you have the organizational structure and people in place to grow?
2. **Or are you set up to fail** because you are overtaxing your people and your resources, so growth is impossible?

If you don't have the systems and people in place, and push forward to grow your franchise anyway, you could cause it to collapse and fail. I have seen that danger arise in companies, and I believe you have too. One such franchise sold so effectively that its stores were running out of inventory! Without inventory, it was impossible to sell. Because it didn't have the operational infrastructure to deliver the products sold, it experienced a lean period until it could resolve its supply chain issues.

THE CRITICAL ROLE OF TRAINING

Additionally, you have to look at training, because franchises that do not have good training cannot scale. Training, in fact, is the heartbeat of any growing enterprise. Through training, you build consistency throughout your system and ensure that your people are ready to assume new responsibilities as you grow and become competent as quickly as possible.

So, are you ready to scale, or ready to fail? ■

Evan Hackel is a 35-year franchising veteran as both a franchisor and franchisee. He is CEO of Tortal Training, a leading training development company, and principal of Ingage Consulting. He is a speaker, hosts "Training Unleashed," a podcast covering training for business, and is author of *Ingaging Leadership.* Contact him at evanspeaksfranchising.com, follow him at @ehackel, or call 781-820-7609.

BUILDING BLOCKS THAT EQUIP YOUR FRANCHISE TRANSITION AND GROW

The right people	Training
Franchise advisory councils	Systems
Franchise business consultants	Franchise manual and handbook

Sites Just Keep Getting Harder To Find

Urban competition has brands looking for new markets

Written By
CARL JENKINS

I've seen a lot change in the world of franchise real estate in my 30-plus-year career. From economic recessions to natural disasters and the ebb and flow of government regulations, the real estate landscape plays an ever-evolving role in franchise development.

In the U.S. alone, it's estimated that an average of 300 companies begin to franchise each year, with more than 733,000 total franchise establishments. That's a lot of franchise brands vying for the same real estate—and that doesn't include competition from non-franchised businesses. As the franchise real estate game continues to evolve, here are three trends development teams should keep in mind.

URBAN OVERSATURATION

The biggest shift I'm witnessing today centers around the mega franchise brands. Those with thousands of locations that previously have had predominantly urban footprints are turning their sights to more rural areas because of the lack of urban retail space available for development. Brands like Chick-fil-A, Starbucks, and others are infiltrating smaller markets, driving real estate competition to an all-time high.

Large brands have more resources at their disposal, making it easier for them to buy up land in small towns and continue to grow their presence. Plus their names alone can give them a leg up at the negotiating table. They've realized—as franchise brands such as Huddle House did more than 50 years ago—that they can do well in these markets and are taking advantage of their enormity to expand into tertiary markets, making it more difficult for some smaller brands to maintain their presence in the markets they've traditionally thrived in.

RAPID DUE DILIGENCE

Now, more than I've ever witnessed before in my 3 decades in the business, speed is everything when shopping for space. For years, rural markets were perfectly poised for a thorough due diligence process because competition for space was limited. You could be the tortoise instead of the hare. Now you're going to get steamrolled by the hare if you choose to be a tortoise in the real estate game.

With more and bigger players at the table competing for the same plots of land, you need to have your proverbial ducks in a row much sooner than many franchise real estate veterans are used to. This may mean your real estate team has to travel more frequently, or that the due diligence process has to go a bit quicker. And you'll likely need to start spending money a bit earlier than usual as well for surveys, environmental reports, traffic studies, and other key research items. But those are small prices to pay for the perfect property.

That being said, you don't need to cut corners to make it work. You may encounter landowners who are reluctant to give you more time to do your due diligence and force you to close a deal before obtaining all your permits. My recommendation? Proceed with caution. Always make sure you go through the necessary steps with the local government to obtain the proper documentation and permitting before closing. If something happens at your establishment and you don't have the correct permits, you could be in for a world of trouble.

AGGRESSIVE ASKING PRICES

While we aren't quite to the point of heated bidding wars just yet, I don't think we're far off. With growing competition and shrinking land availability, franchise brands and franchisees are becoming more aggressive with their real estate purchases. Many are more willing to forgo price negotiations and instead agree to the asking price of a property.

However, this trend is also allowing landowners the room to drive up their asking prices. They know the chances of a buyer agreeing to that price is high because of the increased competition for space. Especially in these smaller markets, property owners are holding firm to their prices, hampering the ability of some smaller brands to purchase land at a comfortable price —and increasing development costs as a result.

IN CONCLUSION

I love the real estate industry because it's always changing. There's a new challenge around every corner, which keeps my job and that of others in franchise real estate interesting. Those changes do come with their own set of challenges, but keeping pace with the current real estate trends, especially for your target development areas, can help put you ahead of the curve with your competition. ■

Carl Jenkins is director of real estate at Huddle House. Previously, he spent more than 28 years in various commercial real estate roles for Advance Auto Parts, McDonald's, and Panda Restaurant Group, where he supported both corporate and franchise development.

WORLD OF INNOVATION

A survey of international franchising experts

Written By
WILLIAM EDWARDS

Innovation is occurring internationally on many fronts: franchise recruitment, employee incentives, transparency in franchisee reporting, international brands entering the U.S., dealing with Gen Y employees and customers, artificial intelligence, social media, mobile app food ordering, blockchain technology, ghost kitchens, cashless stores, and even types of legal agreements. We asked several international franchising experts for their thoughts on innovation.

IAIN MARTIN, International Franchise Consultant, The Franchising Centre (U.K.)—The traditional CV could be on the wane, to be replaced by video. In addition, artificial intelligence could play an increasing role in the candidate interview process. However, as we know, it's hard to replace the human element! There are also trends emerging in the food and beverage sector, where innovative operators are measuring customer behavior and automatically changing the restaurant environment to encourage the behavior they want. For example, driving customer behavior through music playlists by choosing music that fits a brand's personality and the restaurant's objectives, e.g., encouraging customers to eat faster or more slowly; having dynamic volume control (apparently the higher the volume the more unhealthy food choices customers make!); using different scents to encourage customers to choose specific menu items; and real-time light control, e.g., the darker it is outside, the more cozy the inside lighting.

JASON GEHRKE, Director, Franchise Advisory Centre (Australia)—Australian franchisors are embracing innovation that provides transparency over franchisee performance. In response to recent legislative changes that make franchisors liable for wage underpayments by franchisees, Australian franchisors are increasingly ensuring they have greater visibility over franchisee staffing and payroll practices, as well as franchisee profitability, which helps mitigate the franchisor's joint employer liability and protects them from prosecution if franchisees have been found to underpay and exploit their workers. However, this centralized visibility has extended to financial reporting, where more franchisors are now mandating the use of standardized accounting platforms for franchisees, from which the franchisor can access all franchisee sales and cost information to produce regular (usually monthly) profit-and-loss statements on behalf of the franchisees.

PHILIP ZEIDMAN, Partner and Senior International Attorney, DLA Piper (USA)—Innovation is also occurring in the international legal sector. There is a trend toward shorter international licensing agreements with quicker unit development schedules. We are starting to see 5-year licensing agreements (where local laws and regulations allow) with 3 to 10 units required to open in that time frame for a licensee to keep the license. This trend is meant to correct the fact that, on average, 40 percent or more of all international license development schedules are not met in 10-year term agreements. Another emerging trend is for the World Bank to see franchising as a proven method to create new jobs and businesses in developing countries.

FRANZ-JOSEF EBEL, Managing Director, Master Franchise Germany (Bonn)—The German Franchise Association (DFV) states that innovation in franchising means addressing Generation Y in your company and as your consumers, not only in lifestyle, but also in technology, diversity, and digitization.

RAJEEV MANCHANDA, Inventure India (New Delhi)—With the very fast growth of social media and e-commerce, today's Indian customers have higher expectations. Online food and shopping portals have gained popularity across the country. The focus is to innovate and design experiences that create value to keep the discerning customers engaged. This has brought about increased competition among companies and encouraged brick-and-mortar restaurants to go online and develop omnichannel models of business. This has given rise to engaging with franchisees to establish experience centers, cloud kitchens, etc. The cost of such facilities is considerably low, making the business model viable and attractive. This is supported by innovations that are also being applied in areas of quality control, technology, consistency, efficiency, people, and even institutional changes.

JOHN HAYES, Director, Titus Center for Franchising, Palm Beach Atlantic University (USA)—Social media provides a huge boost to franchising, especially as it helps franchisors and master licensees develop opportunities in new countries. Lead generation for franchise sales, as well as in-country promotions of franchised products and services, will become more efficient thanks to social media. Technology overall makes it easier to communicate and promote franchising as a life-changing opportunity.

NED LEVITT, Partner, Dickinson Wright (Toronto, Canada)—In Canada, we are seeing the widespread use of mobile devices to order food and other products, make reservations, locate a business, and compare their offerings. Many franchise systems are providing incentives, such as coupons, over the Internet and even making specials available only through the Internet. In store, it is becoming more and more common for franchise units to provide product information and to allow ordering using tablets provided by the franchisee. Technology is also being employed to easily capture information about customer preferences and demographics.

STEWART GERMANN, Principal, Stewart Germann Law Office (**Auckland, New Zealand**)—Current and future franchise sector innovations include artificial intelligence involving robots, geo-blocking and service portability, and the future of international sales using smart contracts, blockchain, and cryptocurrency. AI and its many applications are developing faster than most people can keep track of. The laws and regulations lag far behind the realities of technology. While AI promises many positive benefits, its immense potential human rights impacts are evident.

SANJAY DUGGAL, VP Business Development, Middle East and Northern Africa Franchise Association (**Dubai, UAE**)—In the Middle East, ghost kitchens take advantage of the major uptick in deliveries over the past few years, without incurring the costs related to full-time restaurant operations. In the coming months, more players are expected to get into this space. Shrinking real estate footprints are a distinct trend toward reduction of square footage wherever feasible. But operators are not allowing smaller sizes to interfere with the guest experience, which is optimized through focus on tech and upgraded service.

MCDONALD'S (**press release, USA, Israel**)—In late March, the world's biggest restaurant chain announced an agreement to acquire Dynamic Yield, a Tel Aviv-based decision-logic technology company, for more than $300 million. The goal, according to McDonald's is "to provide an even more personalized customer experience by varying outdoor digital drive-thru menu displays to show food based on time of day, weather, current restaurant traffic, and trending menu items. The decision technology can also instantly suggest and display additional items to a customer's order based on their current selections." Underscoring McDonald's push for improved customer-facing technology, CEO Steve Easterbrook said, "With this acquisition, we're expanding both our ability to increase the role technology and data will play in our future and the speed with which we'll be able to implement our vision of creating more personalized experiences for our customers."

BLOOMBERG (**March 20, 2019, China**)—"Yum China Holdings is betting on cashless stores, innovative food items, and customized service.... In Shanghai's southeastern district of Xujiahui, Colonel Sanders's smiling visage looms over the restaurant entrance, as it does at thousands of KFC locations around the globe. But step inside and it quickly becomes clear that this is no ordinary KFC. Customers line up before a row of touchscreen kiosks, keying in orders while a camera scans their faces to process payment in less than a second. Downstairs, a robot arm whirs to life to prepare an ice cream cone. Diners can choose the joint's background music via app and listen to a favorite tune while they eat.... Yum China Holdings says 86 percent of transactions are already cashless and about half of orders placed using the mobile app or digital kiosk at its more than 8,400 KFC, Pizza Hut, and Taco Bell restaurants.... Yum says the AI-powered menu, introduced in January, has already boosted average per-order spending by 1 percent—the equivalent of about $840 million worth of fried chicken and pan pizzas each year." ■

William (Bill) Edwards is CEO of Edwards Global Services. EGS offers a complete international operations and development solution for franchisors based on experience, knowledge, a team on the ground in more than 40 countries, and trademarked processes based on decades of problem-solving. Contact him at bedwards@edwardsglobal.com or 949-224-3896.

Economic Slowdown Ahead?

Prepare for a downturn, starting now

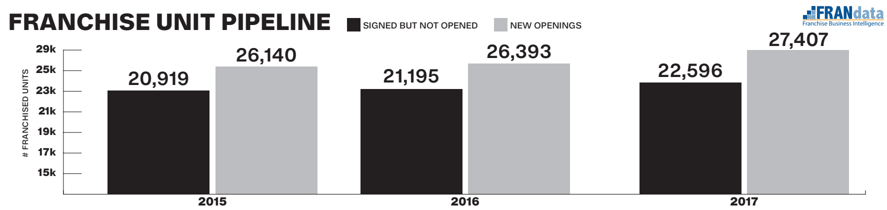
Written By
DARRELL JOHNSON

Understanding the impact of economic cycles on growth can help franchisors set better growth goals and avoid the increased burdens that a slowing economy can have on new units trying to reach stability. Struggling franchisees have a dramatic affect for all four sets of stakeholders:

1. **The franchisor** must devote a disproportionate share of management and operations resources to corrective actions for underperforming franchisees.
2. **Franchisees** often are affected directly, culturally, and even emotionally as they see and connect with underperforming business colleagues.
3. **Lenders** observe stress in their portfolios and FUND scores declining, inevitably resulting in underwriting requirements tightening, if not exiting from additional lending to that brand.
4. **The public** can often feel the impact of struggling franchisees through stressed employees, less customer traffic, and closed units.

LESSONS LEARNED?

What can we learn from the last recession that might help inform our planning for the next one? The last recession started in December 2007 and ended in June 2009. New unit growth was strong in 2007 and 2008, at a CAGR above 4 percent. New unit growth, substantially lower in 2009 and 2010, picked up again in 2011 to about 3 percent.

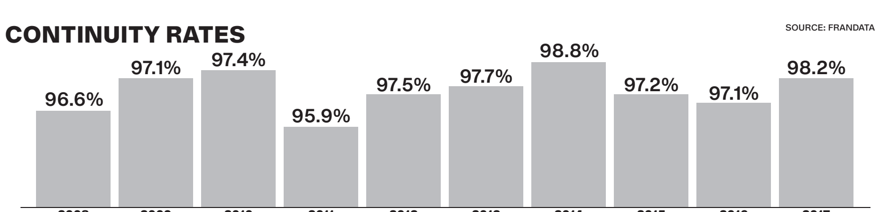


However, the full picture must include units that exited. Total franchised units in the U.S. declined in 2009, was flat in 2010, and started a modest return to expansion in 2011. There was a spike in closed units starting in 2009, but it was most pronounced in 2011. This delayed reaction is revealed in continuity rates, which bottomed in 2011.

The conclusion we can draw is that many franchisees hung on for a time after the end of the recession, only to lose the survival battle about 2 years later. We know from analysis of unit performance that stabilization (or failure to reach stabilization) of a new unit in the vast majority of industries takes from 2 to 4 years, which helps explain the delayed drop in continuity rates 2 years after the end of the recession as franchisors continued to expand just before and into the recession.

We also know now that the early stages of that recovery were made more difficult by a severe restriction on new lending capital flows. Further, franchisors were forced to devote considerable attention to underperformers, leading many to address chronic problems that had built up in their systems and a further reduction in units. The financial consequences were not felt only by franchisees. Franchisor financial performance also suffered. Measured in both management time and financial results, the costs associated with addressing underperforming franchisees are high.

The data suggest a trailing performance impact of 2 to 3 years after the end of a recession. Once through that period, the data further show that the franchise business model can handle faster growth with sustainably good outcomes.



DOWNTURN AHEAD?

Let's turn to where we are in the economic cycle. The economy's rise since the recession is the longest expansion since records were kept in 1857. Recessions are a necessary part of our economy. While difficult to experience, they have a cleansing effect on excesses that otherwise would create much worse outcomes. It's less important whether one is predicted than recognizing the likelihood of one occurring in the next 2 years. Economic growth has not been very robust throughout this expansion and has been gradually slowing for the past 2 years. Planning for next year and the year after should seriously consider the possibility of a slowdown. Set your growth goals accordingly.

WHAT'S AHEAD

If this data does nothing else for you, it should at least show you the potential implications of having aggressive goals when encountering economic headwinds. As we look ahead, one of the concerning facts is the rising number of signed, but not opened, franchise units. We are just starting to tally the 2018 numbers, but they are showing a continuation of the trend seen in the following chart:

We know many of the reasons for this, starting with site selection challenges. However, it seems reasonable to ask whether this represents another problem on the horizon that will have to be addressed. If the economy continues to weaken, will we see an uptick in canceled contracts? And what will the stakeholders noted above interpret that to mean about specific brands?

Planning is never easy, but it seems we are heading into a few years where the challenges of getting the plan right will be harder. Our barometer is the kinds of research questions our clients are asking us, and it is clear they are recognizing that tougher choices are ahead. ■

Darrell Johnson is CEO of FRANdata, an independent research company supplying information and analysis for the franchising sector since 1989. He can be reached at 703-740-4700 or djohnson@frandata.com.

The Four Pillars

Is your recruitment program working for you?

Written By
ART COLEY

ATTENTION! If you want more signings, make sure you're managing the right recruitment system.

To increase agreement signings and improve the quality of new franchisees, make sure you're managing a recruitment system and process with the essential components. I'd like to suggest that you think about building a winning recruitment program using the Four Pillars approach. Success requires proper implementation and execution in all four areas below. To determine where you may need to focus, consider the following elements of each of the Four Pillars.

Pillar #1: Lead generation. This is the top of the recruitment funnel! Long before any signing, a targeted number of individuals must raise their hands and be a little curious about your franchise brand. To do this most efficiently, you'll want to know your candidate profile, track the leads-to-candidate ratio, use the best channels, and make sure the messaging and positioning of your brand are extremely dialed-in.

Pillar #2: Pre-discovery. This pillar, sometimes referred to as "pre-engagement," is all about turning leads into candidates for recruiters. It's often the most ignored of the Four Pillars and gets very little, if any, attention from managers. Yet this is a gold mine phase and often delivers huge ROI on time invested. Don't overlook this pillar.

Pillar #3: Discovery process. You may have a different name for it, but this is the pillar where an individual agrees to become a candidate, and over weeks or months will "discover" whether your franchise is the right fit—and then decide on becoming a franchisee. Areas to manage are conversion between the steps, understanding the psychology of what's happening with the candidate, and extracting critical information such as timelines, decision criteria, and their "why." As the recruitment manager, if you have the metrics and analytics to guide you there shouldn't be any mystery on how well you're doing.

Pillar #4: Onboarding. "Why is onboarding a pillar?" is an often-asked question. The short answer is that a franchise company's success is not about getting agreements signed, it's about opening and developing successful units and creating winning franchisees. For that reason, a recruitment team needs to stay close to onboarding results and use that

data and information to adjust within the other three pillars. While the recruitment team isn't responsible for new franchisee performance, a smart manager knows that recruitment is massively less difficult when new franchisees are on track with results.

BUILD A SOLID FOUNDATION

Managing recruitment without having a strong foundation is like building a house on sand. Under the Four Pillars there must be a solid base. Foundational elements include proper diagnosing, strategy, planning, training, support, key metrics monitoring, best practices, industry trends, budgeting, HR, and more.

Business format franchising is about success through proven, documented systems and processes backed up with training, support, coaching, planning, best practices, key metrics, etc. By sticking with the spirit of franchising, along with using elements of the foundation and paying attention to the Four Pillars, you can improve or build a winning recruitment program.

Let's go to work! ■

Art Coley leads CGI Franchise. CGIF has helped franchise companies implement and execute repeatable and sustainable recruitment systems for over two decades through the Recruitment Operating System. Based in Temple, Texas, he works with brands worldwide. Contact him at 254-239-5411 or acoley@cgifranchise.com.

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