

# FRANCHISEUpdate

Business Intelligence for Growing Franchisors

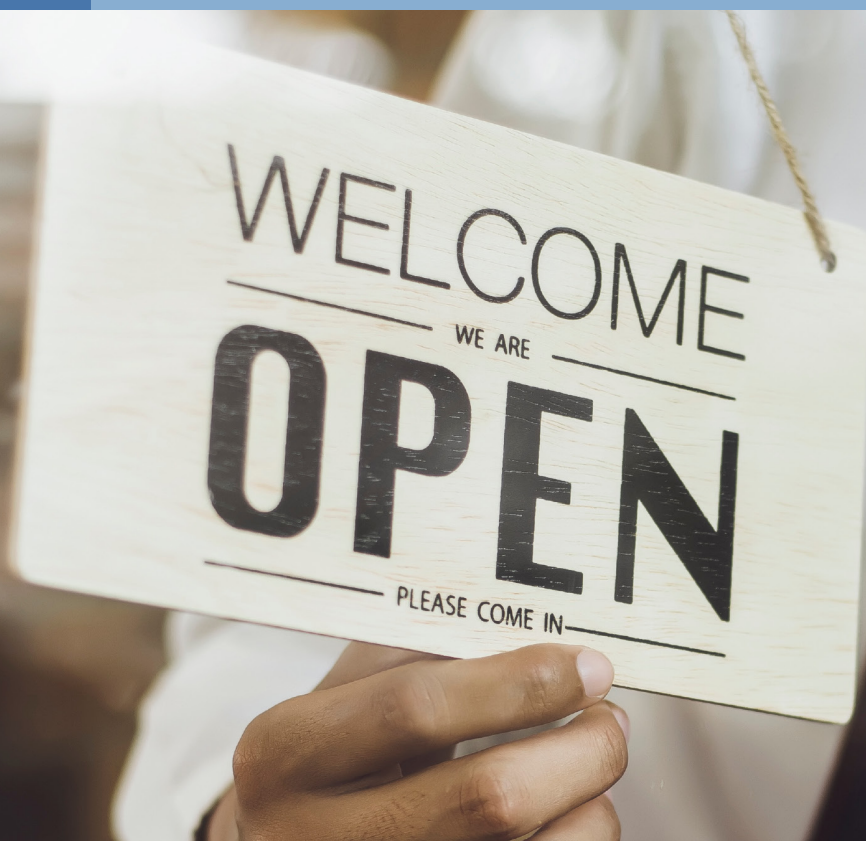
Q2 | 2020

COVID-19 SPECIAL ISSUE

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**SEND ARTICLE INQUIRIES TO:**

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**FRANCHISE UPDATE MAGAZINE IS  
PUBLISHED FOUR TIMES ANNUALLY**  
Annual Subscription rate is \$39.95 (U.S.)

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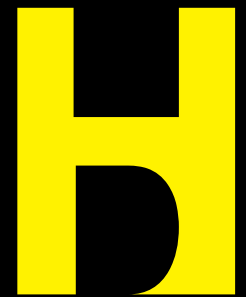
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## Franchising Comes Through Again, Making a Positive Difference in a Time of Crisis

By Therese Thilgen

Nothing I can recall in my lifetime can even approach what it's been like living through Covid-19 over the past months. The sheer number of people sickened by this scourge is difficult to comprehend, and the deaths heartbreaking. In the U.S. alone, the reported death toll was approaching 100,000 on Memorial Day.

Beyond the enormous human toll of this disease is the gargantuan cost to the world economy. Companies large and small have seen customer numbers dwindle as stay-at-home orders virtually shut down communities, ours included. Many, if not most, had to furlough or lay off employees as they shuttered stores and sought ways to stop the financial hemorrhaging from taking them under.

We know it will take time for most of us to recover, reset, and rebuild. But nowhere has the resolve, determination, and optimism of businesses been more evident than in franchising. Those in franchising are not content just to save their own skins – they look for ways to help those around them in their communities.

For almost four decades I have watched the franchising world step up again and again to provide solutions and aid in times of need. The franchise community always comes through with a spirit of innovation, dedication, and determination. Minor recessions? Franchising was there. 9/11 in 2001? Franchising was there. Hurricane Katrina in 2005? Franchising was there. The Great Recession of 2008? Franchising was there. You never have to look far to see those in the franchising world say, "We can handle this, and somehow we'll get through to the other side."

So it has really been no surprise at all during the Covid-19 outbreak of 2020 to see so many franchisors step in, and quickly, to help their franchisees by reducing and eliminating royalties, fees, and other expenses; franchisors working hard to ensure communication with their franchisees was maintained, if not increased; franchisors helping franchisees access PPP and other funding to help them stay in business; and the IFA working tirelessly to support franchising as a whole through this crisis.

Locally in communities everywhere, franchisees are doing everything they can to keep their doors open, their employees on the payroll, and to continue providing their products and services to customers. The spirit of innovation was thriving as restaurants began offering new or enhanced take-out, drive-thru, and pick-up services.

Perhaps most inspiring was seeing franchisors and franchisees step into the breach to help first responders and healthcare workers. Brands donated money and supplies, and franchisees donated products, services, and their time in their communities. I saw story after story of brands providing financial assistance, food, and other help to those working hard on the front lines of the pandemic. For me this is the true Spirit of Franchising.

As a media company and content provider involved in every category of franchising, we receive hundreds of press releases daily on the business of franchising. It's truly inspiring to see the number of franchisees supporting their local communities, even as they work limited hours with limited revenue. For a list of just some of what franchisees and their brands have been doing, see page 109.

Finally, a word about this special Covid-19 issue. For the past 2 months we have been compiling Q&As with franchise CEOs, CDOs, CMOs, and multi-unit franchisees. For this all-digital issue we have included selected responses from all sectors and sizes of franchising. We've also included some of the best thinking from our Covid-19 Report biweekly newsletter. We hope it's helpful, useful, and sheds some light in a dark time.

I know the human spirit will endure as it always has, and that we will get through this pandemic as humanity has done so many times before. And I'm proud to be a part of the global franchising community, which I know will always be here to do our part.



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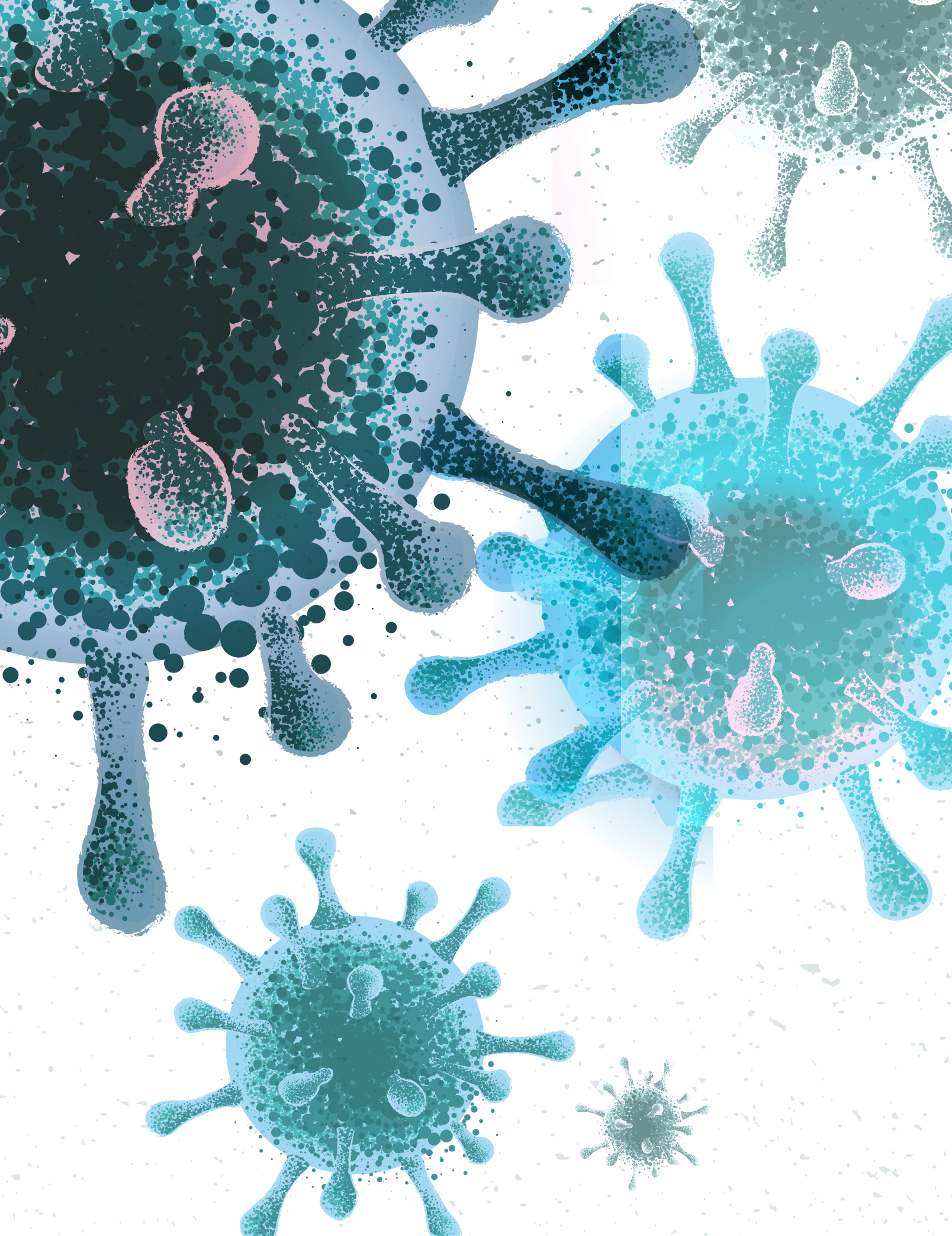
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# OUR SPECIAL COVERAGE OF THE COVID-19 PANDEMIC

began in early April with the first issue of the Covid-19 Report, a biweekly newsletter providing franchisors, franchisees, and suppliers with relevant and useful news and advice. We asked franchising's best and brightest for their thoughts on how to survive the coronavirus and come out the other side in the best shape possible. Topics included franchise finance, development, leadership, marketing, operations, supply chain, real estate, and reopening – as well as the genuine care and compassion that franchisors and franchisees displayed in their communities throughout. What follows are selections of those articles, sorted by category. Some of the information in the articles may be dated, but we think the advice and thinking they contain remain relevant today as the country begins to reopen – and, we hope, remains open.



# IFA

## Franchising's Best Resource for Recovery, Reopening, and More

Written By  
**CATHERINE MONSON**



I have been in franchising as a franchisor for more than 30 years and have been involved with 8 brands. Many of my best friends are franchisees. I love franchising! I have personally witnessed franchising help thousands of families by creating jobs, generating economic output, and building wealth.

I am CEO of Fastsigns International, the largest signage and visual graphics franchisor, with more than 740 locations in 10 countries. I have been on the Board of Directors of the IFA since 2007 and am currently Chair of the IFA. Brands I have been involved with previously include Sir Speedy Printing Centers, PIP Printing, MultiCopy, Copies Now, and The Learning Experience. I mentor many in franchising.

Never in my career or my lifetime have I encountered anything close to or as devastating and all-encompassing as this Covid-19 pandemic. While the vast majority of Fastsigns centers have been deemed essential businesses as they provide safety, directional, and other necessary signage for essential businesses, our franchisees have experienced significant sales declines. As a franchisor, this means we have experienced significant revenue declines as well. (Since rules vary by country, state, province, county, and city, about 5% of our franchisees have been temporarily closed during the pandemic.)

I also am on the board of two other franchisors: Big Blue Swim School and Brain Balance Achievement Centers. As with franchises in the many, many other brands deemed "non-essential," Big Blue Swim School and Brain Balance franchisees have been completely closed during this time. The challenges faced by those brands – franchisees and franchisor alike – are close to devastating. The suppliers that sell products and services to franchising are also experiencing significant challenges. It has been rewarding and inspiring to see the franchising community pull together and share ideas, suggestions, and methods to get through this crisis. Franchising is similar to a family: we are all in this

together. The IFA has been instrumental in facilitating and coordinating these efforts.

Many of us in the franchise world think of the IFA for the help it provides our business development. We think of lead generation for potential new franchisees, webinars on business operations, or the IFA Convention, with its days of events, workshops, and networking. That's all true – and all of that is important – but the IFA's strongest assets may be its advocacy work and its ability to quickly respond to the needs of its members by creating content to help navigate this pandemic.

That advocacy work isn't always visible, and it isn't always top-of-mind for many franchise systems, but it has the most outsized impact on franchise operations. Over the years, I've been lucky enough to have a front row seat to this advocacy work, both as an IFA Board Member and now as the IFA Chair.

The IFA quickly created webinars – sometimes two and three a day, every day – to help members quickly respond to the business challenges Covid-19 brought.

The past few months have reminded me of that old, apocryphal Chinese curse: may you live in interesting times. When I started as IFA Chair in February, it is safe to say no one imagined that franchising would soon face a global pandemic, record unemployment, and mandated business closures. These are interesting times indeed – but just as every cloud has a silver lining, the pandemic has shown the importance of IFA's advocacy and government relations work and its ability to quickly set up content to help franchisees, franchisors, and supplier members.

Whether through PPP loans and increased franchise liquidity, favorable regulatory changes across the country, or moving toward a structured reopening, IFA has been front and center to ensure that the laws coming out of Washington and state capitals benefit franchises. Finding the right speakers to provide value in [webinars](#), recording

them all, and setting up the site has provided benefits for all IFA members.

### PPP LOANS

Over the past six weeks, Congress has allocated some \$670 billion to the Paycheck Protection Program (PPP), which is designed to help small businesses make it through the pandemic and keep employees on payroll to the extent possible. While the program isn't perfect – the loan structure needs changing, and provisions like the 75%/25% split on payroll and other expenses simply doesn't work for many businesses – it can be a tremendous benefit for franchise businesses.

You certainly know that franchises are eligible for PPP loans – you may not know how. During the bill negotiation process, the IFA secured an "affiliation waiver" for franchises. That means that individual franchise owners can receive funding. Without that IFA action, individual franchisees would have been barred from this funding.

IFA's work also fixed the Qualified Improvement Property (QIP) error in the tax code that could have made it prohibitively expensive to renovate or improve franchise locations. That change saves franchisees significant amounts of money.

The CARES Act shows that IFA's advocacy helps your bottom line.

### REOPENING

Across the country, Americans are ready for a safe return to normal. That is felt even more acutely in franchise businesses, many of which are still totally closed because of "stay-at-home" directives.

IFA has been heavily involved in guiding the reopening process in Washington. As part of the President's Great American Economic Revival task force, the IFA released the [Franchise Reopening Blueprint](#), a sector-by-sector guide with best practices for business operations to ensure employee and customer safety.

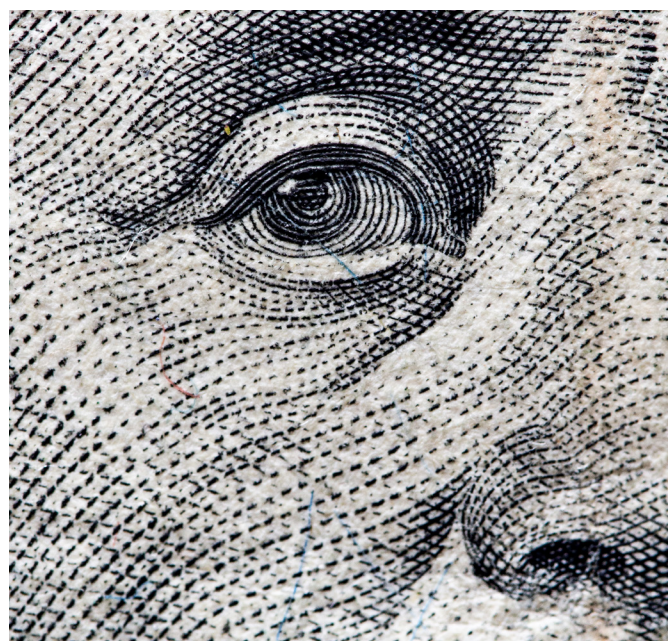
These guidelines are the product of cooperation between franchise leaders and because of the IFA's involvement in the White House reopening task force, and will help guide the administration and states as they create policy regarding business reopenings.

This means that as states and the federal government lay out guidelines, they'll have the needs of franchise businesses front and center.

### LIABILITY

Reopening also presents new risks. The threat of unfounded lawsuits is top-of-mind for franchisors and franchisees across the country – and with good reason. The plaintiff's bar has already filed thousands of lawsuits and is running ads looking for new plaintiffs who can allege they were exposed to Covid-19 at your business.

IFA has been working with Senate leadership to draft a bill ensuring that businesses that make a good faith effort to follow reopening guidelines won't be subject to unfounded lawsuits. It's likely that Senate Republican leadership will unveil their proposal soon, and this is likely to be the basis of any new law Congress approves. And we will be asking



you to write your members of Congress on this topic when the time is right.

So what does this mean? It means that franchising is at the table (not on the table) when Congress is discussing liability reform and other important issues – thanks to the efforts of the IFA and its fantastic Government Relations staff – and thanks to you, our advocates who activate when we ask.

### BUSINESS GUIDANCE

IFA's value isn't just changing policy to benefit franchises, it's also helping franchises implement these changes. Since the coronavirus crisis started, IFA has hosted dozens of webinars for members on every aspect of business operations, from multi-unit best practices to crisis communications to loan applications.

On top of that, IFA has hosted telephone town halls with franchisees and their elected officials – more than 75 so far, with more every day. These allow for franchisees and franchisors to speak directly with their elected officials, ensuring that elected officials know what franchise businesses really need.

All of this information is available online on the [IFA's web-site](#). It's chock-full of fact sheets, FAQs, and other resources for IFA members. Not yet a member and want to join to get all of the benefits? Contact Paul Rocchio at [procchio@franchise.org](mailto:procchio@franchise.org).

### GET INVOLVED

IFA membership opens a world of opportunity. It puts you at the cutting edge of the franchise world's latest information, best practices, and policy changes. IFA's advocacy success means that many of the policies coming out of Washington are designed to help franchises.

If you're not already a member, join IFA. If you are, get involved! Get active in the [Franchise Action Network](#), participate in webinars, and attend virtual events. It's an investment in your own success! ■



# 7 COMMON MISTAKES LEADERS MAKE IN A CRISIS; OR WHAT NOT TO DO DURING COVID-19

Written By  
**NIAMH O'KEEFFE**

## **1. TRYING TO CONTROL THE SITUATION**

There is no rule book for a crisis like Covid-19. Rather than trying to control this situation, or feeling overwhelmed by lack of control, try to shift your focus to developing a new leadership skill: the ability to rapidly evaluate an evolving situation and respond with compassionate, creative, and collaborative solutions. In our leadership lifetime the world has never suffered a global pandemic, so this is new and uncharted territory. The closest experience leaders have is the most recent global economic recession, and already we see government and leaders quickly accessing that experience to tap into resilience and lessons learned. When the time comes, we will look back on this too, and learn the lessons and build our contingency plans accordingly.

## **2. NOT STEPPING BACK TO SEE THE BIGGER PICTURE**

There is growing pressure on governments to exit lockdown and help the economy “get back to normal.” However, this emphasis on returning to “normal” implies that we think we can go back to where we were. We cannot. It will not be as simple as that. Leaders must step back and see the bigger picture, acknowledge the severity of both short- and long-term business economic fallout from Covid-19 and try to pivot their businesses accordingly to an adjusted or new set of products, services, and delivery platforms. It might help to think of pre-Covid-19 as “normal,” the current crisis as the “new normal,” and post-Covid-19 as the “next normal.”

## **3. NOT COMMUNICATING ENOUGH**

In any crisis it is important to communicate more regularly and more often, because people want more reassurance and information than usual. Set out how regularly you plan to be in touch, and stick to your schedule. Don't wait longer than a week for your employees and key stakeholders to hear from you. Otherwise you create a vacuum of silence that will inevitably be filled with unhelpful, fear-led rumors. Never cancel any planned communications events. Even

if there is nothing new to share, stick with the planned session to let people know there is nothing new to communicate yet, but you're still concerned about their welfare. Take the opportunity to be encouraging and explain what plans are in place to continue working on solutions.

## **4. NOT DECENTRALIZING DECISION-MAKING**

Centralizing decision-making in a crisis like Covid-19 is a mistake because, although the pandemic is global, it is occurring at different rates in different regions and countries. Allow regional or country heads to establish their own responses. Give clear direction to your teams on the key priorities, but decentralize decision-making and empower local teams to respond on how to deliver on those key priorities as they see appropriate, while still staying accountable to the big-picture purpose and values of the organization. However, just as individual team members should not isolate from one other, don't let the team distance itself from the rest of the organization and what is happening at headquarters and around the nation or world. Ideally, different regional and country teams can be leveraged to help each other through the worst parts of this crisis.

## **5. NOT ACCESSING THE EXPERIENCE IN YOUR ORGANIZATION**

Allow space for everyone at every level to step up and play their part – and be open to their ideas and resourcefulness. It will be interesting to notice whether members of your diverse and minority groups will be the ones to make the greatest contributions because of their inbuilt resilience and life experience of responding to situations where the odds are stacked against them. It is not that long ago when businesses had to respond to a sudden global economic recession – and I can see already that leaders who went through that experience are tapping into that resilience and reflecting on the lessons they learned, what worked well, what didn't, and are deploying tactics accordingly.

## 6. MISSING THE OPPORTUNITY TO BOND WITH YOUR CUSTOMER AND COMMUNITY

Lack of transparency would be a mistake. This crisis is happening to all of us and there is nowhere to hide. Let your customers know that the team may be working remotely, but that your franchise remains committed to excellent customer service. Explain that we are all in this together and we will all come through this together. There is nothing more bonding than working with your customer in a transparent way during a crisis and coming up with solutions together. Beyond customers, businesses have an opportunity to show what they really stand for, and show their support to the community suffering around them. What resources does your business have that you can redeploy for the benefit of those less well-off during this crisis?

## 7. MOVING TO REMOTE WORKING WITHOUT A HOLISTIC EMPLOYEE ENGAGEMENT STRATEGY

It is a mistake to think that it is business-as-usual for employees working from home. Employee stress and burnout should be a concern as workers grapple with the healthcare implications of Covid-19 on loved ones, and their requirement to work from home while other members of the family are home-schooled and their partner also is working from home. Develop a holistic employee engagement strategy to support the emotional and social health of your people – from employee assistance programs to leaders hosting virtual coffee informal check-ins. No one should be expected to be superhuman and deliver the same 100% rate of output during a global pandemic and state or country lockdown. This goes for you too. As a leader, you are not superhuman. Remember to take care of yourself, as well your people. ■

**Niamh O'Keeffe** is a corporate leadership advisor and author of *Future Shaper: How Leaders Can Take Charge in an Uncertain World* (2020). Contact her at [niamh.okeeffe@ceoassist.com](mailto:niamh.okeeffe@ceoassist.com).

# 3 Things To Do Right Now as an Entrepreneur

Written By  
**PETER DIAMANDIS**

[Editor's Note: This article originally appeared on the author's blog. For more of his thoughts on Covid-19 and business in general, [click here](#).]

In the midst of this global pause, during which many of us are under lockdown in our homes for likely 60 days, this is a perfect window to do the following 3 things when business ramps up again.

## 1. REINVENT YOUR BUSINESS

- There are two key pieces of advice here: First, if you haven't digitized your business yet, now is the time! Figure out what processes, assets, products, or services you (or your company) currently implement in an analog fashion and figure out how to digitize them. Once you digitize them, you'll be able to dematerialize, monetize, and democratize your products and services.
- What does this mean? The digital camera digitized film. Netflix digitized Blockbuster. Google digitized the library. And Zoom is digitizing in-person meetings.
- Second, if you have a product or service that is not doing well, *now is the time to kill it*. Once you bury it, you can then take resources – cognitive, monetary, and human capital – and focus them on a digitized version of what you're delivering.

## 2. REINVENT YOURSELF

Sixty or 90 days of "sheltering at home" is enough time for you to create new habits and traditions that will stick with you for the rest of your life. Consider habits that serve your health, which in turn aid in strengthening your immune system, now a global focus in the epidemiology spotlight.

- **Sleep.** Maintain a regular sleep schedule, where you're getting at least 7 hours and targeting an optimum of 8.
- **Exercise every day.** One app I highly recommend is the [Johnson & Johnson 7-Minute Workout](#), and it's free!
- **Meditate.** By creating and maintaining a meditation practice, you'll see a considerable reduction in your cortisol levels, thereby reducing stress on your immune system. I often use neuroscientist [Sam Harris's app](#), or [Calm](#).
- **Diet.** Right now, I'm heavily focused on intermittent fasting, focusing my eating between about 4:30 p.m. and 8:30 p.m., and fasting the majority of sunlight hours. I'm doing

this 5 days a week, but even doing this one or two days a week is highly beneficial. The data is clear: intermittent fasting increases vitality, energy levels, and mental clarity.

- **Family traditions.** How about creating new traditions with your family? What conversations have you never had with your brother, daughter, spouse, or your elderly father that could teach you something new about them? Craft new traditions, engage in storytelling, and be intensely curious. Odds are you'll uncover surprising experiences, opinions, and wisdom you never knew someone had.
- **Quit smoking.** Finally, if you're a smoker (or vaper), now is the time to quit. There's never been a better excuse to hunker down and stop the habit (particularly as it increases the severity of a Covid-19 infection).

## 3. LEARN NEW THINGS

It always stuns me that the vast majority of us let years and even decades pass without ever discovering subjects or hobbies we have a natural affinity for. Whether it's architecture or astrophysics, learning new things isn't just a temporary activity. It's an invaluable ritual that keeps us cognitively sharp and turns us into lifelong students. Pick 3 books you've had on the back burner to read now. Or dive into an online course that covers a technology you know nothing about. (If you're a member, my [Abundance Digital](#) portal spans everything from 3D printing to virtual and augmented reality, and includes digital coaching from me.) Or find a docuseries on a totally foreign subject matter.

## THE VITAL IMPORTANCE OF MINDSET

Your mindset is everything! A negative mindset will never lead to a positive life. The human brain is wired to look for danger. And when we see danger, it puts us on red alert, clouding our mindset.

Consider taking a diet from the news (or viewing it in moderation). Instead, focus on the positive things, like gratitude, or your ability to reinvent your business and build new skills. We live in a time when we can solve many problems, and our collective action in tackling this pandemic is giving rise to tremendous resilience.

In the weeks ahead, I hope you maintain your safety, health, and an abundance mindset. I truly believe we are heading toward a hopeful, compelling, and abundant future for humanity. ■

## WITH DEEPEST GRATITUDE, PETER

**Peter Diamandis**, named by *Fortune* as one of the "World's 50 Greatest Leaders," is the founder and executive chairman of the Xprize Foundation, which designs and operates large-scale incentive competitions. He also is the executive founder of Singularity University, a graduate-level Silicon Valley institution that counsels the world's leaders on exponentially growing technologies. He has started more than 20 companies in the areas of longevity, space, venture capital, and education, and is a New York Times best-selling author. His newest book, *The Future Is Faster Than You Think*, was released in January 2020.



# What Franchise CEOs Must Do To Lead for Success During Covid-19

Written By  
**CHARLES BONFIGLIO**

**W**hen you're the leader of an organization, you have a responsibility to the people who follow you. You have to provide a clear plan for success, calmness in a time of uncertainty, and a positive outlook, no matter how you're feeling yourself.

When you're the CEO of a franchise brand, that responsibility is magnified. You have your headquarters staff, your franchise location owners, and their employees to guide through challenging times. With the Covid-19 pandemic, franchise leaders everywhere have been called upon to step up their game like never before, and their job isn't done yet.

Here are four of the challenges and opportunities franchise CEOs are facing during this time.

## 1. DIFFERENT PEOPLE, DIFFERENT NEEDS

- A franchise's Covid-19 response is not going to be one-size-fits-all. You have locations in different areas of the country with different levels of impact, from the illness itself to government lockdown orders.
- In addition, you have location owners at different levels in their business. There are people who have been in business for years with plenty of reserves saved up and a solid, reliable staff behind them. And then there are franchisees who were just starting out and learning the ropes when the pandemic hit.
- All of the people within your organization need different methods of protocol, support, and communication. The best CEOs are tailoring these messages – and support for what people actually need – not just sending out cookie-cutter missives.

## 2. LEVERAGE THE TEAM

- The benefit to being in a franchise network at this time is that no one is in it alone. Everyone, from location owners to the CEO, can rely on the team for input, advice, and support. Great CEOs are relying on their professional staff to address the needs of the system and its franchisees, putting their expertise to work for the location owners.



- But headquarters isn't the only place support and advice can come from. Location owners can network with each other, benefitting from each other's experience and getting support, advice, or even just sympathy.
- In times like these, this level of teamwork and camaraderie is where a franchise system really shines, and a great CEO will know how to facilitate that idea-sharing to everyone's advantage.

## 3. FIND NEW OPPORTUNITIES

- A forward-looking franchise CEO isn't trusting business-as-usual to bring success during and after Covid-19. The best leaders are identifying new opportunities that will arise during this time. While some products and services will always be needed, consumer wants and needs will likely be changed forever by this experience.
- A great CEO is one who is looking ahead, projecting a year down the road, and bringing in products, services, and procedures that will expand the brand in the new normal. They're taking advantage of any slow time or closures to train their location owners and staff on these new offerings. They're leading the charge on continuing to grow instead of stagnating.

## 4. DON'T JUST SURVIVE – THRIVE

- Right now, the best franchise networks are using every tool at their disposal to come out of this pandemic in a better situation than they were in before. This pandemic won't last forever. It will pass, and business will continue. But the difference between surviving and thriving in what comes next boils down to staying positive, being flexible, and planning for a bright future. ■

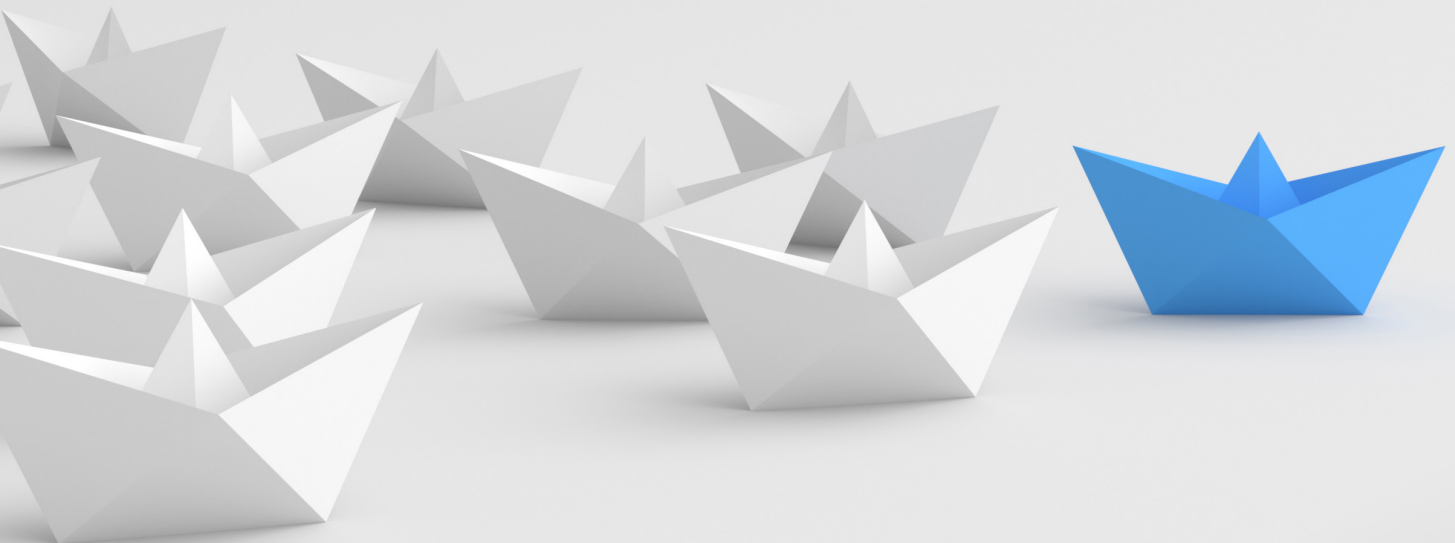
**Charles Bonfiglio** is president and CEO of [Tint World](#), a provider of automotive, residential, commercial, and marine window tinting and security film services. With Automotive Styling Centers in the U.S. and abroad, each franchise location houses approximately 20 profit centers, ranging from in-store accessory installations to offsite sales and installation.

# STEPPING UP IN A CRISIS

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Leaders Set the Tone for  
the Entire Organization

Written By  
**JOHN DIJULIUS**



**H**ow we lead right now says so much about us. In times of adversity and change, we really discover who we are and what we're made of. One of my favorite quotes is *"Tough times don't build character, they reveal it."*

You can't pick and choose when you want to lead. We didn't choose to become a leader because it was always going to be easy. We wanted to be the person who others could count on to take control, who could handle and navigate through any situation no matter its size. Now is the time to step up. Your employees are counting on you. They believe in you.

It is imperative to confidently show all our employees that this is temporary and *will* pass. We need to appreciate the anxiety and stress every employee, fellow leader, vendor, and customer is having during these difficult times. Morale is bound to be low, and we need to do our best to reduce their fear and anxiety.

I personally have found that I am at my best when my companies and I are being challenged or fighting for survival. In a strange way, I am actually comfortable with and become more energized by the obstacles in our way. That is my nature. While the others are panicking and making short-sighted decisions, my confidence level increases.

I act like I have been waiting for this day; like I knew it was coming and we are poised and ready for it. Everyone in our company is in the best place they could be. We will not only survive; we will thrive as a result.

### **NOW IS NOT TIME FOR YOUR "BEST"**

This may sound mean or unsympathetic, but one of my least favorite sayings is, "I gave my best." To me, it is an unacceptable crutch. I don't want to hear it. My personal feeling is this: when the goal is to accomplish greatness, to go where no one or team has gone before – your best won't be good enough. Your best is what you were capable of in the past. You have to figure it out, try a thousand ways, and if need be try another thousand ways, innovate, lose sleep, get around it, find loopholes, research, sweat like you never have before.

Every extraordinary accomplishment, invention, or revolution was not a result of someone giving their best. Somehow that person or group found a way to do what no one else could do. They did the impossible. They did what no one had ever done before.

### **COMMUNICATE LIKE NEVER BEFORE**

Social distancing doesn't mean social isolation. More than ever, your employees need to hear more from you – and not just through emails and texting. Call them, have biweekly Zoom calls. I love what Verne Harnish said in a recent blog: "I strongly suggest your #1 KPI this week is how many minutes of talk time (not texting) you get with colleagues, advisors, friends, and extended family each day – dramatically up your talk time." I highly recommend signing up for [his weekly insights](#).

Two months from now, not one employee will complain by saying, "My boss was so annoying." In all our communication,

we must be 100% transparent, especially with our team. Make sure your employees know the sacrifices everyone is making, including the company – tapping into lines of credit, cutting executives' salaries, etc. While we don't know when or how soon "normal" will return, let them know your short- and long-term strategies. (Also see this blog by Jess Pischel, [How To Increase Morale and Collaboration Virtually](#).)

### **REFER TO YOUR CORE VALUES**

Also to your mission, purpose, and service vision statements. This is why you created them: these are the foundation of what your business was built on. Pull them out, talk about what they mean during times like this. Walk the talk and constantly be sharing examples of how your people are modeling them through times like this.

### **THIS ISN'T HAPPENING TO US, IT IS HAPPENING FOR US**

Find the gift. When our leadership team originally met to discuss how to address ways we were going to handle this pause in our business, I will be honest, I was prepared to talk about how to reduce the financial strain on the company and the potential of reducing payroll. However, something that came up in our conversations were all the great initiatives and ideas we have come up with in the past that we have never had the time to develop. These ideas and innovations are critical to the evolution and growth of our brand – new revenue streams, better processes, education, training, products, etc. – stuff we should have done years ago, that by not having done them has hurt the potential growth of our business. This actually got me excited that we can use this time in such a positive and productive way so when we return to business as usual, we will be in so much better shape. To the point, I believe that by 2021 we will be significantly better positioned for growth than if the crisis had not taken place.

### **WHAT ARE YOU DOING TO BE SMARTER THAN YESTERDAY?**

I ask this question every week to my customer experience consultants. What are you learning in your area of expertise to make you smarter today than you were yesterday, to ensure you are the smartest person doing what you do? Now more than ever we have the time. Whether you are working virtually or temporarily not working, you need to invest in yourself and your future. What books and articles are you reading? What podcasts are you listening to? What videos are you watching? This is the #1 way you are going to innovate, reinvent yourself and your business. You should be spending a minimum of *2 hours per day* consuming valuable information.

How can you capitalize on this time and position yourself and company to be better for it? ■

**John DiJulius III**, author of *The Customer Service Revolution*, is President and Chief Revolution Officer 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](mailto:info@thedijuliusgroup.com).





# FRANCHISE DEVELOPMENT

## Now Is the Time To Prepare a Post-Covid-19 Plan

Written By  
**JEFF STURGIS**

Covid-19 has affected every dimension of the U.S. economy including franchising, and within franchising, the development function specifically. Whether you are an established or mature franchisor, a growing franchisor, an emerging franchisor, or a startup concept, franchise development has changed. Some of these changes will be short term and revert to normal once the crisis passes, while others are systemic and will be long-lasting. Understanding what these changes are – and how to adapt to them – is critical to the future growth of your business.

To be ready to move forward quickly and effectively with franchise development when the economy reopens, it is advisable to prepare a strategic readiness plan centered around answering the following questions:

- What is the gap between today and how you were operating pre-Covid-19?
- How will you need to operate post-Covid-19?
- How will you get there?

### **EVERYTHING MUST BE UP FOR CHANGE**

Conduct an assessment of your franchise development practices and prepare a plan that you are ready to execute once your business is allowed to reopen, fully or in part. This assessment must be an honest self-evaluation of your business, at both the franchisor and franchisee level, and cover all areas of your development function.

This means your franchise recruitment activities, your sales process, your ideal franchisee profile, your FDD, your practices for identifying and securing locations and territories, your prototype, your team, your processes and procedures, and, ultimately, your goals and projections for new sales and new openings. All of this is up for discussion now and should be looked at with clear eyes and a bias toward change.

A great place to start is to ask yourself a few questions like the following:

- What would I do differently if I were starting all over again?
- How has my business changed?
- What assumptions was I making before Covid-19 that are no longer valid?
- What assumptions am I making now about life after Covid-19 – and what happens if those assumptions prove wrong?

### **ALIGN WITH ALL DEPARTMENTS**

These questions must be asked across all of your development activities – and across your organization so that going forward you can ensure alignment between development and the rest of the organization. While there was always pressure on the development team to generate new franchisees and unit openings, that pressure could very well increase, now that franchisors have suffered a drop in revenues from loss of royalties to fewer or delayed new openings.

The risk here is that this pressure could lead to exacerbating the same mistakes that have plagued many franchisors for years: choosing the wrong franchisees, sites, and territories to achieve short-term objectives. Don't let that happen. Take the time now to assess your business and build a plan for long-term success. ■

**Jeff Sturgis** is Founder and President of Franchise System Advisors, a strategic consulting and advisory firm focused on a franchisor's long-term, sustainable success. Reach him at 954-205-7351 or [jeffsturgis813@gmail.com](mailto:jeffsturgis813@gmail.com).

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Hello! Will you be open this weekend?

Thanks for reaching out. We are currently closed, but will get back to you soon. To protect our staff and customers, we've adjusted our hours to 12 p.m. to 4 p.m. M-F. We appreciate your continued support during this time!

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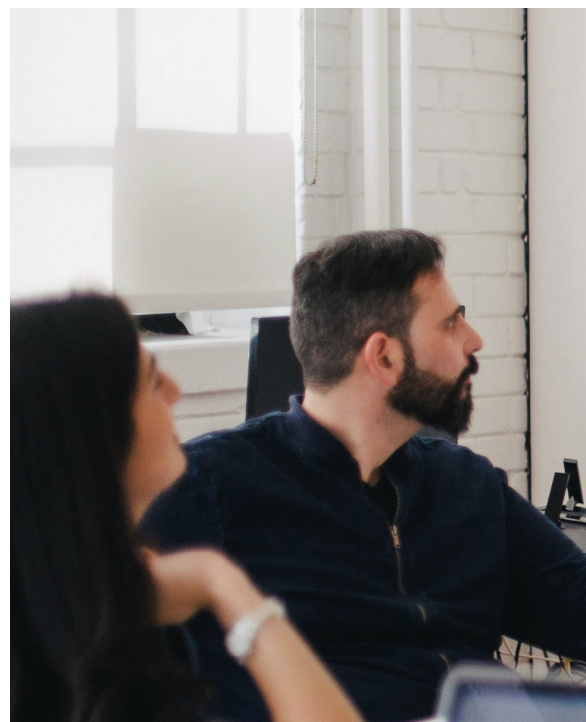


Learn more about how to use texting during the COVID-19 crisis at [Zipwhip.com/COVID](https://zipwhip.com/COVID)



# HOW (AND WHY) TO ESTABLISH A POST-COVID-19 PROACTIVE RESALE PROGRAM

Written By  
**GRANT KREUTZER**



**A**s the coronavirus pandemic reshapes consumer buying habits and franchisors pivot their strategies to remain relevant, it's critical to optimize resale programs given a potential acceleration in transfers. Here are the best practices for establishing a proactive resale program that can help lead a franchise system through the economic crisis and beyond.

In the best of times, franchisees sell for a variety of reasons: retirement, diversification, or to exit underperforming locations. Brands sell company units to raise cash to fuel innovation or to support franchise growth. Given the extreme market changes under way, a formal resale program actively assists buyers and sellers in completing transfers aligned with post-pandemic growth plans.

If franchisors react to transfers by relegating tasks to legal, administrative, or operations staff, they risk losing a significant opportunity to accelerate strategic brand pivots to survive the crisis. Proactive resale programs effectively realign market growth plans, deal with persistent unit underperformance, encourage franchisee collaboration through mentorship, and even motivate consolidation or partnerships between franchise groups. Potentially, such resale programs can yield a future franchisee base capable of maintaining and growing their businesses, adopting innovative brand strategies, and collaboratively testing and exploring new ways to compete as the brand rebalances the on-site versus at-home customer experience.

## HOW TO START

Where does a chain start to develop a proactive resale program? First, build the program on a foundation of data analysis composed of key market and franchisee performance data. The data will show which franchisees can grow

and who should consider exiting the system – identifying potential buyers and sellers. Analysis starts by ranking unit-level financial and operational performance data by franchisee and market. Typical data includes franchisee EBITDA, post-debt cash flow, sales trends, adherence to brand standards, reinvestment in the business, and customer feedback. The rankings will show which units and franchisees outperform and underperform the median.

## DEVELOP A TEAM

Next, establish a market planning team composed of franchise experts in financial analysis, real estate, operations, and marketing to review the results and assess growth opportunities and challenges segmented by franchisee and market. Develop an improvement plan for underperforming units in collaboration with franchisees. Monthly milestones help track initiatives and results. While franchisees implement improvement plans, the brand's franchise business development experts (managing franchise recruitment, transfers, and acquisitions) engage underperforming franchisees to consider ways to reduce high rent or debt costs. The team can explore if short-term royalty reductions linked to improvement plan achievements might assist or motivate these franchisees to reach their goals.

Early plan results will show which franchisees can: 1) grow, 2) maintain what they have, and 3) consider exiting the system. A formal resale program engages franchisees to see what path they will take. In the event a franchisee decides to leave the system, offering a formal resale program connects buyers and sellers to complete transactions and stabilize the chain.

## SETTING THE PRICE AND MAKING THE DEAL

It can be challenging for franchisee sellers to determine a





purchase asking price. They must navigate the complicated business valuation process (considering business assets, operating cash flow, current market demand) and reconcile a buyer's future debt limits based on the unit's current cash flow and fixed costs, slowing the transfer process. Franchisors can take an active role in educating sellers on minimum franchise approval standards, debt limits, refer potential buyers, and even streamline the process further by negotiating a deal using a purchase option agreement. The agreement establishes a purchase price and determines whether the buyer or seller will pay for business obligations, such as remodeling or facility investments. The franchisor can assign the negotiated purchase option agreement to approved buyers within 180 days, typically alleviating the burden on the seller. Franchisees focus on maintaining and improving their locations while the franchisor sources approved buyers and assigns an already negotiated deal.

With a signed purchase agreement, buyers and sellers must complete the franchisor's transfer process. A "Buyer's and Seller's Guide" is the easiest way to communicate the next steps, including buyer application and approval, FDD delivery, training, financing, facility inspections, and closing. Franchise approval standards clearly outline a buyer's minimum qualifications and provide guidelines on transaction approval details such as debt limits. Also, list third-party service providers as additional resources, such as business brokers, merger/acquisition advisory companies, business valuation firms, and lenders. Make sure resource listings include at least three providers in each category. The providers will need to acknowledge approval standards and agree to follow the transfer process.

Finally, before implementing a new program, explore the benefits of using a customer relationship management (CRM) system such as Salesforce or FranConnect. CRMs help manage the administrative functions, track cross-functional communication, deadlines, and legal compliance throughout the resale process.

### SUMMARY

In summary, a proactive resale program enhances the transfer process and drives franchisee engagement. The franchisor helps their system adapt and stay competitive during the crisis by taking the lead to analyze franchisee performance data and assist franchisees with resources for improvement. In the event franchisees seek an exit, franchisors can help market the resale of their business by using a purchase option agreement. Growth-oriented franchisees can acquire units and simultaneously take part in strategic brand pivots.

Perhaps in the future, we'll recognize the pandemic as the catalyst that tipped the balance, resulting in a revised retail landscape – one with more drive-thrus, more walk-ups, and more at-home deliveries. Flagship retail locations may remain as the unique, curated, and coveted brand experience sought after by the most loyal customers. When a formal resale program manages the transfer process proactively, it will align all stakeholders to enable this adaptation to happen. ■

**Grant Kreutzer** serves as a strategic franchise business development advisor with nearly 20 years of experience launching brands' franchising and resale programs, including refranchising company units. Contact him at [grantkreutzer@gmail.com](mailto:grantkreutzer@gmail.com).

# FRANCHISE DEVELOPMENT DURING COVID-19, PART 1

## The View from 50,000 Feet

Written By  
**JUSTIN MINK**

In a time when each day feels like a decade, planning for long-term growth is a luxury that few franchises can afford. Franchise development leaders, however, live in the future. Expansion takes planning, forward-thinking strategies, and months (sometimes years) of fine-tuning execution and building relationships with the right types of candidates.

Given the urgency of today, versus the ongoing imperative to plan for tomorrow, development teams across franchising are scratching their heads and thinking, “What now?” And, more importantly, “What do we do?” Thankfully, the answers lie in the data, which shows strong signs of a silver lining on the edge of these dark storm clouds. Based on an analysis of macro market conditions, buyer sentiment, and proprietary data from more than 50 digital franchise lead generation campaigns, it appears that the Covid-19 pandemic may very well produce a strong tailwind for the future of franchising.

In this part one, we’ll take a look at the larger market dynamics in an attempt to listen to the signal amid all the noise. Part two will focus on before/after lead volume and cost-per-lead data produced by Scorpion marketing campaigns on behalf of those 50-plus franchise brands through the month of March, along with some insights that could very well help your franchise chart a path toward a bright future. Let’s dive in.

### A LOOK AT THE DATA

There is no better resource for the latest market data than Google Trends.

In an age where our smartphones may as well be superglued to our hips, Google is a modern-day oracle showing us what folks care about and how those interests are trending. Whether a searcher is motivated by years of dedicated franchise opportunity research, or they received their pink slip this morning, information about new career and business ownership opportunities is just a click away.

Looking at the most recent Google search trends (focused on the United States), and accounting for typical seasonal trends from years of accrued data, interest in the most popular terms used by in-market franchise candidates (like “buy a franchise” and “owning a business”) are holding steady. After experiencing a sharp dip in early and mid-March, interest spiked again near the end of the month and has continued to rise in early April.

Broadly speaking, since remote work became the norm and a [record 10+ million Americans filed for unemployment](#) over the past several weeks – a mind-boggling 3000% increase compared with early March (though the U.S. had been experiencing record *low* unemployment previously) – online usage is way, way up. Facebook reported that [usage was up 50%](#), while the world’s largest Internet provider (AT&T) said that overall [Internet traffic increased by more than 30%](#).

### WHAT DOES THIS MEAN FOR FRAN DEV?

On their own, these trends may just raise an eyebrow. Let’s take a look at something more qualitative before we try to figure out what this all means. A buyer sentiment survey (updated on 3/26) from [Franchise Insights](#) shows that the majority of aspiring franchisees believe that the next three months will be a good time to start a franchise business, and that general business conditions will be improved. Only 19% of respondents said that the Covid-19 crisis will put their business start-up search on hold, while 27.9% replied that it “boosts my interest in controlling my own destiny through business ownership.” Now this is getting interesting! Search trends are holding steady and climbing; online usage is way up (and expect telework,

already trending, to be even more common in a post-Covid world); and buyer sentiment has remained strong. So what are the takeaways?

### TAKEAWAYS FOR DEVELOPMENT TEAMS

1. People are quarantined, have recently lost their job or been furloughed, and are at home spending more time online than ever before.
2. People who are recently out of work or fearing a job loss are turning to the Internet to research career options, including what for many has been a longtime dream of business ownership and being their own boss.
3. Franchise candidates are bullish about the future and more excited than ever about the benefits of business ownership.
4. Engaging and starting relationships with qualified candidates now could position your sales team for a healthy sales pipeline (and a competitive advantage) when the economic environment inevitably improves. The CDO at one large-scale brand recently told us, “It almost feels like fran dev 10 years ago where you could actually talk to people, but expected to do more educating and nurturing.”

See that? Looks like a glimpse of sunshine! Next week, we’ll take it down from the 50,000-foot perspective to the very bottom of the funnel to explore the *immediate* impact of Covid-19 on franchise sales lead generation – along with providing some insights and tips on how your brand can leverage this data. Stay tuned! ■

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# FRANCHISE DEVELOPMENT DURING COVID-19, PART 2:

## Lead Generation Numbers that Matter

Written By  
**JUSTIN MINK**

In [part 1](#) of this three-part series examining the state of franchise development in the face of Covid-19, we took a look at the big-picture market conditions. Happily enough, we found that 1) candidates are bullish about the ownership opportunity, 2) there is now ([for unfortunate reasons](#)) a larger pool of qualified candidates than ever, and 3) this audience is actively seeking out new career opportunities online.

Today, we take our exploration several layers deeper and dig into the real-life performance data. Scorpion's franchise development team explored more than 50 active client franchise development websites and digital lead generation campaigns over the first half of March, then stacked those results against marketing performance from the back half of the month. Monday, March 16, arguably marks the first business day that the pandemic was indisputably spreading across the United States, so the month offers a clean symmetry for a "before/after" comparison. Let's put the data under the microscope.

Starting on or around March 15, many brands scaled back or completely shut off all paid advertising campaigns. (Your brand may have been one of them!) As such, we have two major variables to study: 1) the impact of Covid-19 on target audience behavior, and 2) the relative impact of maintaining, reducing, or completely turning off all paid budgets.

### ORGANIC TRAFFIC SPENDING

During this time frame (and as always), we continued to manage the franchise development websites for these

brands, and tracked both paid and organic traffic and lead generation. Amid a mountain of data points, let's shine a spotlight on numbers that really matter. Comparing March 1–15 against March 16–31, we first examined organic traffic. (If you're wondering what organic (or "free") traffic has to do with paid advertising, bear with me for a minute.)

- Brands *spending normally* on paid advertising at pre-Covid levels saw a 6.52% decrease in organic website traffic.
- Brands *spending at reduced levels* on paid advertising saw a 16.56% decrease in organic website traffic.
- Brands that *stopped spending* on paid advertising saw a 37.06% decrease in organic website traffic.

**Key takeaway:** With [overall Internet usage](#) up, time spent online is primarily being spent on things like [messaging](#), Zoom meetings (along with getting [Zoombombed!](#)), and [social media](#). However, brands that are investing in paid advertising are holding steady organically. Why? While paid advertising does not directly affect organic results, [third-party studies](#) (and years of accrued proprietary data) clearly demonstrate that the awareness created by paid advertising correlates with increased organic traffic. People who see ads on Facebook and Google while web browsing, watching YouTube, sending emails, etc., organically enter the website later when they are in the right frame of mind for researching franchise opportunities.

### PAID AD IMPRESSIONS

Now let's look at the impact of Covid-19 on paid ad impressions (the number of times ads appear on Google, Facebook, websites, etc.).

- Brands that have continued their ad budgets at the same rate have experienced a 28.29% *increase* in ad impressions. (Of course brands that reduced or stopped spending saw reductions, so those data sets are not relevant.)

**Key takeaway:** Ad inventory is up, with more people spending their time online than ever before. Competition for ad inventory is down, with brands scaling back ad campaigns. Thus, *inventory is more available and less expensive*, helping budgets stretch further.

### PAID ADS AND LEAD GENERATION

Last, we look at the bottom line: Covid's impact on paid advertising lead generation.

- For brands still spending on paid advertising at pre-Covid levels, overall leads are down about 15% thanks to the drop in organic results, but paid leads are up 3.69%.

**Key takeaway #1:** Across the board, organic leads and entrances are taking a material hit (again, Scorpion clients have seen between a 6.5% to 37% reduction in organic traffic depending on continued or adjusted paid spend levels). Paid advertising is driving more visibility now and helping to counteract a reduction of organic leads. Continued paid advertising at pre-Covid levels is proving to keep overall lead volume steady for those brands that haven't shied away.

**Key takeaway #2:** For brands still spending, why are paid impressions up more than 28%, but paid lead volume up only 3.7%? The [Franchise Insights buyer sentiment study](#) suggests that while interest remains high, some buyers may be holding off on active discussions with franchisors. Consistent lead volume plus increased awareness and engagement now (even if you aren't aware this engagement is occurring) can potentially give franchise brands that remain in the fight a massive competitive advantage for new partner acquisition when economic activity resumes.

### CONCLUSION

This is a time full of uncertainty and angst, naturally causing us to pull back and default to safe positions. But, armed with the demonstrable data, [hard-won lessons learned from past recessions](#), and a fantastic value proposition, bold franchise brands can [seize this moment](#) and position their brands to win in the post-Covid world.

- P.S. – Two related articles that might be of interest:
- [When a Recession Comes, Don't Stop Advertising \(Forbes\)](#)
- [The Best Marketers Will Be Upping, Not Cutting, Their Budgets \(MarketingWeek\)](#) ■

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# FRANCHISE DEVELOPMENT DURING COVID-19, PART 3: Opportunities Ahead!

Written By  
**JUSTIN MINK**

In [part 1](#) of this three-part series, we explored current macro market conditions and discovered that the coronavirus crisis may produce strong tailwinds to support the growth of franchising.

[Part 2](#) provided a deeper analysis of before-and-after Covid performance metrics, culled from the digital lead generation campaigns of more than 50 franchise brands. We discovered that brands continuing to [invest in marketing at the same \(or increased\) rates](#) have been sustaining lead volume and capturing dramatically increased mindshare. In today's conclusion, I synthesize these findings to provide recommendations on the strategic pivot that franchises need to consider in their lead gen efforts – decisions that could make or break the future of franchise brands.

This past February at the IFA Convention (just 2 months and a lifetime ago), the president of a \$1 billion franchise holding company told me about a recent marketing experiment. Testing a variety of ad creative and website/social content themes, his team discovered something remarkable. The messaging and audience targeting that drove the highest quantity and quality of candidate leads was not the tried-and-true financial opportunity-focused approach, but instead one centered on brand values. Attention was captured by showing how the fundamental values of the brands aligned with the core values of the target audience. Furthermore,

website content designed to tell this story more efficiently converted interest into qualified inquiries. As a result, his brands realigned their approach to lead gen, devoting increased dollars and resources into baking out this strategy. The first full month executing this new plan produced an all-time high for lead generation.

How does this story relate to our theme of franchise development in the face of Covid-19? At the time of this writing, more than 26 million American had filed for unemployment in recent weeks (a jaw-dropping 16% of the 163 million U.S. workforce). And the [401\(k\) retirement savings](#) of millions more have been decimated.

The newly un- and under-employed are compelled like never before to pursue a next career chapter that empowers them to control their own destinies. Those watching their primary passive retirement investment vehicle contracting before their eyes are also prone to find interest in more active ways to invest their retirement nest eggs (and leave lasting legacies for their families). These people, by and large not sophisticated investors, represent a massive, brand-new pool of prospective candidates (along with newly available labor to build out their teams). Millions more who had been staring at the retirement sun rising over the horizon are now left glimpsing only a flickering starlight of their dream. They are now reckoning with the prospect of a years-long, or even decades-long, extension of work. Most have never proactively sought out franchise or business ownership opportunities—and are unfamiliar with the franchise model and ownership opportunity, so wouldn't even know where to start.

A country-sized pool of new candidates and the labor to help new business owners launch and grow their business, plus an appetite for active investment vehicles equals a material opportunity to grow your franchise.

## CHANGE OR LOSE IN A NEW FRANCHISE WORLD

So why can't franchise development teams simply do what they've always done and expect to see even better results? Because historical lead

channels have focused on channeling *existing* demand, but this new world requires *generating* demand and establishing a powerful, values-based brand position.

Trade shows, online search, and portals all require someone to raise their hand and express interest. At that point, brands then compete to capture attention and compel action. Today and going forward, it's incumbent upon brands to *drive* that awareness, to not just capture demand but also to generate it. Brands that are the proverbial tip-of-the-spear will tap into vast and deep new audiences, enter into relationships as true partners, capture exclusive engagements, and leverage huge proving grounds of audiences to refine messaging and associated candidate profiles. Brands will be in charge of educating the masses about franchising.

To add fuel to this fire, changing expectations around the value of face-to-face meetings versus virtual engagements will allow your team to fully control the candidate experience. From initial message to website and conversion, follow-ups, teleconferences, and virtual discovery days (with produced, multimedia experiences), your team can reinforce the values and brand differentiation at each touchpoint... without the heavy investment of time and money required to spend life on the road.

The conversation I had in a hotel lobby with my franchise friend proved that the times they already were a-changing. The [black swan](#) event that is Covid-19 just accelerated this evolution. In the years to come, the franchise losers and winners will be determined in large part by the decisions that brand teams make today. You know [the market](#) and you have [the data](#). The time is now to chart your destiny. ■

**Justin Mink** is Senior Vice President of Sales at Scorpion. Contact him at 214-459-0274 or [justin.mink@scorpion.co](mailto:justin.mink@scorpion.co).



# FRANCHISE DEVELOPMENT

## Are Virtual Discovery Days Here To Stay?

Written By  
**ART COLEY**

Individuals are not getting on planes to come visit you. That is the current reality, and will be for many more weeks to come.

So how do you get started creating and implementing a virtual discovery day?

### COMMUNICATE – GET IT OUT THERE

First, communicate! Use your internal database of leads, brokers, your website, press releases, etc. Announce that your franchise is implementing a virtual discovery day (VDD) effective immediately. Publish the dates of at least the next two virtual discovery days with a call to action to learn more. Note: Just doing this alone this will generate some interest – and candidates for your recruiters.

### RESTRUCTURE YOUR D-DAY

Next, pull out your current discovery day agenda and restructure it. This will be a minimum four-hour event for the modules and breaks. The agenda should include the same presenters and topics. You still want to include time for candidate introductions, marketing, onboarding, training, technology, executive team interviews, etc. – or whatever makes sense for your brand. Yes, the physical trip to a location or dinner the night before isn't possible. But including a virtual "on-site location experience" is. Do a dress rehearsal. Practice! Yes, it will have a different feel, but will become routine very quickly, and people are becoming more accustomed every day to meeting online.

### KEEP 'EM COMING!

Finally, remember that your step for discovery day is an important element with recruitment. It's a time for both parties to better understand each other, learn more, and find if it's a fit. Dropping the discovery day step because candidates are unable to travel is a big mistake and a missed opportunity. Get it going for your brand today, and keep quality candidates moving through your recruitment process! ■

### LET'S GO TO WORK!

**Art Coley** leads CGI Franchise, which helps franchise companies with recruitment systems and process. He is writing a special column focused on recruitment during tough times for Franchise Update. You can contact him at 281-658-9409 or [acoley@cgifranchise.com](mailto:acoley@cgifranchise.com).





# 6 Simple, Effective Ways To Manage Franchise Recruitment Now

Written By  
**ART COLEY**

In the U.S. it started the week of March 9th. By Friday the 13th, the landscape had completely changed for all of us. Now, all these many weeks later, there is still a lot of uncertainty. However, we now know more about the impact over the past 30 days, which should provide more clarity on decisions moving forward into the next 30. Therefore, when it comes to your franchise recruitment, we are preaching: *Make time to reevaluate and assess franchise recruitment every 30 days.*

## HERE IS THE SIMPLE 6-STEP APPROACH WE USE

- 1. 13-week recruitment cash flow forecast.** Revisit and adjust expenses and revenues based on what you know now. You might be surprised what you see. Note: If you don't have a template let me know. We'll share ours.
- 2. Recruitment org chart.** Regardless of the size of your recruitment team, all the various roles must be addressed. Some of you have reduced head count, but the roles still must be filled, even if you have a one- or two-person team. We teach that there are five essential roles within recruitment: executive sponsor, manager, coordinator, recruiter, and appointment setter.
- 3. Messaging, positioning, and lead generation.** Based on what you know today, is your brand's messaging and positioning right? I'm talking about your website, email drip campaigns, marketing materials, brand presentations,

etc. It must speak to what's relevant today in a prospect or candidate's mind. Are you using the right channels for lead generation? If you haven't touched this area yet, get on it – now!

- 4. Talk tracks.** Appointment setters and recruiters need up-to-date and relevant talk tracks on key topics that prospects and candidates will surely be asking about. If they're stumbling, talking around a question, or trying to "spin" something, that's bad. They need to be prepared, aligned with the company's position and thoughts, and confident. This is no time to be "winging it" or shooting from the hip. Get the team aligned.
- 5. Identify, discuss, and solve for the next 30 days.** This is the action plan of what needs to happen. This is not six- or 12-month planning. It's an intense focus on what to do *right now* or in the next few days that will make a difference over the coming weeks.
- 6. Repeat in 30 days!** In 30 days, things will certainly be different. ■

## LET'S GO TO WORK!

**Art Coley** leads CGI Franchise, which helps franchise companies with recruitment systems and process. He is writing a special column for Franchise Update focused on franchisee recruitment during tough. Contact him at 281-658-9409 or [acoley@cgifranchise.com](mailto:acoley@cgifranchise.com).





# 5 CRITICAL METRICS FOR FRANCHISE RECRUITMENT & DEVELOPMENT DURING COVID-19

Written By  
**ART COLEY**

**G**ather two groups of recruitment numbers: one set for YTD, and the other since Friday, March 13th, the date recruitment numbers and metrics started to shift rapidly.

1. How many leads have you received?
2. How many leads kept a scheduled call or meeting with a recruiter?
3. How many completed an application or questionnaire?
4. How many attended a discovery day or "Get to Know Your Brand" event, either in person or virtually?
5. What is the total number of individuals who signed an agreement for these two periods?

Next, run the numbers and see how they are flowing down for each period. What is this telling you? How do they compare?

You might be surprised. Some of the brands we work with are seeing a big drop in weekly leads between the two sets of data, but an increase in weekly kept scheduled calls with recruiters. Most recruitment professionals would accept lower weekly lead volume for an increase in weekly kept scheduled calls between new candidates and recruiters!

These data sets and metrics are the unemotional and objective picture of your recruitment. And regardless of how things look, this is where you are. Any changes in resource allocation, strategy, staff, marketing, messaging, etc. should be made for only one outcome: improving these 5 critical metrics. If you don't start here, you'll be recruiting in the blind, and that means wasted time, money, and energy.

For a shortcut on determining your metrics, use our [online calculator](#) to help you run your numbers. ■

## LET'S GO TO WORK!

**Art Coley** leads CGI Franchise, which helps franchise companies with recruitment systems and process. He is writing a special column for Franchise Update focused on franchisee recruitment during Covid-19. Contact him at 281-658-9409 or [acoley@cgifranchise.com](mailto:acoley@cgifranchise.com).

# COVID-19

## Preparing To File an Insurance Claim for Lost Income

Written By  
**JOSEPH W. LESOVITZ**

When we think of common business interruptions, we typically think of fire, flood or other water damage, and natural disasters. When these incidents interfere with business operations, financial performance suffers. Some of these causes or events have a definite or finite period of loss, while others may extend indefinitely. To help alleviate this financial impact, businesses are able to purchase business interruption (BI) insurance policies to recover any potential losses.

BI insurance is intended to compensate the insured for the income lost during the period of restoration or the time necessary to repair or restore the physical damage to the covered property. BI insurance may entitle the insured to recover additional expenses that would not have been incurred during the ordinary course of business.

Today, our country faces a new threat to business operations in the form of a pandemic – Covid-19. However, BI insurance typically excludes “viruses,” which means claims related to Covid-19 are not covered. Accordingly, any business that has suffered lost income or incurred extra expenses may not be able to recover its losses under a BI insurance claim. That means one of the only ways for a business to recover its losses from Covid-19’s impact may be under infectious disease coverage.

It is possible, however, that this gap in coverage and resultant economic loss will soon be addressed at the state level. The New Jersey State Legislature, for example, is currently

(as of this writing) considering New Jersey Bill A-3844, which would force insurance companies to pay Covid-19 related BI claims – even when “viruses” are specifically excluded from BI policies. If passed by New Jersey, or other states, insurance companies may challenge its legality in court because of the unprecedented risk and exposure they could face from a significant volume of BI claims.

In the wake of the Covid-19 pandemic, businesses that experience BI losses for an indefinite and unforeseen period include all non-essential businesses, many of which have been ordered to shut down by federal, state, or local governments. Even businesses that remain open and have been deemed essential businesses are likely to experience an interruption to their business because of modified hours, imposed curfews, or restrictions, causing some businesses to be limited to online and delivery-only services.

### TO COLLECT, BE PROACTIVE!

In the event businesses do ultimately acquire assistance from lawmakers through expanding BI coverage to include the impact of Covid-19, they must be proactive in collecting the relevant financial documentation needed to calculate lost income and extra expenses to support their claim.

As the Covid-19 situation continues to develop, there may be other alternative means for your business to seek recovery through prospective local, state, or federal legislative policies. If possible, businesses should set up a separate account in their internal accounting system to track expenses related to Covid-19. This step would help improve the reliability of the documentation available when it comes time to submit a BI claim.

Examples of information a business should proactively collect to support a BI claim include:

- Historical and current annual financial statements
- Federal and state annual tax returns
- Monthly profit-and-loss statements
- Budgets, forecasts, or projections done before and after the event
- Monthly bank statements
- Inventory reports
- Payroll records
- Invoices and purchase orders
- General ledger accounts established to account for any expenses related to the loss, such as additional payroll, shipping, temporary facilities, etc.
- Documentation to support extra expenses including receipts, invoices, time sheets, advertising costs, etc.

Taking these steps will assist an insured business in attaining the appropriate coverage during the BI insurance claim process. ■

**Joseph W. Lesovitz** is a partner with the law firm of [Citrin Cooperman](https://www.citrincooperman.com) in its Forensic, Litigation, and Valuation Service Group. He specializes in calculating damages in complex commercial litigation and in providing financial consulting and forensic accounting services to attorneys, public and private corporations, insurance companies, and governmental agencies. Contact him at (215) 545-4800 or [jlesovitz@citrincooperman.com](mailto:jlesovitz@citrincooperman.com).



# BoeFly CEO Shares His Perspective on Small-Business Lending & the PPP

Written By

**KERRY PIPES & EDDY GOLDBERG**

**B**oeFly CEO Mike Rozman says his company was well positioned within the fintech lending space when the Covid-19 pandemic began shutting down the world's economy. That's because BoeFly, a pioneer in the online lending space, had already built a technology to match small-business borrowers with lenders in a simple and efficient process.

Nevertheless, the economic debacle resulting from Covid-19 has become a beast of a mess for borrowers and lenders alike, who all are trying to sort things out and get back to business. Yet, despite the built-in structural advantages online lenders have, "We had to make some technology adjustments, too," says Rozman.

"When the government announced the CARES Act's Paycheck Protection Program and rolled out a program in one week, it was simply too much too fast for the banking industry," he says. Rozman says that while lawmakers and bureaucrats designed a well-intentioned system built on speed, this forced banks to act too quickly and without the correct infrastructure in place.

Covid-19 also has thrown a monkey wrench into all SBA lending, overwhelming its resources and capabilities to meet an overwhelming demand. "Lending everywhere is just not happening right now, and the SBA won't return to normal until this is all behind us," he says.

Then there was the Herculean task of disbursing \$350 billion to business owners in what turned out to be a matter

of days, as businesses of all kinds across the country scrambled for desperately needed funds. Making it worse, and controversially, large public companies and PE-backed firms scooped up a good portion of those funds. (See Editor's Note at the end of this article.)

The result is that many thousands of small-business operators who applied for loans were unable to get a piece of that \$350 billion before the money ran out. Meanwhile, many franchisees were left wondering how they would be able to pay their employees and remain in business.

Still, says Rozman, "I know that we were able to help some operators access some of that money who would not otherwise have gotten it."

Rozman says his franchisor clients are frustrated with the situation because they are hearing frustration in the voices of their franchisees. "Everybody wanted to distribute this money fast, but you can't roll out a new program in just a week."

In the meantime, Rozman says, he has been encouraging his franchisor clients to communicate often and share any updates they have with franchisees and other business partners to keep everyone informed and at ease. And like many others, BoeFly is doing its bit to help by providing the latest updates on its [Covid-19 web page](#).

For franchisees, says Rozman, it's critical to understand that they must use a minimum 75% of any PPP loan they receive for payroll to have it be 100% forgiven down the road.

"If you have PPP money, you need to make sure to use it in a way that makes it completely forgivable," he says. "Second, put yourself in a spot to get funding. Have your house in order, use technology, and work with the right partners." This includes your banker – and acting as early as possible to improve your chances of receiving funding from the new round before that runs out.

Rozman believes that when the financial chaos from Covid-19 finally settles down, its effects on small-business borrowers will be long-lasting. "There will be new underwriting standards that take into account the kind of business it is, and how susceptible it would be to something like Covid."

Despite all, as he works to help small-business operators today, Rozman is also taking the long view and sees better days ahead. "Covid-19 has been a gigantic flash in the pan. But it will pass. We will get through this and business will thrive again." ■

**Editor's Note: On April 23, Congress approved a new \$484 billion relief bill, with \$310 billion earmarked for PPP funding. With large companies having scooped up a portion of the previous \$350 billion – but with many now returning it after public and Congressional pressure – time will tell how the distribution of funds works out this time for small-business applicants.**

**Mike Rozman** is CEO of BoeFly, which helps prospective and existing small-business owners secure fast, efficient, and competitive financing through its online matching platform by connecting borrowers with lenders from its more than 5,000 participating banks and specialty finance companies. Learn more [online](#), or call 800-277-3158.







# The Best Ways To Jump-Start Your Future Demand

Written By  
**JOHN DIJULIUS**

It is safe to say most businesses affected by the current crisis will have more demand in the second half of 2020 than they do right now. However, by letting this scenario play out, there are at least three problems.

First, the current productivity of your business and employees is considerably low, forcing you to pay people to do very little right now or keep them laid off.

Second, a sudden spike in demand all at once has its own set of challenges, e.g., your employees spread too thin.

Third, what too many companies do during recessionary times to try to generate sales is start discounting to jump-start sales. This strategy always backfires. It becomes a race to the bottom, and conditions your customers to always negotiate, never wanting to pay regular price again.

Maybe you don't have to wait it out or become the lowest bidder. There may be an opportunity to increase future 2020 revenues while spreading out demand so it all doesn't hit at once. Maybe Wimpy, the character from Popeye, had the right idea: "I'll gladly pay you Tuesday for a hamburger today."

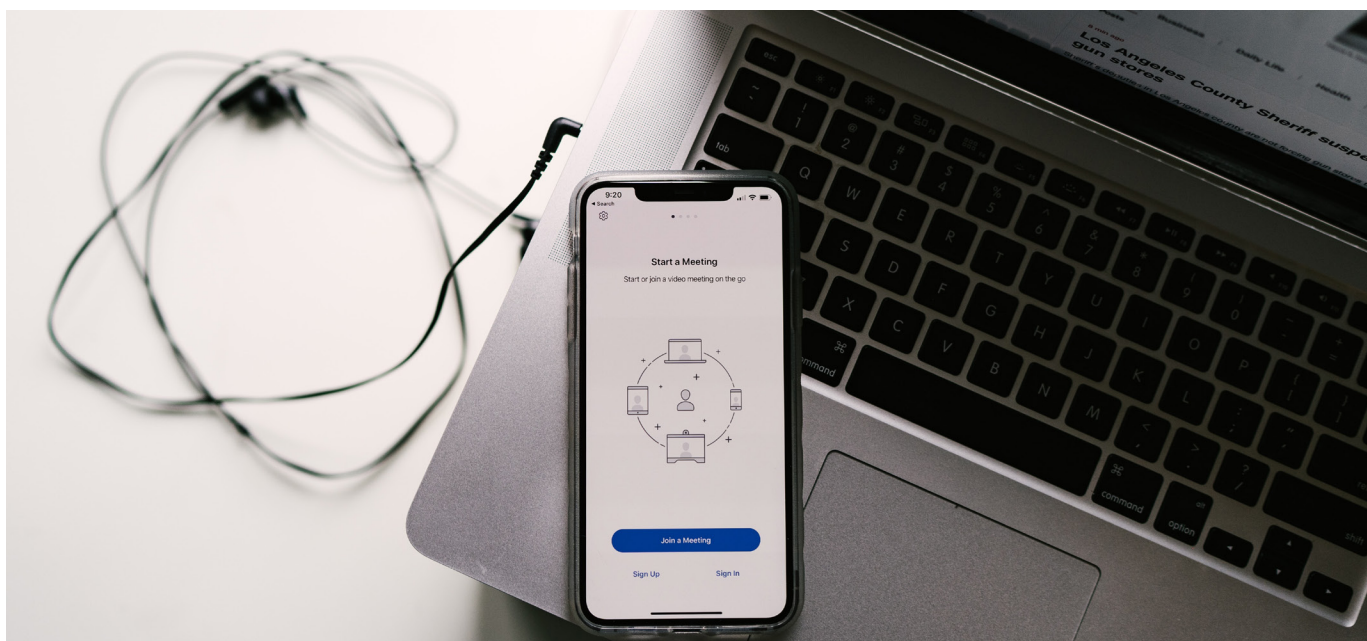
Like you, most of your customers' cash flow is down and they have more time on their hands, which is the ideal time for them to improve, pivot, and innovate their business. However, it is hard to reinvent their business model if they

can't spend any money today. This is where your organization can come to the rescue.

What if you offered to help them now, provide the services now, and allow them to defer some or all of their payments for 30 to 120 days? If your business can afford to do this, think about the upside: You spread out the future demand to now, you keep your employees busy, you are able to take on more business later when it is more likely to come, you increase your 2020 overall revenues, and best of all, you didn't discount.

On the flip side, this is also a good strategy to use with your vendors. For example, during these times, every business should be updating and improving their website, marketing materials, branding, etc. You may not have cash flow to spend right now, but if you wait until you do, you probably will be too busy to give it the attention it deserves – which is why it hasn't gotten done in the past. So make the same offer to your vendor partners: Let's do the work now and give me more time than usual to pay. Everyone wins. ■

**John DiJulius III**, author of *The Customer Service Revolution*, is President and Chief Revolution Officer 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@thedijuliugroup.com](mailto:info@thedijuliugroup.com).



# 5 Trends in How Covid-19 Is Changing Business Phone Calls

Written By  
**JAYSON PEARL**

In response to Covid-19, brands are adapting their services, offering different products and deals, and introducing new safety programs and processes. As business owners work as quickly as they can to implement these changes, finding time to train their teams for handling phone calls from stressed consumers can be challenging.

Even if a business isn't fully open, understanding the changes in today's consumer behavior and expectations can help in planning as talk begins about a recovery. Training for the new normal will require abandoning assumptions, while building new skills calibrated to today's changing caller needs.

With data from ServiceScore performance reporting from thousands of incoming phone calls to franchise brands across the country, we're sharing 5 trends – and the skills that front-line team members can use to build trusting connections with callers.

## 1. Call volume is lower, but quality is high

- If someone is calling a business these days, they have an urgent need. With companies changing their hours, services, and ways of doing business, many consumers find themselves seeking new providers, which can be the start of a new customer relationship with your brand.

## How to help

- To understand what callers value most, ask them about their needs. With first-time callers, take a moment to explain how your business serves customers. Let them know what information you need from them to best respond to their reason for calling.
- It's more important than ever to ask the caller to take the next step. Front-line team members can't assume that callers know how the business works with customers if they're calling for the first time.

## 2. Price sensitivity is higher

- With family budgets strained by the economic shutdown, customers today are more concerned than ever about price. They're asking about fees and other costs for the service – and trying to negotiate those away.

## How to help

- Share how your business is adding more value at this time. Some brands are suspending certain fees and offering financing. Services are being added such as phone or virtual diagnostics and pick-up and drop-off.
- More than ever, it's important to share the unique value of what you do. This is especially true if your differentiators have changed as your products and service delivery have changed as a result of the coronavirus.





### 3. Safety and health are top of mind

- Callers are asking how they can safely do what they need to do. They want to know that if they take time to carefully conduct necessary business that they're not putting their health, or the health of others, at risk.

#### How to help

- Brands having the most success in this area are sharing what they're doing for customer safety by weaving this information into phone calls. Quotes or estimates might be conducted virtually instead of in-person, for example. The important thing is to make sure to mention it on the call. This helps callers understand how they might have to plan differently, and it shows that your business cares about them.

### 4. People are stressed

- We're seeing a wider variance in the length of calls – some are much shorter and some much longer. Shorter calls typically involve someone looking to move quickly – a fast quote or a quick question. Longer calls are often from someone who finds new value in being able to talk to

someone – anyone, especially if it's a friendly, helpful, reassuring voice. Often a call to a business might be the only person they interact with all day – and they suddenly find a bit of joy in the human connection as part of taking care of their business reason for calling.

#### How to help

- Be ready for both shorter and longer calls and “meet the caller where they are.” If your team has embraced DiSC profiling in selling, they'll know that one's adapted style changes based on the situation or environment. DiSC is all about how people approach tasks and people, and at what speed. Today, there are new opportunities to connect using these skills.
- Kindness and courtesy are more important than ever right now. Answering the phone with a name and sincere offer to help, asking how the caller is doing today, and being sure to say thank-you all go a very long way, especially when many of us feel a bit fragile nowadays.

### 5. “Phone first” is back

- People of a certain age will remember the “Phone First” slogan from Yellow Pages advertising of yesteryear. It was all about avoiding unpleasant surprises by calling a business to check on store hours, directions, or product availability before jumping in the car. Google changed this, of course, but in this time of Covid-19, with many businesses changing hours, services, and running low on inventory, cautious consumers are learning that calling a business before leaving home is a smart move. Consumers also have a new reason to call: to make sure they're going to be safe by learning what precautions they and the business should be taking to ensure their health.

#### How to help

- It's critical that the team members answering calls have the most accurate, up-to-date information to share with callers. Changing hours, services, policies, and procedures make it tough to keep up.
- If someone is calling for your hours, go beyond just answering the question to being truly engaging – and securing an appointment or purchase whenever possible.

### Conclusion

There's no doubt that the way we interact with our favorite businesses has dramatically changed during this pandemic. Our reporting shows that what will not change is the value of a knowledgeable, sincere human connection on the other end of the line to help us get done what we need. Businesses that understand these trends will be building more trust, in a time when it is valued most. ■

**Jayson Pearl** is President of [ServiceScore](#), a company that helps franchised brands get the results they want from phone calls. By reviewing and scoring actual inquiry calls, ServiceScore delivers actionable reports along with strategic insights to help improve conversion rates, customer service, and marketing ROI. Call him at 414-436-0040.



# How Franchise Brands Are Dealing with Their Disrupted Supply Chains

Written By

**JOYCE MAZERO & EMILY DOAN**

From the first reported outbreaks of Covid-19, franchisors and franchisees providing products and services to their customers have had their supply chain arrangements disrupted – in effect, turned on their proverbial heads. Long-term manufacturing, distribution, and other supply relationships can no longer provide certain products, are delayed in providing products, or go out of business because others they depend on in their supply chains can no longer provide critical components or ingredients. Buyers including franchisors and franchisees cannot maintain purchase commitments because they are closed or cannot open because inventory is too low.

Various approaches to weathering the disrupted supply chain have been used by companies to stay in business and not be in breach of their contractual obligations. These include ceasing to offer certain products, modifying specifications and menus, finding alternative suppliers, canceling orders, and reaching the customer in new ways.

What can we learn from the businesses that have responded to Covid-19 supply chain issues? What options do franchisors and franchisees have to deal with uncertainty and risk in their supply chains? In this article we discuss how some companies have dealt with the effects of Covid-19, and propose recommendations for those continuing to face supply chain disruptions.

## MAINTAIN FREQUENT COMMUNICATIONS

Franchisors will likely need weekly or even daily communication with suppliers to stay apprised of any predicted product shortages or bottlenecks in production or delivery. [Papa John's CEO Rob Lynch](#) credits “work[ing] very closely with [its] supply partners” for the company’s ability to withstand supply chain fluctuations. Lynch noted that Papa John’s “knew

a lot about how [Covid-19] was going to play out from our markets in Asia – particularly China, Korea – and we got out in front of it.” Open communication with suppliers has allowed Papa John’s to reinforce its supply chain, double inventory, and create redundancies by engaging new suppliers.

Franchisors should maintain frequent, proactive communication with franchisees who are dependent on the supply chain by providing updates to changes in goods and services from supply chain issues. For example, [Qdoba](#) has been hosting daily webinars to keep in touch with its franchisees. Businesses may consider increasing their use of data and analytics to predict and model the impact of supply chain disruptions and share this data with franchisees to ensure system-wide updates on product availability and estimates. Franchisors should prepare and guide franchisees for reopening once government restrictions are lifted or as thresholds for open businesses increase, including operational and financial guidance. [Hand & Stone](#) has been holding weekly calls with franchisees to discuss the “market by market, county by county” approach to reopening franchised locations, with the franchisor supporting the decision of four of its eight Georgia franchisees to reopen as early as April 24.

Franchisors should also maintain open communications with customers to keep them informed of any changes to products and services normally offered, how long changes are expected to last, and the substitute products or services now available. For example, [Planet Fitness](#) launched a United We Move campaign and has been offering users live online “work-in” fitness classes as a substitute for going to Planet Fitness gyms.

## ADOPT FLEXIBILITY IN BRAND STANDARDS AND REQUIREMENTS

Franchisors should be flexible in establishing and enforcing their standards and requirements to deal with supply chain issues. This may involve relaxing certain brand standards during the period in which they re-enter the market. For example, [Marriott International](#) has deferred renovations for 2020 by one year, has deferred required expenditures for franchisees to update furniture, fixtures, and equipment, and has ceased conducting brand audits.

Franchisors also should consider sourcing alternative suppliers to preserve continuity of supply. Approved supplier/supply provisions in franchise agreements should be carefully reviewed, and franchisors must consider whether their current approved suppliers will be able to meet demands. Some franchisors may allow franchisees to propose alternative suppliers or source goods from local, alternative suppliers – especially for high-demand items – with franchisor approval.

Recently, home health franchise system [BrightStar Care](#) and consulting firm FranWorth established an online fulfillment center for BrightStar franchisees that permits them to request personal protective equipment (PPE), including hand sanitizer, gloves, masks, and thermometers. Before FranWorth got involved, BrightStar had difficulty sourcing PPE. Because BrightStar and FranWorth identified alternative supply chains, BrightStar has been able to invest in PPE and provide its surplus of PPE at cost to other businesses in need.

## CONSIDER AND NEGOTIATE ALTERNATIVE PAYMENT ARRANGEMENTS

The Covid-19 pandemic has severely affected cash flow for franchisors and their supply chain partners alike. Businesses that are not experiencing immediate cash flow issues have reportedly accelerated payments to their suppliers to help them stay solvent during the pandemic. Lockheed Martin advanced more than \$155 million to its “small and vulnerable” suppliers. As truck stops were recognized as essential businesses by the federal government, [Love's Travel Stops](#) has been able to add new locations, increase hourly pay and bonuses for employees, and provide free meals for employees, therefore increasing overall credibility in the supply chain.

Many franchisors have deferred their franchisees' royalty and marketing obligations. [Fazoli's](#) waived royalties for March and suspended monthly marketing fees, instead focusing on providing franchisees with local marketing strategies to emphasize contactless service options. [Restaurant Brands International](#), which owns Burger King, Tim Hortons, and Popeyes, and is the landlord for thousands of these franchised locations, has provided cash advances to franchisees and is now basing rent payments on sales.

Franchisors are also advising franchisees on government support programs. [Yum Brands](#), which owns Taco Bell, Pizza Hut, and KFC, actively lobbied for franchisees to be eligible for the Paycheck Protection Program (PPP), and [Denny's](#) estimated that more than half of its restaurants have been approved for PPP loans. Other franchisors are using shared services arrangements, or other forms of collaboration with other brands, to maximize efficiency and reduce costs across the system. [BurgerFi International](#) recently partnered with Reef Kitchens (a network of neighborhood kitchens that helps restaurants rapidly enter new markets) to expand BurgerFi to Seattle, Nashville, Minneapolis, and Houston. The partnership is timely, as Reef will focus on delivery-only for BurgerFi in the new markets.

Businesses have had to cancel orders and non-essential services, downsize, or request deferred or flexible payment terms from their supply chain partners. Franchisors and franchisees should review their contracts to determine how parties' payment or supply obligations may be excused under the contracts' force majeure provisions. Franchisors should also review their insurance policies; the effects of supply chain disruptions may be addressed by business interruption or general liability coverage. Absent an express exclusion, property damage coverage may provide coverage for Covid-19. Making a claim has little downside.

## PLAN NEW PRODUCT OFFERINGS AND ANTICIPATE PRODUCT SHORTAGES AND DELAYS

Franchisors have changed what goods and services they offer. For example, on May 4, [Wyndham Hotels & Resorts](#) announced that it would begin drop-shipping health and safety items to its hotels across the U.S., including face masks, hand sanitizer, and disinfectant. Wyndham attributed its ability to provide mass quantities of these items – and to defer costs to hotel owners until later this year – to volume discounting. [Taco Bell and KFC](#) announced

that they would equip all restaurants with contactless thermometers, among other supplies, so that employees will have their temperatures checked before their shifts.

Rather than being in a position to supply additional products, some franchisors have decided to delay new product offerings or seasonal items. Similarly, franchisors may direct their franchisees to build inventories of critical supplies and products. Yet other businesses have found themselves simplifying their manufacturing processes to focus on producing only the most critical goods. [Hertz](#) has been negotiating with its suppliers to defer arrivals of new cars and modify existing orders; instead, the company is working with its extensive network of used cars.

Other businesses have found themselves using the supply chain differently to respond to shifts in customer demands. Retail sales at [Tyson Foods](#) have increased by almost 20 percent. The company saw increases in beef and pork sales since the onset of the pandemic and credits “market insights, channel flexibility, access to raw materials, and growing demand” as enabling Tyson Foods to pivot from foodservice demands to retail demands.

Where one part of a supply chain reaches a grinding halt, some brands are no longer able to provide the same products they did in a pre-pandemic environment. [Wendy's](#), which prides itself on providing fresh beef fast-food products, has suffered from meatpacking plant shutdowns across the U.S. Wendy's issued a press release on May 10 to clarify that “[w]hile some menu items may be in short supply from time to time at some restaurants, we continue to supply fresh beef to all of our restaurants, with deliveries two or three times a week.”

The food supply isn't the only supply chain that has been affected. Businesses with operations in countries that were hit early such as Italy, China, and South Korea, found themselves shutting down production in February. For example, [Fiat Chrysler and Hyundai](#) suspended production at their Serbian and South Korean plants, respectively, because they could not get products from China.

## CONCLUSION

Supply chain disruptions in the wake of Covid-19 have proven that brands should be prepared to implement creative solutions. Franchisors and franchisees who develop a geographically diverse supply chain with multiple suppliers who can produce the same or similar goods will fare better than those who cannot. These proposed changes to a franchisor's supply chain may on their face be temporary, but will be more likely permanent if they increase efficiency and create redundancies in the supply chain to better withstand unpredictable events. ■

**Joyce Mazero**, a shareholder with Polsinelli PC, a law firm with more than 900 attorneys in 21 offices, is Co-Chair of its Global Franchise and Supply Network Practice. Contact her at 214-661-5521 or [jmazero@polsinelli.com](mailto:jmazero@polsinelli.com). **Emily Doan** is an Associate with the firm and also focuses on the firm's Global Franchise and Supply Network. Contact her at 303-256-2702 or [edoan@polsinelli.com](mailto:edoan@polsinelli.com).

# How System-Wide Technology Can Help Franchise Brands Succeed

Written By  
**GABBY WONG**

In a series of pulse surveys we conducted in March and April, we evaluated the impact of Covid-19 on business continuity and financial performance across the franchise market. The survey yielded some surprising results about the attitudes and perceptions of market impacts, from the start of the pandemic to the seeds of recovery.

To be sure, Covid-19 is a once-in-a-lifetime crisis that has challenged franchise businesses in every area of leadership, engagement, and business operations. The uncertainty is profound, a contrast to the normally growth-oriented, entrepreneurial focus that is a staple of franchising. In fact, our survey results suggest that as businesses move through the phases of the pandemic, from the shock of the sudden shutdown to the hardship of the immediate cash and revenue impacts, leaders are starting to settle into the uncertainty. Longitudinal analysis across our surveys shows that franchise businesses are projecting longer recovery times as a result of Covid-19. Specifically, the percentage of companies expecting a recovery time of over a year more than doubled from the previous month by 127% (see our blog from April 30, [“The State of Franchising—What We Didn’t Realize a Month Ago”](#)).

Managing uncertainty is not only the key to starting on the path to recovery, but it is critical to sustaining that recovery over time with a virus that experts predict is likely to come back in waves over the next 12 to 18 months. Should you fall short of delivering a safe and consistent environment, you will breach trust and lose the confidence of your consumer base. Information, data, planning, and standardizing processes and engagement across the franchise system are critical in managing through this period of uncertainty – a problem that can be uniquely solved by technology.

## HOW CAN TECHNOLOGY HELP?

Franchise businesses face complexity and risk in managing across a complex web of ownership structures, multiple brand verticals, and diverse geographical territories. As location-based businesses, brands face a diversity of conditions across multiple locales. The virus affects each region, state,

and city differently. Consumer demand, along with employee sentiment toward safety, will be highly localized. Further complicating this problem is the absence of a national approach. To get open and stay open, franchised businesses must be in a position to assess the environment at each locale, and against different state and local regulations.

Ownership structures and licensing agreements in franchising are complex, with multi-unit franchisees, single-unit franchisees, master franchises, joint ventures, and investor groups all participating with varying levels of ownership maturity. Engagement and support through recovery needs to be “context-sensitive” and tailored to the needs of each unit and owner. The specifics of each vertical must be considered as well, with the impacts of social distancing on business models, products, and consumer demand varying greatly.

And, given ongoing joint-employer concerns in franchising, brands must balance the immediate need to direct the franchisee in an emergency situation with a longer-term approach of coaching, training, and a focus on best practices in accordance with brand standards.

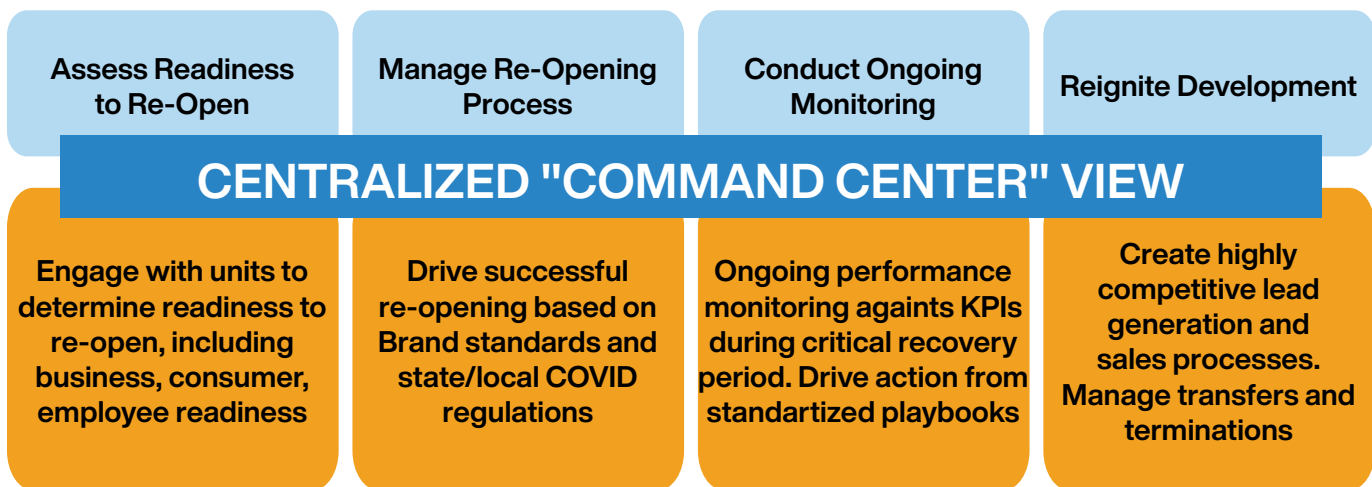
All of these recovery risks must be managed with reduced staff and resources at the brand level. As noted in our recent survey, roughly 54% of respondents have reduced head count at the corporate office by 20% or more.

## TECHNOLOGY-BASED SOLUTIONS

Platform-oriented technology solutions that integrate interactions, information, and processes across the franchise system can help mitigate the business uncertainty associated with Covid-19 recovery. An enterprise-ready operational platform can improve decision-making by:

1. Integrating data and information from each region, state, and locale and across diverse sources of data to provide brands with the necessary situation awareness. This should include data from public health sources, social mobility data, consumer demand and sales data, employee perception data, customer experience feedback, and unit-level performance.
2. Providing executives and field resources with monitoring





capabilities across the portfolio of franchisees, with real-time analytics and KPIs, to enable them to act quickly if necessary. This should include a centralized “command center” view to monitor segments of the system portfolio for financial performance, risk, safety incidents, the reemergence of Covid, and the path to recovery.

3. Increasing readiness by codifying best practices and creating standard processes, checklists, training, and published content across the system. This should include brand standards as well as state and local guidelines.
4. Improving the efficacy and coordination of limited field resources by assigning, managing, and tracking recommended playbooks from those field resources to the unit owners. This creates a “closed loop” from analytics to action-taking, and ultimately helps businesses assess the efficacy of franchise best practices and brand standards. As well, it is imperative during this critical period that brands create a highly engaged relationship with unit owners to drive more consistent and sustainable performance.

## RECOVERY TECHNOLOGY PLAYBOOK

To support franchise systems in the process of growing, operating, and scaling their concepts as they navigate through the recovery over the long term, our recommended approach includes the following steps and activities:

- **Assess franchisees’ readiness to reopen.** Which units are in locales that are starting to reopen? Do you meet the criteria against state and local guidelines? Is consumer demand for reopening strong? Are employees ready, and are they willing to return to work? These are key questions to answer to determine if it is the right time to invest in reopening. Not all locations will be ready, and you do not want to make a costly mistake by reopening too soon.
- **Manage the reopening process.** Assist units to safely reopen by coaching them through the safety and regulatory guidelines of reopening post-Covid. Manage the reopening process against your brand standards.

- **Conduct ongoing monitoring and engagement.** Until we have a vaccine, the business risk of additional shut-downs will be high. Franchised businesses will have to keep a keen eye on monitoring unit performance against KPIs during this critical period. Standardizing playbooks and best practices will help leaders act quickly in the event that public health and safety issues arise. As well, franchisees will need a centralized portal to readily engage, crowd-source ideas, and ask for help from their peers and the corporate support team – all from a single pane of glass.
- **Reignite franchise development activities.** Many franchise brands are forecasting increased unit churn with lower-performing franchisees, but also an increase in qualified leads stemming from corporate layoffs. To drive stability, and ultimately recovery, franchise businesses must focus on keeping a steady and growing pipeline of highly qualified potential franchisees and manage the development, transfer, and termination processes carefully.

## PLANTING THE SEEDS FOR SUSTAINED RECOVERY AND GROWTH

As we move into the third month of the Covid-19 crisis, we are seeing signs that the market and consumers are anxious to move toward quickly reopening and getting back to normalcy. Over time, reality will temper our expectations. It will not be a quick process. As leaders, our responsibility is to set the right expectations with our organizations and businesses, positioning our planning and strategy activities beyond reopening and toward a more sustained and longer-term view of recovery. As with most market adjustments, successful businesses will adapt to the constraints. Enterprise technology platforms can help bridge that gap and ultimately enable us to iterate, learn, and position our businesses for more success in the future once the pandemic subsides. ■

**Gabby Wong** is CEO of [FranConnect](#), the leading franchise management software (FMS) provider. More than 140,000 franchisees and 700-plus brands, including 40 of the top 100 global franchises, use their services to grow, scale, and optimize their business through a connected and complete franchise system view of the business.

# 9 Tips for Field Managers on Supporting Franchisees During Covid-19

Written By  
**GREG NATHAN**

**Editor's Note:** The following article is from [Greg Nathan's Healthy Franchise Relationships Tips newsletter](#). Subscription information is at the end.

If there is anyone who can add enormous value to a stressed franchisee at this time, it is their field manager (or whatever you call this role in your network). I have particularly noticed high-caliber field managers focusing on three important areas: 1) emotional resilience, 2) financial management, and 3) operational effectiveness. Here are 9 tips field managers might like to keep in mind when considering these areas.

## EMOTIONAL RESILIENCE

**1. Keep an eye out for mental health warning signs.** While you are not expected to be a counselor, given that business stress is at an all-time high, and that stress can trigger mental health symptoms, we all need to be aware of the signs someone (or yourself) could be in trouble. These include becoming withdrawn and non-communicative; showing unusual levels of anxiety or anger; looking unwell and unkempt; or being extremely down and unmotivated to take action. Field managers need to be observant of indications that all is not well at the personal level, and take the time to listen to franchisee concerns in a supportive, empathetic manner. I also think it is a good idea to be aware of any free phone or online mental health services available in your vicinity to anyone who feels they need emotional support.

**2. Stay on top of your own mental resilience.** Because we can't lead from behind, field managers need to ensure they are maintaining a constructive mindset, and not taking on everyone else's stress and worry. It is possible to care and show empathy without feeling personally responsible for the feelings of others. This requires a certain level of professional detachment so you can think clearly and perform at your best. It also helps to have a good network of supportive peers, and to keep your

personal vitality high by eating nutritious food, getting enough rest, exercising regularly, and focusing on your sense of purpose.

**3. Keep franchisees focused on the future and what they can control.** When people are feeling threatened, as many are at the present time, a natural tendency is to become defensive, closed-minded, and fixated on what can go wrong. This is not helpful when problem-solving and proactivity are required. A proven strategy to counteract this is to ask solution-focused questions that move the mind to a more constructive style of thinking. For instance, What is the best possible outcome we could achieve at the moment? What do you need? What is a small step we can take to make this happen? How can I support you?

## FINANCIAL MANAGEMENT

**4. Assist them to control their costs.** There are two types of costs – fixed and variable – and it is the former that can quickly sink a business when there is a decline in sales. For most small businesses, significant fixed costs include rent, loan repayments, and wages. Every dollar you can help your franchisees save will increase their financial viability – especially assisting them to negotiate with suppliers, landlords, and lenders. Some people will need direction to become more ruthless with their expenses if their business is to survive.

**5. Stay fully informed of relevant opportunities and threats.** In an uncertain and rapidly changing environment, survival depends on staying up to date and aware of what's happening. While franchisees may be aware (to a greater or lesser degree) of various government grants and changes in the regulatory environment, they may not know how to access these promptly. This is where sharing information in a group can provide a competitive advantage. However, it is vital that field managers ensure franchisees are operating above the line, and apply only for what they are entitled to. Otherwise they will be putting themselves, and the brand, at risk.

**6. Focus on cash flow management.** In times of financial crisis, monitoring weekly cash flow is far more important than analyzing monthly financial statements. Once you have reviewed the business's costs together, a new breakeven should be calculated. This is extremely powerful in helping franchisees regain their sense of control and direction. Field managers also can assist with cash flow management by advising on the management of debtors, creditors, stock, and sources of funding. It is vital that franchisees are totally open with you regarding their unique financial position. You may need to be brutally frank if you think important information is being withheld.

## OPERATIONAL EFFECTIVENESS

**7. Encourage sound people management practices.** Field managers should provide appropriate guidance to encourage franchisees to make sound commercial decisions about how to manage their labor costs. Decisions to furlough or lay off staff should obviously comply with legal requirements so the franchisee's business, or your brand, is not put at risk. Franchisees also need to manage these decisions sensitively so they maintain the loyalty of their people.

## 8. Assist them to ensure everyone feels psychologically safe.

It is essential that staff and customers are not just kept safe, but that they *feel* safe. At the moment, people have a heightened sense of threat and need additional reassurance that a business and its staff are safe to interact with. While field managers should ensure all Covid-19 safety practices are implemented to 100% compliance, it is also important that everyone having contact with a franchisee's business is clearly informed of these practices. This includes not only customers, but also the families of staff.

## 9. Be a conduit for new best practices.

Because the world has changed, best practice today is different from what it was 3 months ago. Field managers should be collecting the strategies and ideas that franchisees are coming up with, and facilitating the sharing of these individually and through virtual group meetings. ■

## Until next time, GREG

[Subscribe here](#) to Greg's Tips, or read more about franchisor-franchisee relationships here.

**Greg Nathan** is Founder and Director of the [Franchise Relationships Institute](#), based in Australia. He is a registered psychologist and is recognized globally for his pioneering research into the factors that create a healthy franchise relationship and success for both franchisors and franchisees. He is recipient of the Franchise Council of Australia's (FCA) inaugural National Contribution to Franchising Award, an inductee into the FCA Franchising Hall of Fame, and recipient of the U.S. IFA's Crystal Compass Award for Outstanding Leadership in Franchising. He has written 5 best-selling franchising books, including *Profitable Partnerships* and *The Franchisor's Guide To Improving Field Visits*, and has developed a number of groundbreaking models such as [The Franchise E-Factor](#), which are used by franchisors and consultants all over the world.





# ShiftPixy Reacts to Covid-19 by Helping Restaurants Keep Their Delivery In-House

Written By  
**SHIFTPIXY**

## WHAT TRENDS OR CHANGES ARE YOU SEEING AS A RESULT OF COVID-19?

Restaurants across the country are either closed temporarily or permanently, or are offering limited, off-premise services because of Covid-19, resulting in substantial layoffs for foodservice workers. Data from the Bureau of Labor Statistics showed that of the 20.5 million U.S. jobs lost in April, 5.5 million were taken from the restaurant industry. Once businesses begin to open up as stay-at-home orders are lifted, many restaurants will have the costly, time-consuming job of finding an entirely new roster of employees. In the meantime, many furloughed restaurant workers will remain unemployed.

As brands wisely ramp up their take-out and delivery services, understanding it as their only source of profit, we're seeing a growing reliance on third-party delivery companies. With much of their staff laid off or furloughed, restaurants today are leaning on these services to get food to the end-consumer, regardless of the negative repercussions of the partnerships, including unfair fees and loss of brand control.

As the lockdowns started, many of the apps offered free delivery as a way to show their solidarity. However, restaurants have complained that these measures only help consumers, and do nothing to reduce the costs to restaurants. While there is no doubt that many restaurants were concerned about the high cost of using the delivery apps well before the crisis unfolded, we are also seeing a rising concern that these apps, approached as partners at the beginning, were in fact competitors. The relationship between the restaurant and consumer was now being transferred to the app and consumer.

## HOW IS COVID-19 AFFECTING YOUR BUSINESS?

Restaurants relying solely or primarily on their off-premise services are beginning to understand why it's important to use their own employees to facilitate delivery for the sake

of their brand, customer engagement, and profitability. In contrast to restaurants depending on these external ecosystems (and potentially being left with very little residual or remaining knowledge or benefit of partnership), ShiftPixy is enabling a digital transformation where the *restaurant* is in control of the last 30 feet of the customer experience. A lot can happen between a restaurant and the customer's front door, and it can be difficult to capture the quality of the final, delivered product. Our "native delivery" strategy allows a restaurant to capture guest feedback and, more importantly, ensure food quality and safety. Our team of customer representatives is working hand-in-hand with restaurants to get their native delivery operations up and running immediately. We understand the urgency and digital demands of this pivot and are helping restaurants to quickly repurpose their employees to avoid their reliance on third-party delivery.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEE CUSTOMERS?

To succeed in today's environment, restaurant leaders must maximize the human aspect of their business like never before. Labor, their greatest expense, should also be their most profitable asset, but in most restaurants it is not. Turnover is crippling the industry as many customer-facing employees have not received the training or development needed to ensure successful customer engagement. With restaurants depending on repeat business for survival, curbing turnover must be a priority. While the causes of turnover are widely debated, we have identified a direct link to the growing gig economy. More than 68% of the restaurant workforce is made up of Millennials and GenZers. The ideals of flexibility, independence, and convenience are predominant factors when this group is looking for an opportunity to work, and as customers, to order food digitally and have it delivered to their home or work.

Our technology and team can enable a digital transformation that allows restaurants to tap into this growing convenience economy without surrendering their profits, data, or customer experience and relationships. This can happen within 48 hours and at no cost to set up, restoring profits for the restaurant and allowing them to regain control of their prized relationship with the end-consumer. We also are taking this a step further, working with restaurants to create branded flyers that can be delivered to a consumer's doorstep or mailbox. With communication limited, restaurants must get creative to let the community know they're open for business.

So rather than laying off or furloughing restaurant workers during the crisis, operators can repurpose them for tasks that mesh better with the current situation. For instance, a former waiter or host can begin packaging takeout orders, delivering promotional flyers to the community, or delivering food directly to customers' front doors. Normally there would be risk and liability associated with using employees to deliver. Our approach of creating a co-employer relationship allows a restaurant to remain in control of employment, but able to transfer the consequential risk, liability, and compliance of being the employer to ShiftPixy. Each delivery driver is covered under our hired and non-owned auto (HNOA) coverage for each delivery they take out from the restaurant.

### **ARE YOUR CUSTOMERS CHANGING WHAT THEY'RE ORDERING OR CUTTING BACK?**

Lockdowns across the country from Covid-19 have opened brands' eyes to some major problems plaguing the industry, particularly those related to staffing and delivery. Restaurant operators are now urgently and aggressively trying to reevaluate their operations to keep their doors open. Our two-pronged solution was designed to address the common pain points operators face with a single solution, and we are seeing a positive reception from operators looking to move quickly to switch over to native delivery. We are working tirelessly to facilitate that and are continuing to host hourly demonstration conference calls with brands. Given the current environment, it's no surprise we're seeing more restaurant clients who were already using our employee-sharing functionalities also expressing interest in our driver management platform.

### **ARE YOUR CUSTOMERS REQUESTING SPECIAL PAYMENT PLANS, DEFERRALS, OR OTHER ACCOMMODATIONS?**

Implementing our solution requires no investment from the restaurant and is an all-in-one solution that can be running functionally in just 48 hours. Restaurants that use the platform have access to its employee-sharing capabilities, AI-driven scheduling, white-label ordering platform, driver management capabilities, and more. It's no secret that many restaurants are struggling financially in this crisis, so we are waiving delivery fees to incentivize consumers to place an order. ■

**ShiftPixy** is a human capital management platform delivering next-gen mobile engagement technology to help businesses with shift-based employees navigate regulatory mandates, minimize administrative burdens, and better connect with a ready-for-hire workforce. Learn more [here](#).



# MUTUAL AID SOCIETY



## Landlords and Tenants Are in this Together During Covid-19

Written By  
ROCCO FIORENTINO

**T**he world has changed... and we are all facing uncertain times in our lives and our businesses. Landlords and tenants alike are trying to figure out how to get through these uncharted waters.

As landlords, we are negotiators and we are collectors. In general, we are not prepared to deal with widespread rent relief requests. In most cases, the tenant has been forced to close their business because of state and local mandates. Tenants are forced to furlough their employees, and revenue is virtually cut off. Landlords are faced with rising vacancy rates and downward pressure on rent relief from tenants. *Landlords need long-term leases from reliable tenants.*

As tenants, we believe we are valuable... *and we are!* Recently, I did a comparison for a client where we compared an existing tenant to a new tenant over a 5-year period. Based on an assumption of a 2,000-sq.ft. space at \$30/sq.ft., the existing tenant would generate a profit of approximately \$110,000 in the first 2 years and \$275,000 over 5 years – while the cost of a new tenant after downtime for build-out and landlord improvement costs, would net a loss of \$36,000 in the first 2 years and generate a profit of approximately \$144,000 over 5 years.

### WHAT SHOULD A TENANT ASK FOR?

What is reasonable? Before I make any suggestions, I would share this with you: *The way you ask is more important than what you are asking for.*

Most of my tenant clients have requested 3 months of rent relief, either in abatement or deferral. If you are able to

secure an abatement, that would allow you time to reopen and ramp up again with no pressure on rental payments. If you are able to get a deferral, I would ask that payments get spread over the balance of the lease term, affording you ample time to repay the deferred amount. Be sure to remind the landlord that you are confident you will get through this if they can assist, and you look forward to rebuilding your business.

Another option is to consider using some or all of your security deposit during these tough times. If you have been a model tenant, the landlord should be comfortable with having you use your security. This is *your money*, so please realize the landlord is not giving up anything and *is* getting paid in full. At the end of the day, try to get a reasonable relief agreement with your landlord. *Do not* give your landlord attitude or shut down the conversation.

Please try to stay away from discussions regarding a long-term lease extension. No one knows just yet what the market will look like when this is over. The market may be 10% lower and more space available in many areas. *Stay focused on the next 90 days.*

Of course the landlord will say that federal funds are available, you should submit your application, and then you can pay your rent. Although this may be true, if you have applied I am sure you realize it may take up to 4 to 6 weeks to get funded, if not longer.

Of course the landlord will ask if you have business interruption insurance. Most policies exclude epidemics, etc.



Please let the landlord know that they have a copy of your policy and they are also listed on the policy as "Additional Insured." They also have business interruption in their policy. How is that working out?

Another popular response is: Please submit a long list of documents including the last 3 years of your tax returns. Frankly, this is absurd!

On March 31, you were a tenant in good standing. On April 1, you are considered in default if you were not able to make April rent. This is a nationwide epidemic, not an isolated one.

I would ask: "Can you pause my rent until I send you the information and until you are able to review all the information?" We all realize you are closed, and that there is no revenue. This is just a stall tactic to prolong any decision.

In many states, there are mandates that preclude any evictions resulting from non-payment of rents during Covid-19. No one wants to have lawyers involved. That will just add costs to both parties at a time when both need to minimize their expenses and not add to them, just because they can't seem to agree on what I consider an absolute national epidemic. Hopefully, your conversation does not end up going down that rabbit hole.

## SOME FINAL ADVICE

Your landlord is a long-term partner you will need to work with in the future.

1. Communicate early... communicate in writing... communicate reasonably.
2. Know your lease. Be sure to review it before you communicate with your landlord.
3. Put all requests in writing.
4. Do not act impulsively or with emotion. This is not the landlord's fault.
5. Leverage your track record of on-time payments and stress your ability to overcome this temporary situation with some assistance from your landlord.

Hoping you are all safe and strong. This too, shall pass, and make us even stronger as entrepreneurs. ■

**Rocco Fiorentino** is the Franchise Practice Leader at Keyser. He can be reached at 609-206-4300 or rf@keyserco.com.

# EXISTING TENANTS ARE VALUABLE

THE COST AND RISK OF REPLACING TENANTS IS SIGNIFICANT

RENEWAL		NEW TENANT	
SQ Feet:	<b>2,000 SF</b>	SQ Feet:	<b>2,000 SF</b>
Rent:	<b>\$30.00 / SF</b>	Rent:	<b>\$30.00 / SF</b>
TIA Refresh: \$10,000 (\$5/SF)	<b>\$10,000 (\$5 / SF)</b>	TIA Refresh: \$10,000 (\$5/SF)	<b>\$80,000 (\$40 / SF)</b>
Abatement:	<b>None</b>	Abatement:	<b>6 Months (\$30,000)</b>
NNNs:	<b>\$8.00 / SF</b>	NNNs:	<b>\$8.00 / SF</b>
Downtime:	<b>0</b>	Downtime:	<b>6 Months (\$30,000)</b>
<b>LANDLORD PROFIT</b>		<b>LANDLORD PROFIT</b>	
First 2 Years =	<b>\$110,000</b>	First 2 Years =	<b>(\$36,000)</b>
Over 5 Years =	<b>\$275,000</b>	Over 5 Years =	<b>\$144,000</b>

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# How Covid-19 Is Affecting Real Estate Strategy at Freddy's Frozen Custard & Steakburgers

Written By  
**RANDY SIMON**

**W**e asked Randy Simon, CEO and co-founder of Freddy's Frozen Custard & Steakburgers, how changes in the real estate market resulting from Covid-19 are affecting his company's growth strategies.

Freddy's was founded in 2002 with a family-friendly atmosphere and classic menu favorites that create a timeless dining experience for guests of all ages to enjoy. While we strive never to stray away from our differentiating qualities, we recognize the importance of adapting to keep up with consumer needs of today to best support our franchise partners.

In 2018 we introduced a smaller restaurant prototype with an updated kitchen design that maintains volume capacity and allows for greater flexibility in both existing buildings and new construction. Last year we focused on rolling out nontraditional locations and equipping the design with new technology that streamlines the back-of-house process to efficiently meet the demand of guests on the go. Having the ability to exist in unique spaces such as universities, stadiums, and airports, we've been able to offer new and existing franchise candidates an additional avenue to invest in the brand.

Before the Covid-19 pandemic, we planned to continue scaling our growth strategically in 2020 with all our buildout

options including standalone, end cap, drive-thru, and nontraditional. But as the economy experiences these unprecedented times, we're reevaluating our approach while staying optimistic. Our first responsibility throughout this time of uncertainty is to our team members, franchise partners, and our other stakeholders.

In that vein, we'll continue to be conservative in searching out value in our real estate selection process. As we learned during the previous recession of 2008, many great sites were presented that months earlier had been unaffordable. Freddy's is fortunate to be well-capitalized with outstanding franchise developers, and we're confident that we'll pick up our systemwide growth very quickly as markets begin to settle and some normalcy returns to our industry.

Like everyone in the restaurant and retail segment, now is not the prudent time to be traveling the country in search of deals. We will continue to look back in our deck of sites we have had to pass on because of price or other factors, and when the dust settles we'll try to be prepared to participate in a strong economic recovery. We're confident that our country will take the necessary steps to successfully navigate this crisis and we will be stronger and more diligent as a result. ■



# Turning Your Franchise Business Back On: The Time To Plan Is Now

Written By  
**Michael Seid & Kay Ainsley**

*The dramatic morphing, scaling back and, in many cases, shut-down of franchising resulting from social distancing is going to end soon. Now is the time to plan how to scale your franchise system back up.*

**W**e are living through unprecedented times, with an uncertain timeline for when any sense of normalcy will return. The government's guidance for reopening parts of the economy has continued to change as circumstances on the ground change, and it will be May or June before we begin to see some franchise systems open again for business. Since the shutdown, we have been in close contact with our franchisor clients on how best to reopen their franchise systems when the time comes, and we want to share some of that guidance with you.

Our clients have, of course, been staying in close contact with their franchisees, especially those where the franchisees have remained open in some capacity and have continued to stay in touch with their suppliers. While franchisee recruitment has been affected, franchisors are still working with franchisee candidates in their pipeline.

Some are dealing with new franchisees who have signed but are considering changing their minds. All of them are actively working through the issues of determining their best approach to turning their franchise systems back on when the time comes.

Few of us have ever experienced turning an entire franchise system back on, and none of us has ever done it after a national business interruption like we are going through now. Here are three critical findings we have identified:

1. There is no one-size-fits-all approach to reopening franchise systems. Franchise systems differ in industry, size, resources, leadership, maturity, geography, culture, customer profiles, regulations, economics, and relationship between the franchisor and the franchisees. Fungible solutions and best practices adopted by others are not likely to work for everyone, even in the same industry subset. Solutions will need to be contextual.
2. Franchisors are going to need to feel their way a bit, and be nimble in making decisions quickly as issues arise. It is expected that decision-making will need to be pushed



down more than normal to the field level in many situations, as local solutions to products, supply chain, and staffing may come up.

3. Perhaps most important, is that while franchise agreements were never designed as a management tool, they most certainly were not written to deal with system closure and restarting a franchise system. There will be some risk, and business judgement; moral suasion and communications are likely more important than the rights and obligations provided for in the agreements.

When the United States opens for business again, it will only be on a market-by-market, region-by-region basis, and not on a national scale. And, if the rate of infection in New York, Louisiana, Florida, California and Washington State are our guide, we can expect it to take place in smaller, more rural, less dense, middle-of-the-country markets first.

When franchising reopens for business, it won't be immediately back to business as usual. Covid-19 has hurt all of us in franchising, including franchisors, franchisees, employees, and suppliers. For some individual franchisees and franchise systems, even with support available from the CARES Act, franchisors may likely see a shrinkage of locations as franchisees (and possibly a few franchise systems) will not be able to survive – even in the short run.

### ANTICIPATING RECOVERY DEMAND

The recovery demand is not expected to be uniform. There will be considerable pent-up demand, but it will differ by industry. And while the Covid-19 disruption may have been relatively short, how people regard some products or services may have changed. For example, industries that rely on getting groups of people together in a confined space – such as boutique fitness studios, live event producers, and other indoor entertainment venues – may take longer for the public to re-engage with as we learn more about the lasting effects of the virus. It is expected therefore that the speed, depth, and uniformity of the recovery is going to be challenging for some companies.

Companies in segments such as haircare and other personal grooming are expected to be able to open sooner and recover more quickly, as may pet grooming and residential and commercial cleaning systems. Others, including those targeted at business travel, may take a bit longer to come back because people may remain cautious about coming into close contact for some time. Additionally, this period of social distancing has made videoconferencing and other virtual interaction methods more common, and will likely lead to many who had avoided them in the past to adopt them more going forward.

Making planning somewhat difficult are concerns over whether there will be any lingering Covid-19 recommendations that will become regulations. If that occurs, it may affect business sales and costs. Our clients are most concerned with potential regulations about customer separation that may have an impact on sales at restaurants and other types of businesses where consumers are generally close together in a confined space.

Each franchise system will need to determine where they

fall into this changed demand paradigm as they do their planning. Most of our clients are not expecting a return to business as usual quickly, while others are expecting a surge.

### FRANCHISE SYSTEM ASSESSMENT

All of our clients are focused on the economic health of their franchise systems, and especially that of their franchisees. Each is looking at the CARES Act and Payroll Protection Program, with some considering a requirement that franchisees take the loan packages available. We have also had discussions on a variety of temporary solutions including short-term changes to fees, decreased or deferred payments on required inventory, and other methods to lower or postpone immediate expenses.

For many franchise systems of lesser size and financial capability, the impact of the closure has caused them the same financial pain as it has franchisees, and maybe more. Franchisors are expecting that they will incur costs that were never expected before the shutdown, and it is crucial for franchisors to also come out of this period in decent financial health. Adjustments in franchisee support, franchise sales efforts, and corporate growth all are likely to be needed, and a priority list will need to be established for where those adjustments can and should be made.

In regard to the existing pipeline of franchise sales, we expect that some franchisors will examine more closely their approach to how new franchisees finance their businesses, their system's requirements for capitalization, and some of the riskier approaches franchisees may have taken. Discussions are happening with some franchisees who have not yet opened their locations and are now having second thoughts about their future with the brand. The terms of the franchise agreement will certainly shape many of these conversations, with analyses of force majeure terms, potential refunds, and other items being discussed. As always, a business relationship is at its best when it can be governed by a strong shared culture and mutual understanding. But in times like these, the specific terms of the agreements will have a major impact.

Looking at the sustainability issues facing individual franchisees and prioritizing an approach to their issues has been the major part of our discussions. Where it is expected that viable locations may close, we have had discussions on internal or external roll-up approaches to decrease the number of closures and mitigate the damage to the system as a whole.

### COMMUNICATIONS

Communications during an unprecedented time such as this will vary depending on leadership styles, and we have seen wide variations. The use of franchisee advisory councils and franchisee associations is a frequent discussion, and the reliance on those groups can be useful. Regardless of planning, no one is anticipating that there will *not* be challenges because of unanticipated situations. Trust in franchise system leadership, and the inclusion of franchisees in making some decisions, is going to be essential. Everyone we have spoken with has discussed that messaging must remain positive, supportive, and both serious and lighthearted as

appropriate. A continuous stream of “The sky is falling” pronouncements will eventually become ineffective, but it’s important that franchisees, employees, and even suppliers see that the franchisor’s leadership is taking things seriously and thinking critically.

Dissemination of accurate information to the franchise system is especially important. We’ve had more than one client mention that the use of videoconferencing and other communication tools that allow for some open dialogue between all stakeholders has been an effective way to keep everyone on the same page – and also to minimize the potential for misleading or dangerous rumors to be spread through the system.

In most cases it is recognized that the field staff have been playing, and will continue to play, an important role, as most have a uniquely personal relationship with their franchisees. It is also recognized that they are in the best position to gather local information that will be important in planning and in execution. In some cases, their role may temporarily expand to make localized decisions, including some related to brand standard flexibility.

One client discussed executing their reopening similarly to how they would with any other change strategy, therefore bringing some sense of comfort and experience to an uncomfortable and unprecedented situation. The difference here is that most change strategies have a testing component built in, so that results can be measured before system-wide execution. While that will not generally be possible now, it is felt that gathering information quickly will allow for necessary adjustments, as long as the correct measurement matrix is in place.

There also have been discussions on messaging and the best uses of the system’s brand fund on a more localized level, versus a system-wide level. Because the system restarts are not going to be uniform or on a total system-wide basis, a strategy should be developed for which markets should be targeted, on what schedule, and what specific types of messaging might be appropriate for that time period, both seasonally and related to where in this “recovery period” we are.

## LABOR AND TRAINING

Labor has been disrupted, and some workers will not return. That is an unfortunate truth. It is also expected that there will be significant competition by every business seeking to fill their employee and management gaps, and that therefore labor rates may be affected.

Most franchisees seem to be aware of the need to communicate with their laid-off staff and with those whose hours and wages have been cut. Franchisees keeping their employees aware of what is happening in the business, plans for reopening, and gathering information on their plans to return, is going to be necessary to determine recruitment needs.

Training will likely be a challenge. Customers will still expect the products and services they received before the

closure to be delivered with the same efficiency, quality, and service levels they received before the shutdown. Franchise systems that typically have trained staff locally during unit openings may not have the infrastructure necessary to train the significant number of new workers that may be needed.

We are looking at variations on soft openings and train-the-trainer programs for franchisees. It is expected that where online approaches can be provided, these will lessen but not eliminate the problem. However, regardless of the approach, each system will need to examine both training and the impact openings may have on brand standard execution for a while.

## SUPPLY CHAIN

The need to have some supply chain flexibility is expected, as it is understood from our clients’ discussions with their suppliers that they also have seen disruption. It is expected that some items may not be available during the reopening, especially those with a shorter shelf life. Pricing from suppliers may also be affected.

Franchisees are taking inventory and putting their opening orders together. This should give franchisors the information they need, and allow them to determine acceptable supplier and product alternatives when required. Also, local sourcing in some systems may be used. Rolling out a limited menu of products or services may be necessary, and the appropriate messaging for such an approach must be developed.

## BRAND STANDARDS

The inability to reopen with a complete array of products or services will require substitutions and possibly LTOs or local substitutes. Variation from pre-Covid-19 offerings may leave some customers understandably disappointed. Some flexibility for local product sourcing in the short term may solve that problem. While giving field staff flexibility to make some decisions locally is seen as a partial solution in some cases (and a risk in others), it also may reduce some franchisee stress. It is important to identify that any changes to these processes are temporary, and that they will continue to be reevaluated as the environment changes around us all.

## CONCLUSION

We expect franchising to emerge from this challenging time in good shape – and likely better than most – because of the strength of having locally owned franchised businesses coupled with smart franchisor support. However, it will require both creativity and planning to accomplish that. It also will require some time and patience.

We wish you the best of luck in reopening your franchise systems, and do let us know if we can provide you with any guidance and support. ■

**MSA Worldwide** provides strategic and tactical advisory services, primarily to franchisors, on a global basis. Call **Michael Seid**, Managing Director, at 860-523-4257 or email [mseid@msaworldwide.com](mailto:mseid@msaworldwide.com), or **Kay Ainsley**, Managing Director at 770-794-0746 or [kainsley@msaworldwide.com](mailto:kainsley@msaworldwide.com).



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# How To Create Your Brand's Recovery as the U.S. Begins To Reopen

Written By  
**Darrell Johnson**

**A**s leaders, our key challenge is to make decisions, first strategically and then operationally. For the past few months we have been making operational decisions as a reaction to the crisis we all are forced to confront. With most of those decisions made, we now turn to our primary job of guiding organizations into the future. Peter Drucker famously said, "The best way to predict the future is to create it." How do we create a future with so much uncertainty about it? To make strategic choices we must rely on experience drawn from history.

How do we understand a global GDP contraction in excess of 3% and double that in the U.S.? How do we evaluate the economic impact in the U.S. of a loss of more than 33 million jobs in under two months? What will the government's combined monetary and fiscal stimulus do in these circumstances? There is nothing in history, from the Great Depression to the Spanish Flu, to guide us.

Maybe we're looking in the wrong places. I grew up on a farm in Northern Montana. Farming there is most affected by something we can't control at all: the weather. We couldn't predict the weather very well and we certainly couldn't influence it, so we used a lot of common sense and that served us pretty well. We can't predict the path this pandemic will take, although we can influence its path better than we can the weather. If we break down some of the fundamental issues it represents to consumers and the economy into component parts, perhaps we can see enough of what the future will look like to create our future.

On a consumer level we are dealing with two related tendencies: 1) consumers' willingness to get back to their normal lives, and 2) their financial ability to do so. Consumer willingness in this crisis is simply a function of personal safety. We are social creatures; we want to socialize. Therefore, having some type of informed confidence that we can do so safely is key. This means testing processes that work. Until we have them in place on a widespread scale, consumer

willingness will be inconsistent, higher in areas with low confirmed case concerns and lower in areas with high confirmed case concerns. Therefore, the first indication of a sustained national recovery is a testing program that consumers have confidence in. That appears to be at least a few months from now, and most likely in the fall for many parts of the country.

However, we also have seen that consumer willingness is significantly influenced by what is happening at the local level. We are seeing and testing data modeling that, when combined with social mobility tracking, provide us with solid insights into local market willingness. Overlaying these with franchised unit location data is giving us insights that are helping franchisors and lenders make informed recovery planning decisions.

If the primary driver of a recovery is confidence that social interaction will not put individuals at health risk, not far behind is having the disposable income to return to a normal pattern of behavior. Wanting to spend money and having the money to spend are both necessary for recovery. Unemployment approaching 20% or more not only directly affects huge swaths of our economy, it scares the rest of us and will have some longer-term drag on economic growth. The clear implication is there will be no "V-shaped" bounce, regardless of how much money Congress throws at us. At best it will be a "W-shaped" recovery with fits and starts as we climb out.

However, we need to think locally and not let national economic data dictate our ability to create the future. Understanding the combination of local economic trends and Covid case trends is the key to helping you time the recovery correctly across your system – and ahead of the business crowd seeking to hire the same labor pool and attract the same customers, who may still be in deer-in-the-headlights mode after months of sheltering in place. Do this too early and franchisees will be lining up for the next PPP program. Do this too late and your competitors will be serving your customers.

Finally, we have the ability of businesses to respond to a recovery defined by erratic demand expansion. The PPP program was vital to many of our businesses. It bought us time. It also reinforced the need to have local banking relationships. That need will grow as we transition from government loan forgiveness programs to more normal SBA and conventional lending programs. In fact, it will become more important to ensure that franchisees have the capital to grow again. Lenders will put even more underwriting emphasis on evaluating how a franchise system navigated these troubled waters.

Sorting through all the data to understand when to push the recovery button is daunting because it must be done on a local level across your entire system. Fortunately, the data to do so is catching up, and we are finding ways to apply the mountain of information that's out there to improve your ability to create that future. Now if we could only find a way to do that with the weather... ■

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# The Complex Reality of Reopening

Written By  
**JOHN TEZA**

*As the first states begin to relax social distancing measures and allow stay-at home mandates to expire, managing a retail, consumer, or franchise business is about to get very, very complicated.*

**T**he Covid-19 healthcare crisis and the Great Shutdown have been difficult and incredibly disruptive for retail businesses across the spectrum of every industry, category, and size. With few exceptions, essential businesses have been running on significant reductions in revenue. Operators of essential businesses have had to be nimble and creative in tailoring their operating environments to new standards of social interaction virtually overnight. They have had to be mindful of team member and consumer fears regarding virus contraction. And they were the lucky ones. Many more businesses were deemed non-essential, thereby forcing their closure in states with stay-at-home mandates. However, as difficult as the business environment has been, decisions regarding mode of operations have been relatively simple, as the logic behind the mandates has been fairly consistent. That is about to change significantly.

## **BUT FIRST, ESSENTIAL VS. NON-ESSENTIAL**

Through the early stages of the Shutdown, most states considered a binary outcome relative to the question of continuous operations: essential or non-essential. For businesses deemed non-essential, there was no decision. Based on jurisdictional mandate, these businesses were forced to close for the duration of each state's stay-at-home provision (or in some cases, until state leaders amended the original guidance.) For businesses deemed essential, only those willing to adhere to specific modes of operation – for example, take-out only in restaurants or BOPIS (buy online, pickup in store) only for retail – were allowed to operate.

For the most part, these provisions were fairly consistent from state to state, with a few notable exceptions. Personal services, entertainment, fitness, shopping, gaming, sporting venues, and industrial manufacturing were deemed non-essential and were closed. Healthcare, restaurants, grocery stores, liquor stores, pharmacies, banks, distribution, home improvement, and home services were considered essential, and a general coalescence around a “safe mode” of operations was determined, typically by category. For those businesses in limbo (transportation, daycare, education), market demand largely dictated that although they fell into

the latter category, for the most part, they were to operate like the former. The Great Lockdown unfolded in a fairly uniform manner, at least from the perspective of which business categories were allowed to operate, and how.

## **THE GRAND REOPENING**

This uniformity will change this week as the first states begin to relax social distancing measures and the first stay-at-home mandates begin to expire. Business owners, management teams, and franchise operators are now required to manage multiple sets of interrelated and often unrelated variables in deciding how to best determine the most appropriate (and legal) mode of operations – and how to counsel their franchise operators to do the same.

The first set of variables is related to allowable use:

- 1. State or jurisdictional mandate.** As each state comes on line, it will set specific timetables for various stages of reopening. Some states will tie these stages to objective measures like infection rate decline, while others will be less prescriptive. Organizational awareness of each state's specific time frame, and the manner in which it will unfold, will be paramount. In addition to the state level, companies will need to be mindful of additional provisions set forth by lower-level jurisdictional mandates, be they city, county, or local interpretations.
- 2. Business category.** This should conceptually be static within an organization, as a restaurant is a restaurant and a salon is a salon. However, the impact of asymmetrical application of state mandates across sub-state jurisdictions will require companies to be incredibly mindful of what is deemed to be operationally compliant for their use, on a jurisdiction-by-jurisdiction basis. Trade associations, such as the National Restaurant Association, the National Retail Federation, and the IFA have released proposed guidelines for post-Covid best practices, which is incredibly helpful. However, every state will assess each business category through its own lens and will create a safe standard of operation unique to its jurisdiction. For example, Texas has deemed a maximum of 25% pre-Covid occupancy for restaurants, where the state of Georgia has imposed no such standard.

**3. Time.** As the Great Reopening progresses, it is likely that states will eventually begin to relax the standards set forth in their initial phases. Organizations will need to continue to monitor the standards of safe operations, again on a jurisdiction-by-jurisdiction basis. As standards are relaxed at the state level, some jurisdictions will follow suit, while others will not.



The second set of variables is related to individual choice, and the impact it will have on whether retail units can reopen.

**1. Staffing levels.** The first set of choices lays with team member availability. Much has been made about the impact of the expanded unemployment benefits, and how, for some retail team members, the choice between extended unemployment vs. returning to pre-crisis wage levels is a real one. There is also the variable of public school closures and how that will affect team member availability for parents of school-aged children. However, for many employees, there is an even more insidious calculus at play. Many employees truly fear virus contraction. The impact of these issues (and other, yet unknown factors) will make staffing business in the immediate aftermath of the crisis difficult.

**2. Ownership preference.** The second relevant choice construct has to do specifically with franchise systems. In a company-owned system, unit and regional level leadership are generally employees of the company. So the dynamics of choice laid out above apply. However, in franchise systems, there is an additional layer of choice. As franchise owners are not employees of the parent company, a franchise agreement – and specifically, a continuous operation provision of a franchise agreement – governs whether a unit should be in operation (once the jurisdictional hurdle is cleared). However, franchise owners might face the same fears regarding virus contraction as their employees, and may elect to remain closed. Furthermore, many businesses choose to co-locate with

other complementary businesses (a restaurant near a movie theater, for example.) Until the beneficial co-tenancy can be re-established, an operator may choose to stay closed for fear of running a deeper operating loss by being open vs. being closed.

**3. Team member well-being.** For many business owners, there is little difference between optics and reality when it comes to the safety of their staff. If an operating environment is perceived to be unsafe, owners may elect not to re-establish operation. Given how subjective this definition has been, it may prove difficult to create a standard by which a business will be measured to determine when to reopen, irrespective of jurisdictional guidance.

**4. Permanent adoption of a crisis-specific mode of operations.** For some operators, the limited mode of operations allowable under “essential work” determinations have proven beneficial. In the restaurant business, for example, some operators have found that reducing order/delivery modalities (e.g., eliminating dine-in service) has actually created operational efficiency. Some operators may elect to maintain the limited-service model moving forward.

The third variable is the degree to which consumer and brand perceptions align on how a brand should react.

For many consumers, just because a state, a business category, or a specific brand has the right to resume operations, it may not mean that they should. These attitudes appear to be breaking along ideological lines. Consumers who believe that a more protracted period of social isolation is imperative may develop a negative perception of a business that takes a more aggressive stance on reopening. Of course, the converse is true as well. A business may choose to remain closed out of a sense of continued civic duty, while a preponderance of its raving fans may not agree with that position. In either case, the relationship between the consumer and the business can be at risk due to the complex set of variables businesses must use to determine how and when to reopen.

## THE RIGHT PATH FORWARD

There is no way of knowing how the next few weeks are going to unspool. In some parts of the country, there is a race to reopen as quickly as possible. Businesses and consumers alike are clamoring to be released from quarantine and to get on with the process of determining the new normal. Other areas, generally more hard hit, are being much more cautious.

Guidance from trade associations, federal, state, and local level commissions, and business leaders will begin to codify around best practice, policy, and then regulation. Businesses will need to wade through this matrix to make the best determinations of when to return to and how to balance the pre-crisis levels of consumer interaction with post-crisis levels of business modality. ■

**Editor's Note:** This article originally appeared on [LinkedIn](#).

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# Navigating Covid-19 on a Local Level

## A Phased Approach to Re-Entry

Written By  
**MATT POWELL**

*These are trying times. We don't have to tell you that.*

*As an agency, we want you to know we are all in this together, and our hope is that this guide to re-entry illustrates, on a local level, the need for a deep understanding of market nuances and the true impact of consumer sentiment. We encourage brands to think deeper than messaging to just a city or DMA and to truly speak to people – to meet them where they are, and be the support system they so desperately need right now.*

*Understanding the true needs of people during this time is the ONLY thing that matters. And we are here to guide brands toward an approach that, we believe, takes into account the phases of change (Empathize, Encourage, & Evolve) that are still sure to come with a focus on the consumer.*

*We're thinking about you and praying for you all and look forward to the day we can be together again in person.*

*Matt Powell, CEO, Moroch*

*Now let's get to it.*

### HOW DID WE GET HERE? QUICK COVID-19 BACKGROUND

On Dec. 31, 2019, Chinese officials in Wuhan in China's central Hubei province confirmed dozens of cases of pneumonia from an unknown cause. Fast forward to today, and we have seen the cancellation of events large and small, the shutdown of many physical business locations, and shelter-in-place ordinances across not only the U.S., but the world, as a result of what we now know as Covid-19 or coronavirus.

With these unprecedented times comes the need to understand our markets on a deeper level than ever before – and to respond with messaging that speaks to the very core of what consumers need to hear, when they need to hear it, and where it is going to have the most impact.

This article is designed to be a guide to a phased approach to get brands active from a marketing perspective in the best way we know how: locally. We don't have all the answers, but we know you have to start somewhere, and we want to help.

## INTRODUCTION TO A PHASED APPROACH

### PHASE 1: EMPATHIZE

*What is it? A period of time driven by anxiety from the unknown resulting from a disruption to normal behavior patterns requiring understanding. Knowledge of how to leverage media is critical.*

A consistent brand response and messaging will be important. Customers want to know what your brand is doing in response to the crisis to keep employees and customers safe. Collaboration across clients and agency stakeholders is vital to ensure alignment both nationally and locally when it comes to the brand approach. Communications strategy should be reassessed to identify the best mix of upper funnel vs. lower funnel tactics as consumers gravitate toward messaging around values instead of promotions. This concept also trickles down to employee recruitment, where a company's commitment to keeping employees healthy will be key in staffing.

### RECRUITMENT AND RETENTION MAY MOVE TO THE TOP OF YOUR LOCAL MARKETING LIST

As the pandemic continues, American workers have found themselves in a precarious place. Those who remain employed face complicated work-from-home situations, risk exposure if they are deemed essential, and all may be facing significant pay cuts. Those who have been furloughed or laid off may actually fare better economically (at least in the short term) than they did while employed because of unemployment and federal stimulus money. As the country and economy begin to reopen, recruiting for and retaining lower-wage positions may become more challenging – and more expensive.

### A ROBUST RECRUITMENT AND RETENTION PLAN CAN HELP PREVENT OVERSPENDING WHEN YOUR LOCATIONS ARE REOPENED, AS WELL AS PREVENT WELL-TRAINED WORKERS FROM LEAVING

First, ensure current employees understand their value. Demonstrate how employees are critical to your team and to the business.

Second, talk about upcoming opportunities that will exist at the company once things reopen. Also be aware that employees will evaluate opportunities based on company/brand reputation, the team, *and* the way you managed during the pandemic.

Third, faced with a round of layoffs or furloughs, do so with care. Ensure that employees who have been let go have as much information as possible and see your company and leadership as advocates for their well-being.

### PHASE 2: ENCOURAGE

*What is it? A period of time when things have not returned to full "normal" state but there is evidence of change in the direction of resolution.*

Numerous factors must be considered to develop solutions for local markets. In line with our approach to local market planning, the game plan to adapt out of this period of Covid-19 is not a one-size-fits-all approach. The dynamics of each individual local market are continually shifting, day to day.

While there are a great number of variables, the following shows several important factors that help determine each market's current status, based on the impact of Covid-19 and state-level nuances:

- Rate of disease: number of cases/deaths, and has the state reached its peak
- Economic engine/unemployment: rate of unemployment pre-Covid-19 vs. the increase during the pandemic
- Demographics (age/ethnicity): Financial health as well as physical health
- Red vs. Blue states: Red states have been slower to embrace best practices, while Blue states have been faster to enact shelter-in-place orders. However, greater population density may provide challenges with lingering hot spots.
- Consumer sentiments pre/post: consumer sentiment now at a low with current distrust
- Level of sales loss: impact will vary at each individual client location for both online and offline sales

In addition to state-level variables, we also drill down to the DMA level to determine the potential health of the market upon recovery. Differentiating factors for regional and local market include the following: rural vs. urban; ethnic density (African-American, Hispanic, Asian); tourism; oil and gas; and college towns.

### ESTIMATING THE RATE AND DEGREE OF RECOVERY

With a clear understanding of these dynamics, we are then able to begin estimating the rate and degree of recovery:

#### 1. FASTER RECOVERY

- Less competitive, less Covid-19, less market-straining nuances (rural markets that are not sustained by tourism, oil and gas, or other factors that lead to a large swing in sales)
- Less upswing on revival
- New normal will be closer to pre-Covid-19
- Communication to current/potential customers will focus on immediacy

#### 2. SLOWER RECOVERY

- More competitive, more Covid-19, more market nuances leading to a tougher re-entry (hit harder by oil and gas, a DMA reliant on college students and faculty, etc.)
- Revival is uncertain
- More competition on the market/airwaves
- Permanent changes will likely be implemented in the market
- Communication to current/potential customers will focus on empathy

### PHASE 3: EVOLVE

*What is it? A period of time when people will feel confident re-emerging into the world and interacting with companies and each other in ways that are new and different but also feel somewhat familiar to the time before Covid-19.*

**WHAT WILL BE OUR NEW NORMAL?**

While the long-term impact on media is currently unknown, it's important that we stay nimble in order to react quickly to changes in market and consumer behavior. We are hopeful consumers will return to their behavior before Covid-19, but there will likely be nuances in how quickly consumers emerge, based on location.

We anticipate consumers will be seeking different forms of entertainment than what we see currently, especially with the lack of (or slow re-emergence of) sports and live events. Viewership, usage, and ratings will slowly begin to normalize across media channels. However, some networks may be affected more long term, based on production for shows coming to a standstill during Covid-19.

As we've seen Covid-19 affect the country differently, we need to make sure our plans are tailored to market-level needs as we revive. And we must be prepared with a plan of action if a new wave of infection were to emerge, resulting in new or tightened restrictions.

**MANAGING MEDIA IN A POST-COVID LANDSCAPE**

Here's a quick recap of what we've seen change in media consumption to date:

- TV usage is up across multiple sources and major streaming players have been gaining share, but the usage of TV and streaming varies by market and TV ad placements are slowing.
- Big gains for video game console and CTV viewing.
- Most people are spending the same or more time with radio. The sentiment is that radio is a channel that gives consumers timely information and helps them deal with the outbreak.
- Social media use has skyrocketed and CPMs have seen declines.
- Digital advertising in March was up 25%.

Start first with priming/warming the market by focusing on digital channels that can easily be adjusted as market conditions change.

We can then begin to adjust our media mix to incorporate more traditional channels. For markets that have seen lower impact from Covid, our hope is that we can return to more pre-Covid media windows at a faster rate.

When brands do go back on air, we recommend getting ahead of the rush and placing buys well in advance. It will be imperative that we are speaking to consumers in a tone that is relevant to the time, answering their questions, and providing them with value.

**IN SHORT...**

Shifting consumer sentiment will create a moving target.

Brands must be ready with an approach to re-enter markets in a way that makes the most sense for employees and customers – and maybe not so much for the brand itself.

People already cared more about a brand living their core values and being transparent than they did 15 years ago. They will care even more after this.

Meeting people where they are in the phases of Empathize, Encourage, and Evolve – managing the nuances at the local level and thinking through your messaging – will be at the core of how brands will be remembered.

We mentioned it once and we'll say it again. We don't have all the answers.

But we're in this with you and hope the idea of a phased approach sparks some ideas that help you change the world. ■

**Matt Powell is CEO of Moroch**, a Dallas-based marketing and advertising firm focused on partnering with clients to drive demonstrable business results by integrating data, insights, technology, and creativity. Learn more [here](#).





STORIES FROM THE FRONT LINES

# CEO Perspectives

Starting in the early days of the Covid-19 pandemic, we asked franchise founders, CEOs, presidents, and COOs from different industries, sizes, and stages of growth how the coronavirus was affecting their brand. While some had to shutter all their units and see system-wide revenue drop to zero, others – most notably QSRs with drive-thrus and service brands declared essential businesses – held their own, with some actually improving year-over-year. We received their responses from early April through mid-May.



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# MICHAEL ABT

CEO  
Huddle House

Segment: Full-service restaurant  
Units: 343  
Locations: 24 states  
Brand: Perkins  
Segment: Full-service restaurant  
Units: 306  
Locations: 32 states, 4 Canadian provinces



## HOW HAS COVID-19 AFFECTED YOUR BRAND?

We have two full-service restaurant brands, so the impact of Covid-19 has been immense, as with others in our segment. The research shows that, in particular, breakfast-forward brands have been hit particularly hard as up to 90% of commuting Americans are working remotely. However, a majority of our restaurants have managed to remain open as we have accelerated and highlighted our off-premise ordering and dining options. In both Perkins and Huddle House, we've added online ordering to more restaurants than before the crisis; partnered with additional third-party delivery vendors; and for restaurants not covered by online ordering or delivery, we've aggressively promoted, through a variety of media channels, phone ordering and counter or curbside pick-up. And we've found better ways to serve families by quickly launching family-sized meals that are portioned, packaged, and priced for families. This in particular gives people a break from having to cook as they've been doing for much of this period. We have also launched Huddle Market and Perkins Market to sell grocery staples to our guests. These are everyday items that everyone needs, but that can either be hard to find or priced higher at local grocery outlets. Some of the highest-selling items include bulk burgers, bacon, sausage, chicken breasts, steaks, produce, paper towels, and even toilet paper! We know this has been a huge help to our guests, who can limit their exposure by combining two stops into one: picking up dinner and groceries at the same time and interacting with fewer people.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

We are supporting our franchisees through a variety of temporary relief measures, including royalty and marketing fund deferrals, suspension of finance charges and fees, occupancy cost assistance, promissory note relief, deferred franchise renewal payments, freezing capital requirements, and extending new store development deadlines. Huddle House and Perkins locations have implemented condensed menus for ease of execution because of limited staffing, curbside carry-out, delivery, and family meal deals.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

We have an incredibly committed, capable, and experienced team at Huddle House and Perkins, and I am so proud of how they have pulled together during this crisis. At times like this you can really see what people are made of. From the moment this began, their questions have been, "How can I help?" and "What can I do?" As with many restaurant companies, we have had to temporarily furlough some team members, but we hope and believe that their furlough will be short. Most have taken it in stride and understand that we are doing this to make sure that we come back as strong as possible when the crisis passes. And though all team members are important, we are working particularly to minimize the impact on store-level employees. They are our lifeblood and the reason we exist, and it's vital we keep them engaged so they're with us and ready to go as stores and dining rooms reopen.

## HOW ARE YOUR FRANCHISEES SUPPORTING THEIR EMPLOYEES?

Many of our franchisees are working to keep as many employees on the payroll as possible, in particular GMs. That starts with finding creative ways to serve the community and drive business, such as our Family Meals-To-Go and Perkins Market and Huddle Market initiatives. Staff at many of our restaurants are like family and have worked together for a long time. Finding a way to keep as many people on staff as possible at both corporate and franchise locations has been a priority since the beginning.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

The number-one thing of course is our commitment to keeping guests and team members safe. More frequent cleaning, sanitizing, and hand washing; curbside pick-up; the use of masks and gloves; reinforcing staying home if you feel ill; and training, training in best practices, are just a few ways we're working to keep our guests and team members safe. Additionally, as mentioned before, we've introduced Huddle Market and Perkins Market to sell groceries to guests that they may not be able to find locally, or at a good price. We've heard of Perkins franchisees who have offered free kid's meals, and some Huddle House locations have offered free meals to first responders and medical staff. Again, we also are offering Family Meals-To-Go, meals packaged, portioned, and priced for families so they can enjoy homestyle comfort food while getting a break from doing the cooking.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

It's definitely no secret that the impact of Covid-19 on dine-in restaurants will have a ripple effect long beyond this spring. We cannot know for sure how it will shape our business or industry in the long term. What I do anticipate is that more full-service restaurant brands will incorporate delivery, takeout, and pick-up into their operations. We will have contingencies in place in case of another pandemic that limits in-person dining. Most importantly, what the support of our communities has shown is that people want, need, and miss restaurants. When Covid-19 is over, Huddle House and Perkins will still be there, supporting our communities as we always have. ■



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# FRANCES ALLEN

CEO  
Checkers & Rally's

Segment: QSR  
Units: 865  
Locations: U.S.



## HOW HAS COVID-19 AFFECTED YOUR BRAND?

We are faring better than most. The majority of our restaurants are drive-thru only, and we launched a comprehensive delivery business last year. We also have closed kitchens, and we have implemented many procedures to create contactless experiences for our guests. We've had to close fewer than 50 of our restaurants, mostly those with dining rooms (like our inline restaurants in New York) and some located inside malls. We believe we have seen the "trough" of low sales, and now we're seeing that business is coming back, especially in markets that were first to enact the most severe social distancing mandates, like Ohio.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

The key to our franchisee response effort has been communication, communication, communication. We send out daily updates to our franchisee community, highlighting the latest news, critical information they need to know, and resources available to them. We do not want them to worry about keeping up with the news – we want them concerned only with keeping their people safe and their restaurants open. We have also provided royalty deferment options to our hardest-hit franchisees, and we've cut network participation fees.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

The health and safety of our employees and our guests has been our top priority from the onset of this crisis, and we are tremendously grateful to our managers and team members who show up every day to serve our communities. Our first step was to extend sick pay and closure pay to employees affected by the coronavirus. We've also set up a Retail &

Grocery Employment Exchange program, partnering with brands such as Albertsons, Walgreens, Kroger, and others to help our employees at closed restaurants find temporary work. And we have the Checkers & Rally's Employee Relief Fund, CARE, which was established in 2005 in the days following Hurricane Katrina to help employees recover. Now CARE is helping employees struggling with Covid-19. Most recently, we implemented a Free Meals for First Responders program at our company restaurants, and we believe that our employees are on the front lines, too. So we're offering our teams a free meal every day they work.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

We are so proud to have witnessed the tremendous acts of kindness happening throughout our system. As a brand, we have teamed up with No Kid Hungry to help provide meals to kids in need. At the same time, several Checkers & Rally's franchisees have implemented programs to give back in their local markets. For example, Joe Hertzman, owner of 32 Rally's restaurants in the Louisville market, recently partnered with Jefferson County Public Schools to donate more than 164,800 meals to kids in need. He also made a \$5,000 personal donation to be used toward Chromebooks for students, and he's working with the Boys and Girls Club of Kentuckiana to donate 4,800 meals. Bruce Keehn, who owns seven Checkers locations in New Jersey, has always provided free meals for first responders, but he recently donated 2,750 additional meals for various local organizations including Community Medical Center and Make-A-Wish Foundation. Retired NFL player Donnell Thompson, co-owner of six Birmingham Rally's locations, is offering free lunch five days a week to kids while they're out of school, as well as giving free meals to first responders.

## HOW ARE YOU WORKING WITH YOUR SUPPLIERS?

Many of our suppliers have shown up as true partners during this crisis, offering us deferment on rent, extended payment terms, price reductions, and other support. Others, like our delivery partners, are finding new ways to make their services work best for us. We feel very fortunate to have these kinds of suppliers working with us.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

We believe our mostly drive-thru-only model is well positioned for the new normal, and our craveable food and value pricing has always made us successful, even during times of economic stress. We think that the drive-thru model will prosper as consumers continue to seek less interaction, and delivery will continue to increase. We're also accelerating our efforts around order ahead options. And we believe that consumers will continue to crave comfort foods like our Famous Seasoned Fries, burgers, and ice cream. ■

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# JONATHAN BARNETT

CEO, Founder  
Oxi Fresh Carpet Cleaning

Segment: Residential and  
commercial carpet cleaning  
Units: 411

Locations: 48 states, Washington D.C.,  
2 locations in Canada (Alberta and Ontario)



## HOW HAS COVID-19 AFFECTED YOUR BRAND?

Until about mid-March, we were up around 20% as a brand. We were seeing really great growth. Following the outbreak of Covid-19, we've seen a drop in jobs. Of course, we're still moving forward and are continuing to innovate and adapt. I'm certain we'll come out on the other side even stronger than we were before. That said, this time has been hard on our franchisees, but the majority of our locations are still open and operating. Many are now moving their focus to serving commercial clients. As a home office, it's of course been challenging, but we built our brand to be flexible. We've been able to provide the same level of support during these times despite a shelter-in-place order that affects our home office and scheduling center. We have been able to do this because all of our programs are Internet-based. Our team is able to do the same quality of work at home as they were in the office. Our scheduling center uses a VOIP phone system, so our customer service representatives were able to take the phones home, plug them into their Internet, and provide support to our customers.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

We've done a lot of different things. 1) Fee deferment: We've begun deferring a portion of our fees to make this difficult time easier on our franchisees. 2) Hospital grade hard-surface disinfectant: We've added a new product that meets the EPA's criteria for use against SARS-CoV-2, the virus that can cause Covid-19 (the disease). This gives the franchisees a new revenue stream and a way to help their community. It's proven especially valuable at commercial properties like offices and grocery stores. 3) New marketing tools: We've added pages to our website, new email campaigns, new videos, and other tools to help our franchisees keep their customers informed about openings/closings and new services. 4) Frequent communication: During times like these, communication is more important than ever. Through our online platform, we've been sending regular alerts and updates to our franchisees. We've also hosted webinars to relay valuable information clearly and quickly. 5) Constant support: Our staff has been on call at their homes basically this entire time. If something needs to happen, even in off-hours, they'll be on it right away. This ensures that we are always there for our franchisees and our customers. 6) Funding options: We've been researching the various emergency funding options and getting that

information to our franchisees. There's a lot going on and it's always changing, so we're trying to provide as much useful, up-to-date information as we can.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

As a brand we are staying united; that certainly is the case for our corporate team. Over the years we have been looked at as a marketing and technology company that cleans carpets, and that has proven true through this challenging time. All of our staff are able to work from home, access all our important files and documents, and serve our franchisees just as if we were still in the home office. That includes our scheduling center. As a home office, we field all the customers' calls from across the country for our franchisees. This allows our franchisees to focus on growing their business, rather than having to be on the phone all day. Thanks to our focus on technology and systems, the shift to having our scheduling center staff working from home has been seamless. We're still able to take calls and provide that valuable service to our franchisees. Like many companies, we are hopping on virtual meetings and staying connected daily. And we are pursuing various projects aggressively not only to help our franchisees now, but to set us up for the growth that we expect to come when this cloud is lifted.

## HOW ARE YOUR FRANCHISEES SUPPORTING THEIR EMPLOYEES?

As a brand, we have allowed our franchisees to make the decision for themselves whether or not to temporarily shut down. We're not forcing them to stay open if they don't feel it is safe for their team. That said, many franchisees are still out there in their communities providing cleaning services while following new safety guidelines. This allows them to create healthier, safer environments. We've also collaborated with the IFA to provide materials on the funding programs the government is providing to help small businesses. By doing this, our hope is that our franchisees are able to keep their employees on staff even though work has slowed.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

We are being respectful of social distancing and have ramped up our protocols on disinfecting our equipment between jobs to keep technicians and customers as safe as possible. And as noted, we've also added a hard-surface disinfectant service. This hospital-grade disinfectant kills a variety of viruses and bacteria on hard surfaces and meets the EPA's criteria for use against SARS-CoV-2. We can use it in homes and businesses.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

We are going to take off. We have people all across the country wanting to get their spring cleaning done. When the situation clears, we know we'll have a serious demand to get back in these homes and businesses to create clean environments. From a franchise development perspective, we were able to navigate this crisis and not shut down or furlough employees. That puts us in a position of strength among those looking to start their own business or grow their current Oxi Fresh location. We have quite a few leads lining up who are interested in buying a franchise once things settle down. We always talk about being recession-resistant, and that is evident even during these tough times as we are still booking hundreds of jobs a day. ■

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# KEVIN BAZNER

CEO  
A&W Restaurants

Segment: QSR  
Units: 1,000 (approx.)  
Locations: 39 U.S. states,  
Bangladesh, Indonesia, Okinawa,  
Malaysia, Thailand, Singapore



## HOW HAS COVID-19 AFFECTED YOUR BRAND?

We've fared very well, all things considered. More than 90 percent of our locations are open. Most of our restaurants can pull guests through either a drive-thru or drive-in, so most of our business has remained. We even have restaurants that are doing better than the previous year, which is impressive given the overall reduced traffic. We're seeing new customers we've never seen before. Our success in recent years is built on local store marketing, so our franchisees are equipped with the mentality that to survive, you must improvise. We're pushing new Family Packs – enough food and fresh root beer for a family of four – along with Float Packs to give our guests the A&W experience, but in the safety of their own home.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

We immediately, along with our franchise association, decided to suspend advertising and royalties. However, we went a step further and refunded the balance of each restaurant's marketing fund. Given our ownership structure, these were quick and easy steps to make. New partnerships were established with DoorDash, Postmates, Uber Eats, and ChowNow. Additionally, we've hosted three system webinars per week, guiding our franchisees on everything from sourcing PPE equipment to filing for PPP loans. We've answered every single question that's asked from the field. We're a high-touch organization, and we were built to help our system withstand a crisis like this.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

We are proud to say that up to this point, we've been able to keep our entire restaurant support center team on the payroll. We've had twice-a-week all-company webinars updating our team on all aspects of the business, with time for all questions. We pushed aside most of the projects we were working on as we moved to an all-hands-on-deck mentality, and new projects emerged. I can honestly say I've never been prouder of our team than I have been over the last few months.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

What they do every day: being there to support their local communities. And it's incredible the amount of support that is reciprocated. Everywhere we look, we see instances of generosity and giving. The A&W brand was founded on the basis of strong community ties, and that still rings true, maybe even more than it ever has in the past.

## HOW ARE YOU WORKING WITH YOUR SUPPLIERS?

Our supply chain relationship with Restaurant Supply Chain Solutions (RSCS) has been a lifesaver for us during this crisis. Having the benefit of shared buying power with Yum Brands for items like masks, hand sanitizers, and thermometers has given us a leg up against other chains our size. Equally important, RSCS has helped keep our kitchens supplied with food. These are perfect examples of the value RSCS brings to our business and our franchisees.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

I have no doubt that QSR traffic will get a huge bump as we come out of this crisis. People want to get out of their homes. Low fuel prices will be a further boon to business. What remains to be seen is to what degree our guests' behaviors will stay the same or revert back to pre-coronavirus. Will guests look for in-store dining experiences, or want to eat at home or at a distance? Certainly brands will need to put a greater emphasis on the safe handling of payments, food, and service. We suspect there will be renewed interest in nostalgia, which is certainly an A&W strength. ■



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# SUSAN BORESOW

President  
Title Boxing Club  
(a Franworth company)



Segment: Fitness, health  
Units: 185  
Locations: 34 states, Mexico, Dominican Republic

## HOW HAS COVID-19 AFFECTED YOUR BRAND?

The biggest impact to our brand has been that all of our clubs are closed. This has made our corporate office and franchisees more nimble in adjusting to any situation. This has also challenged us to work in different ways and use new technology and forms of communication. For example, we have jumped on Zoom, YouTube, Skype, and Facebook to work more collaboratively and continue to provide the best hour of people's day through workouts and fitness tips. We've also taken this time to upgrade our system standards on in-studio cleaning and social distancing based on government guidelines, which will be a long-term impact.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

We were ready and prepared for this in 2019 when we launched "Title On Demand" a subscription-based service that provides access to hundreds of Title Boxing Club classes online. To keep members engaged, we've funded subscriptions for the service through May 31. Also, from a financial standpoint, we've reduced royalty percentages and worked with our POS provider to reduce costs for our franchisees. Our operations team has been working hand in hand with franchisees creating cash flow projection templates to help guide the franchisees for their reopenings. Additionally, since early March, our support center has been extremely proactive in our communication efforts with franchisees and in sharing best practices for temporarily closing a club, how to communicate with members, social media tips, and more. We've also recently launched a "Title Fights for Nurses" campaign where our franchisees will be able to give back to local heroes. We put out a call for nominations on our national social media platforms and, with the help of the corporate office, franchisees can surprise deserving nurses with care packages.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

Our corporate staff is now all working from home, but still staying busy. When this started, we divided our staff into five teams: Engagement (member, staff, and franchisee); Revenue (sales and marketing); Grand Opening (all logistics upon re-grand opening like cleaning, regulations); Franchise Growth; and Digital (Title On Demand and live streaming). This helped people get creative and be cross-functional while

focusing on the changing needs of the business. People are wearing more hats than ever before, so we are finding different skill sets and gifts in people that we didn't know about before, which has been exciting for us. We are staying connected and highly engaged through Slack and are working to maintain our company culture of teamwork and support. When we were all in the office together, we would ring a boxing bell when big milestones or accomplishments were met. We are continuing this vital element of our positive culture through Slack.

## HOW ARE YOUR FRANCHISEES SUPPORTING THEIR EMPLOYEES?

It varies from club to club, but our franchisees have been doing everything they can to keep full-time managers and several trainers on staff. Many franchisees are doing Zoom classes for their members, and classes for the general public on Instagram Live and Facebook, which requires managers or trainers to teach. A franchisee in Salem, Massachusetts has daily video meetings with her team in the morning and afternoon where they go over what each manager is working on for the day. While the clubs are closed, they are staying busy planning virtual member events, workout schedules, fundraisers for charities helping with coronavirus relief efforts, and a plan for reopening.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

Our franchisees have been rock stars for their members during these unprecedented times. They have been active on social media sharing workout tips and even full classes. We have a franchisee in St. Louis who was able to sustain paying members by moving scheduled classes to Zoom instead of in the club. A group of franchisees in New England have banded together to host classes streaming on Facebook every day at 9 a.m. and 5 p.m. local time. Franchisees have also planned "challenges" that help their members stay in shape while helping other local business. One example is a club that did a month-long squat challenge: if a member did 100 squats a day for the month of April, tagging Title Boxing Club in social media posts as proof, the club then gave the member a \$20 gift card to a local restaurant. We also have franchisees who regularly host classes for individuals with Parkinson's disease who have moved those classes to YouTube to continue helping those in need.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

I am confident that Title Boxing Club is going to emerge stronger than before. We have loyal members who are extremely anxious to get back. We hear daily from members who miss the sense of family and community they get when they're at a club. We have spent this time looking at our practices and protocols with a microscope, have kept a close eye on state regulations, and have made plans for franchise location reopenings. We will evolve and adapt to our changing world and changing customer base. Overall, fitness as a whole will never be more important. People want to get back to their routines and visit their local clubs, gyms, and studios. The fitness space will incorporate more digital, but there will always be a key constituency who prefer the in-person experience. The loyalty and enthusiasm for fitness boutiques will continue to grow. People want to take care of their health more now than ever before. ■



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# WADE BRANNON

CEO, President  
Pigtails & Crewcuts

Segment: Retail, child-related  
services  
Units: 66 salons (46 franchisees)  
Locations: 23 states



## HOW HAS COVID-19 AFFECTED YOUR BRAND?

Tremendously. We were caught off guard and didn't realize the true severity of what it was going to do to small-business owners. We are a children's hair salon. We interact with people daily. Because of this pandemic, our salons are closed to protect our customers and employees. Right now our salons have pivoted from robust sales growth to survival mode. The franchise headquarters deferred royalties for March sales because no revenue was being generated in our salons in April. We need to make sure the financial burdens of our franchisees can be met during the shutdown. Without revenue, many owners are seeing cash reserves being tapped rather quickly. We are assisting our franchisees daily for the brand to survive.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

Our job is to keep our franchise owners educated on what's going on so they come out of this crisis in a good position within their respective markets. Many have questions regarding legislation and relief bills being passed; how to communicate with their account holders, landlords, etc.; and how to manage staff communication to return to full efficiency once this passes. We feel it's important they know their options. We are assisting them to manage the short-term crisis and plan for the future. Though the methods of communication haven't changed, the frequency has increased greatly. We are in contact with our owners daily, as the climate is changing daily. We are advising them to stay in touch with their employees and customers. We're giving them ideas and tools for marketing. We believe that when we can reopen our salons, we will be extremely busy. We all need a game plan for when this is all over. We've also conveyed to the franchisees that it's important to stay strong for their staff. They should communicate with their employees regularly. Our franchisee support team has daily conference calls. On these calls we talk through what the franchisees need from us, and we work to keep each other in the proper mindset. We problem-solve together and support each other as needed.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

We are leading by example. When we talk with our franchisees, we are honest and positive. We have prioritized our projects with a strong emphasis on franchisee support. Communication and assisting our franchisees is imperative. We're doing the same with our corporate employees –encouraging them and educating them through the issues. They need to know there is a light at the end of the tunnel. We all attend webinars from other resources, such as the IFA. Our corporate team has regular webinars, conference calls, and group texting to stay in touch. In our group texts we share funny memes and old school pictures of each employee. We need to have a positive outlook on this, and who doesn't need a little humor at a time like this? Planning our future assures them stability. This allows them to assist the franchisees with their future.

## HOW ARE YOUR FRANCHISEES SUPPORTING THEIR EMPLOYEES?

On a case-by-case scenario. At one of our Atlanta locations, they have been transparent and communicated with their employees about what's going on. We recognize their concern regarding job security, payroll questions, and financial assistance. At this location, the staff remain positive because the owner cares about them and their needs. The employees continue to be valuable assets, and we recognize that this will end eventually. This group of employees is so close that they have regular conference calls with each other. Before the salon closed, they used to work out together before and after hours. They continue to do this through a Zoom meeting. It's a safe and healthy way to stay connected for their morning exercise routine. We love it!

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

Our franchisees are continuing to communicate through social media and regular newsletters. The customers are extended family members. We recognize that they are struggling with the new normal. We want to create fun activities for them. A franchisee in North Carolina shared a science project on how to make rock candy at home. They also offered a scavenger hunt to their customers through their Facebook page. Another franchisee offered a braiding video for parents. It's important to continue to engage with the customers. They are part of our extended family and we need to support each other during this time.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

We are looking forward to when this pandemic ends. Our team and owners can't wait for every single Pigtails & Crewcuts salon to reopen. It's going to be awesome! The stylists miss their clients. Our clients miss us! We know we're going to be busy because all of our customers are going to have little kids with lots of hair that will need to be cut. We're preparing for this amazing day. Despite this down period, we know that our brand is going to be stronger than ever. ■



# MICHAEL O. BROWNING, JR.

CEO, Co-Founder  
Urban Air Adventure Parks



Segment: Location-based entertainment  
Units: 129  
Locations: 34 U.S. states, 1 region in Canada

## HOW HAS COVID-19 AFFECTED YOUR BRAND?

The most severe impact from a business perspective is that our parks are closed. At first, like most brands, we had been working closely with our franchise owners, as well as with local and state authorities to take appropriate actions within each of our communities on a regional basis. However, as the spread of Covid-19 continued, I felt it was our responsibility to do our part in preventing community spread. The safety and health of our Urban Air family is our top priority, and this is the most important factor that we as a company can control. As a result, we closed all parks nationwide on March 17. Another sad impact of Covid-19 is that we have had to cancel more than 10,000 birthdays across the country because of park closures. At Urban Air, we get out of bed every day to help kids celebrate special moments, escape the hardships of the world, and connect socially with other kids in an active way. So having to cancel parties was devastating to both us and the kids. We've tried to make the kids feel special by sending them party gift bags, surprise visits from our Mascot Urbie, and every kiddo has gotten a phone call and special message from me.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

To help protect our franchisees, we have created a franchisee relief program. We deferred royalty fees in March and April and have paused pass-through expenses (marketing fees, POS, call center, etc.). We are extending access to our in-house resources to ease the burden on franchisees. We are meeting with all franchisees almost every 72 hours to help walk them through the CARES Act, PPP, and EIDL. We are working with landlords and lenders to help franchisees secure rent and loan deferment. We are also working with operating expense vendors like DirecTV to pause billings for our franchisees.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

We laid off 26% of our staff at the home office. These were our friends and our colleagues. These people have families, kids, bills, mortgages, and student loans. Everyone going through this right now must recognize the magnitude of what

is happening. I've shed tears. I've lost sleep. But I'm proud of the leadership team and the courage they have displayed during this time of adversity. This layoff was a part of an overall three-phase strategy to keep the company in business. Our remaining staff also took a 15% pay cut.

## HOW ARE YOUR FRANCHISEES SUPPORTING THEIR EMPLOYEES?

The majority of our staff at the parks are hourly employees. As a result, when parks are closed there is no opportunity for the staff to earn a living. In the wake of closing our parks to protect our communities, I convened with leaders of brands such as Amazon and HelloFresh, who are currently seeing a surge in demand, to help park employees find work. I was able to connect our nationwide staff of 12,500+ with Amazon and RPC Recruitment for part-time employment. Qualified staff will be able to find employment with Amazon in as little as 7 days with the option to return to Urban Air once parks reopen. Additionally, through RPC Recruitment, our employees also are being connected with HelloFresh, a brand that needs to staff up its packaging and distribution warehouses to meet the increase in demand for delivered meals.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

I'm so proud of how our franchisees are a light in their communities. There are so many wonderful stories of franchisees creating care packages from the food in their freezers, surprising kids at their home, singing "Happy Birthday" from the street, and sending handwritten notes to kids wishing them a happy birthday.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

I am looking forward to the opportunities the future holds. I refuse to look at the glass half-empty. The glass is half-full. We're seeing opportunities in marketing, occupancy costs, and a very talented workforce looking for a great place to work. We believe we have the team we need to get us through Covid-19 and back on top of the location-based entertainment industry. To do this I have asked each team member to step up. Now is not the time to be coasting or acting like working from home is a vacation. Now is the time when true leaders emerge!

We must start by educating guests that Urban Air is clean, has been clean, and will always be clean. For the past several years, we have used a disinfectant to clean surfaces and which leaves a protective coating that lasts 90 days. This education will be important because I see consumer confidence as a bell curve, with 20 percent returning quickly, 60 percent in the middle, and 20 percent lagging behind. The faster the industry can get through the 20 percent and into the middle 60 percent, the faster the economy will recover. When many companies and brands do not make it out of Covid-19, Urban Air is going to shine. This is our once-in-a-lifetime opportunity to take advantage of the market shifts that will serve as an equalizer. We have a rare opportunity to be able to compete on an even footing against competitors much larger than we are. ■

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# NICK FRIEDMAN

CEO

College Hunks Hauling Junk  
& Moving

Segment: Moving & junk removal

Units: 121

Locations: U.S., Canada



## HOW HAS COVID-19 AFFECTED YOUR BRAND?

Luckily, we are deemed an essential business, which allows us to operate at full capacity. However, there has been a decline in business demand, whether because of stay-at-home orders (fewer people are moving) or because some people are more price-sensitive with the decline of the economy. Our normal grassroots marketing efforts aren't as effective any more, so we are finding and testing new strategies to increase our visibility.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

We deferred the last two weeks of March royalty payments to be recouped starting August 1, and also waived our call center flat fee and ad fund for last two weeks of March. We are actively working with our vendor partners to offer deferments during this time. We are also sharing any government assistance information, banking assistance information, and any other relief programs we learn about with all locations as quickly as we can. Most importantly, we are communicating more than ever to make sure everyone is focusing on the areas where they can have the most impact.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

By providing them with all the necessary tools and resources required to work remotely, while also not losing our vibrant culture. We also are providing resources and training opportunities for our employees through professional development like Dale Carnegie Training, and also providing extra support and programs such as virtual meditation and yoga classes using Zoom.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

Our franchise partners are following all CDC regulations and more. In addition to sanitizing the trucks before and after moves, wearing protective gear (gloves and face masks), and social distancing, we have also implemented a contactless pick-up offering on the junk removal side. This allows clients to place their unwanted items on their curb, and we will pick them up without having to interact face-to-face with the client. On the moving side, we just launched a program to support victims of domestic violence. Because of the stay-at-home order, domestic abuse has increased. Our franchise partners are offering free moving services to those victims. To receive aid, they must contact the authorities and a local shelter. This ensures the client is safe and supported throughout the entire process.

## HOW ARE YOU WORKING WITH YOUR SUPPLIERS?

Our vendors have offered us different levels of assistance. For example, our credit card processor decreased transaction charges for our franchise partners. In terms of marketing vendors, we are in constant communication with them. We continue to share ideas on messaging, tactics, and strategies to enhance our marketing efforts. We have requested some deferments on behalf of our franchises on things like truck payments or rent.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

It is all about your mindset. The companies that are committed to staying open, growing, and innovating are the companies that will come out on top. During the 2008 housing crash, junk removal was in low demand. We thought about the core of our business and what we truly have to offer our clients: trucks, labor, and high-quality service. With that thought in mind, we launched the moving side of the business and skyrocketed our growth. It's this type of mindset that will set businesses apart. Now is the time to adapt and expand (or enhance) your business offerings. If instead, companies choose to shut down their marketing efforts to save some money, they are, in turn, giving up marketing share to the companies that are not fearful. College Hunks will continue to persevere and grow because we have the grit and passion for achieving success regardless of the situation. We pride ourselves on being purpose-driven, values-based, socially conscious, tech-enabled, and results-obsessed. Our culture and values will remain unchanged, while our strategies and tactics will evolve. ■



# FIND YOUR FRANCHISE

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# JASON KAPICA

President  
Dryer Vent Wizard  
(a Neighborly company)



Segment: Home service, dryer and dryer vent maintenance, cleaning, and repair  
Units: 82 U.S. franchisees, 5 Canadian franchisees  
Locations: 30 U.S. states, 3 Canadian provinces

## HOW HAS COVID-19 AFFECTED YOUR BRAND?

We are slower than normal. Usually, this would be a busy time, with bird nesting season upon us. The highlight of this, though, is that the phone is still ringing and we're booking appointments. Only two locations have temporarily closed because of health concerns, and not from a business slowdown. We're functioning as usual from the business perspective, and we have more volume in multi-unit homes like condo complexes. Much of the work is being done from the exterior right now. Also, we're deemed an essential service by the CDC, so we're doing our best to serve clients throughout this.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

Thankfully, we were acquired by Neighborly before this all hit. Being part of this large organization makes it much easier to get helpful information and resources to franchise owners, who are regularly updated with communications through email, phone calls, resource platforms, and virtual meetings. It's also made it easier to stay on top of state-level orders. Thanks to Neighborly, we're able to get all content in one spot to send to franchise owners frequently on an ongoing basis. We've been getting all the government loan information together for franchise owners as well as training materials to handle the virus. We're updating our current marketing strategy in response and calling every franchise owner to touch base and offer further support.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

We've all been teleworking from home since mid-March. All staff is at home, including the scheduling center call representatives who book appointments. Luckily, Dryer Vent Wizard has been through this situation similarly: our entire office flooded last year and we didn't miss one call or appointment, which equipped us well for the current environment. Our corporate support is unwavering and at full capacity.

## HOW ARE YOUR FRANCHISE OWNERS SUPPORTING THEIR EMPLOYEES?

They're mostly all still open. The ones with hired technicians are trying to keep them busy in nimble ways; most residential work is switching to multi-unit or commercial work. Much interior cleaning is shifting to being performed almost exclusively from the exterior, too. The franchise owners have proven agile to make these changes. The government loans will also help across the board. All employees are up to speed and code on the CDC guidelines for preventive measures. Our franchise owners are offering employees the option to go home if they're not comfortable or need to otherwise. Franchise owners are also offering peer-to-peer advice and reassurance to one another through our virtual forum platform.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

Some are waiving the safety inspection fee and forgoing the usual 10-point inspection in home interiors. All are wearing protective equipment. No one is shaking hands, and they are limiting handing paper materials directly. Tablets are sanitized and cleaned before and after every use. We follow social distancing guidelines set by the CDC. Some franchise owners are offering pay by phone or paying online to limit contact and face-to-face interaction.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

We're going to have a lot of work to do once this all blows over. We're maintaining a list of customers who had to cancel and want to reschedule. We also have previous customers who need to have dryers cleaned soon. There will be a tidal wave of business once we get out of the quarantine. The need to have this service is important and it can't be delayed too long – it really should be an annual cleaning. We advise you to halt the use of a dryer if it's showing potential fire warning signs such as being hot to the touch or not drying efficiently, at least until a professional can come out to inspect it. ■

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# GORDON LOGAN

CEO  
Sport Clips

Segment: Hair care  
Units: 1,850+  
Locations: All 50 U.S. states and Canada



## HOW HAS COVID-19 AFFECTED YOUR BRAND?

All Sport Clips franchised and company-owned stores, a total of approximately 1,850 locations, closed during the month of April. Requirements varied from state to state, so stores have been closed for about 4 to 5 weeks as I write. Sport Clips Inc. (SCI) and its franchisees went from a record-setting pace in the first quarter to zero revenue. This has been devastating to SCI and Sport Clips franchisees. Both SCI and its franchisees were forced to lay off virtually all of their respective store-level employees, so they have also been tremendously affected by Covid-19.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

For franchise agreements that come up for renewal during the second quarter of 2020, SCI has extended the deadline for renewal fees to be paid and the associated remodeling to be completed. We gradually waived fees due under the franchise agreements during the final weeks stores were open to help franchisees face their diminishing cash flow. During the shutdown, SCI held webinars with financial experts to guide franchisees through the PPP loan application process, and worked with our preferred lenders to help expedite that process. We have daily webinars, Zoom meetings, and conference calls with different audiences each day to keep everyone informed of what is happening in our space and what we are doing to prepare for reopening. Working with our advisory councils, we participated in several task forces to assist franchisees with financing and cash management; management of the PPP loan proceeds following funding; and calculating forgiveness of PPP loans. SCI revised existing Sport Clips operating procedures to comply with new state and local mandates, and determined where to purchase needed personal protective gear, hand sanitizers, etc. needed to be safe. SCI devised suggestions as to how franchisees can communicate with their employees while those employees are laid off, and how franchisees can bring them back to work when the time comes. Our national convention was scheduled for the last week in April, but was

canceled because of Covid-19. SCI presents a lot of awards at its annual convention, which all of our franchisees and store managers look forward to each year. The convention traditionally culminates in a formal dinner and awards ceremony for the top award winners. SCI is now having "Virtual Award Ceremonies" on Zoom each week, leading up to the big night when we will get dressed up for a Zoom meeting to celebrate the success our teams achieved in 2019. Keeping everyone engaged and excited is key to successful reopenings of our stores.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

Our corporate revenue went to zero. We had no choice but to furlough about half of our support team. We kept a core group to manage communications, accounting, IT, and operations planning for the reopenings to ensure we are fully prepared to support our franchisees when the green flag drops.

## HOW ARE YOUR FRANCHISEES SUPPORTING THEIR EMPLOYEES?

It varies, but most have been forced to furlough their employees during the shutdown. Now some are beginning to bring some employees back, starting with store managers and trainers to get the stores ready and to ensure that their employees are fully trained in the enhanced sanitation procedures that will be necessary.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

Keeping in touch through email and/or text messaging, and keeping their websites and Facebook pages up to date with information on what the Sport Clips system will be doing to ensure their clients' safety when their stores are open once again.

## HOW ARE YOU WORKING WITH YOUR SUPPLIERS?

We have been in close contact with our suppliers to ensure that they have the supplies our stores will need to reopen. Many have reduced fees (especially IT-related suppliers with monthly charges), and others have made special purchases to keep prices down. They have been working very hard to make sure Sport Clips stores are all ready to open again.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

There will be a very large pent-up demand for hair care services when Sport Clips stores reopen. SCI is optimistic that the system will be back to normal in a few weeks, certainly by the end of June. Unfortunately, many salons and barber shops may not survive the shutdown. Our stores are positioning themselves to accommodate the clients of those establishments, as well as their stylists, to supplement current employees as necessary. SCI has taken this time to carefully evaluate Sport Clips operating procedures and believes our stores will be even more productive and effective in the future. ■

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# SCOTT MARR

CEO  
Koala Insulation



Segment: Home improvement  
and construction

Units: 4 franchisees running 13 territories

Locations: U.S. (registered in most states,  
all others in process)

## HOW HAS COVID-19 AFFECTED YOUR BRAND?

As a mobile concept, we've been able to ride the wave better than most. Our franchisees don't have leases, enjoy lower fixed expenses, and luckily they've been able to continue operations safely through the pandemic. Certainly some homeowners are putting off insulation evaluations on their home until social distancing orders are lifted, but consumer lead flow is steady. Insulation saves homeowners money as it reduces energy costs and improves efficiency, so interest remains strong.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

Communication and support are always important, now more so than ever. During Covid-19, we've temporarily suspended loan payments for franchisees who have financing through us. We've also shared consistent communication and guidance on the CARES Act and Paycheck Protection Program, in case they have a need for government support. We've held weekly conference calls with our system and provided social media messaging to share with their communities that Koala is open and operating safely.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

Of course, safety is of the utmost importance. We're headquartered out of Melbourne, Florida, and we had our employees work remotely before our governor mandated social distancing orders. As a home services concept, we haven't been affected as hard as most. We're keeping all staff on board and have no plans for layoffs or pay cuts – we don't want to change the team we've worked hard to build. We're taking this time to focus on coming out of this ahead of the game and start work on initiatives planned for Q3 and Q4.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

Our concept is tech-enabled, which allows our franchisees to provide estimates and install insulation without ever being within 6 feet of our customers. So it's important that we communicate with homeowners and reassure them that we can operate safely. Planned improvements do not have to come to a standstill right now.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

Insulation has been around since modern buildings for humans were constructed, and it remains one of the few improvements you can make to your property that will actually save you money. For that reason, we see insulation as recession-resistant. It's a stable industry, and as a mobile concept our model is built to ride the wave. In the months to come, we anticipate significant franchise growth opportunities for recession-resistant, low-overhead home services concepts like ours. Expensive retail and food concepts that were forced to close during the pandemic could deter prospects seeking stability. For our team, this means we have to be aggressive both with our franchise development strategy and with supporting franchisees so our system comes out stronger on the other side. ■



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# BARBARA MORAN

CEO

Moran Family of Brands



Segment: Auto repair (Milex Complete Auto Care and Mr. Transmission), window tinting and paint protection (Alta Mere)  
Units: 120  
Locations: 23 states and Lagos, Nigeria

## HOW HAS COVID-19 AFFECTED YOUR BRAND?

We have had several of our non-essential franchise locations closed because of stay-at-home orders. This of course affects our franchisees and their employees with no revenue coming in, yet expenses going out. Lead flow in many stores is down. However work is still being performed.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

Since most of our franchise locations are considered essential businesses being in the auto repair industry, we began working on increasing our support services in early to mid-March with the following:

1. Increased social media marketing campaigns within franchisees' local markets to include pick-up and drop-off vehicle repair services, as well as no-contact vehicle services.
2. Additional vehicle repair discount offerings in franchisees' local markets for essential workers.
3. PR in local markets giving franchisees access to airing on news segments about proper disinfecting of the interior of a vehicle. We had more than 30 franchisees on TV in their markets talking about what people need to do to keep their vehicles properly sanitized.
4. Daily communication with franchisees by email, phone calls, and webinars covering the coronavirus "phase 3" bill with updates; operations strategies in working with customers' vehicles; cost-cutting strategies to implement; marketing strategies to let customers know the store is open and able to help; funding sources; and landlord communication for rent relief.
5. We are attending webinars and meeting to learn what is available to us and our franchisees to help us get through this time.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

We began with a thorough cleaning of our offices by a third party. The company purchased Blue air purifiers for every office and department to help reduce pollutants in the air. We set up hand sanitizers throughout the offices and community equipment areas. We set up our teams' ability to work from home through connections to our servers and call forwarding, including providing laptops if necessary. In the beginning we offered the option to work from home or at the office. Then we moved to the majority of our team working from home.

## HOW ARE YOUR FRANCHISEES SUPPORTING THEIR EMPLOYEES?

Since most of our franchisees are considered essential workers they continue to work at their facilities. Those who have had to close are continuing to pay their employees. All our franchisees plan on filing for PPP (Paycheck Protection Program) to help them continue to pay their employees during this time of either no revenue or reduced revenue coming in.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

Our franchisees are offering pick-up and drop-off vehicles for repair work, and the franchisee will contact the customer with results through calls, text, and FaceTime when available. Our shops are offering tow-in and tow-home service for some of their customers. Finally, they are cleaning the interior before and after they are in the vehicle, wearing gloves, and in some cases, face masks.

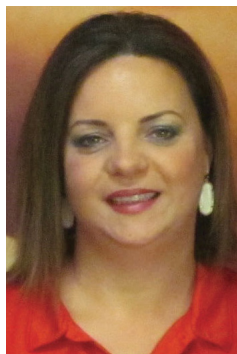
## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

I think after this that we will continue to communicate at this heightened level with our franchisees, as well as developing more social media/marketing strategies. We have found this engagement to be very positive for our relationships and letting our franchisees know how important they are to us. I am confident our franchisees will continue to offer the services of pick-up and drop-off, as well as electronic communication of their findings with diagnostics. ■

# DAWN NIELSEN

COO  
Kolache Factory

Segment: QSR  
Units: 57  
Locations: 9 U.S. states



## HOW HAS COVID-19 AFFECTED YOUR BRAND?

It feels like we are being affected in every way. Obviously, sales are down and that makes everyone nervous, especially the unknown of when things will start to turn around. But we are also taking this opportunity to position ourselves as part of a community effort to "pay it forward." We have doubled down on our commitment in our communities with our Kolache Factory Cares campaign, a two-pronged initiative: 1) Kolache Factory Cares – Fueling the Frontline, offered medical workers and first responders a free kolache and coffee every day in April; and 2) Kolache Factory Cares – Adopt a Frontline Hero, encourages companies, organizations, or individuals in our community to choose a front-line hero (hospital, clinic, police, or any essential workers) in their community by placing a large kolache order to deliver to those workers. It's a great way for local businesses that are able, to support front-line workers and local business owners (our franchisees) at a time when they desperately need sales. We hope this really catches on!

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

We immediately waived all franchisee fees (royalties, advertising, etc.) that are paid to corporate for the month of April. We have also been providing a steady stream of communication to them about how to handle Covid-19 in stores, suggestions on how they can cut down on inventory, and providing daily marketing and advertising support geared to prepare their stores and help drive sales. We also hope the launch of our Kolache Factory Cares initiatives will help them. Our internal franchisee Facebook page has been buzzing too, as different locations share issues, ideas, and struggles they face. We are all helping each other out and supporting each other the best we can.

## HOW ARE YOU HANDLING YOUR CORPORATE EMPLOYEES?

We have reduced hours for employees at the corporate level, but so far we have not had to lay off anyone and we hope to keep it that way. At corporate, we have just a few essential people at the office to handle payroll and accounting. Other employees are picking up paperwork once a week to work from home and come in one day when essential workers are not there (Friday, Saturday, or Sunday). We are not mandating this, but some of them want to come in so they do not get far behind. I'm amazed at how grateful they are to us for how we have handled this and how much they want to help and contribute. Everyone is really pitching in to help keep us moving forward.

## HOW ARE YOUR FRANCHISEES HANDLING THEIR EMPLOYEES?

I am really proud of how our franchisees are responding. Most of our franchisees have kept their employees on and are finding creative ways to do so. Some stores have put employees to work on spring cleaning projects, and others have granted vacation to employees who want to use it. Some franchisees have reduced employee hours but are buying them breakfast and lunch each day. At one location, employees banded together and came up with a plan where they voluntarily furlough one day a week without pay on a rotating basis. For example, after four weeks, four different employees have taken days off. This way the franchisee is able to reduce payroll but keep everyone productive on a part-time basis during rotation weeks, and full-time in the other weeks. Employees all felt better that no one was laid off and will be ready to bounce back quickly when all this blows over. I love how the employees worked together on the solution. Of course, some locations have had to lay off workers, which is very hard for them. But they want those folks to be eligible for any relief the government is providing.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

In April, as noted above, we offered free breakfast to go (kolache and coffee) for medical workers and first responders. We are offering takeout, curbside, and delivery orders as quickly and safely as possible. We are so appreciative of all of our customers who are making an effort to support us during this uncertain time.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

I predict a bright future for our brand and expect things to fully rebound in 3 to 6 months. My hope is, despite the pain and hardships Covid-19 is inflicting on the economy and all Americans right now, that it will make everyone a little kinder, a bit more compassionate. I believe we will come out of this and people will be eager to get back to life as they knew it and come to appreciate normal routines, like stopping in for their daily kolache and coffee on their way to work. The big question is... when? The economy will certainly go through a down cycle, but our bakery-cafe offers products at a fairly recession-proof price point, so I don't think we will face the uphill climb some other industries might face.

From an operational standpoint, this has taught us to be lean, and those are good lessons to learn. I foresee changes in cleaning and sterilizing procedures and possibly how we interact with our guests. I think the new measures we have put into place will no doubt remain, and I would not be surprised if local health departments or the FDA set new standards. Sneeze guards are already going up at grocery stores and my guess is, once put up, they will not come down. I do hope once things get back to normal, we will still have the ability to provide a welcoming and personalized experience for our guests. I would hate to see all of our environments become sterile and impersonal. I believe our biggest periods of growth come out of adversity and expect that, ultimately, we will grow as a country and as a brand. Kolache Factory is doing all it can not only to support our franchisees in word and action, we are also actively supporting our communities. My hope is that our brand emerges even stronger as a result of how we conducted ourselves in the tough times. Not unlike other wartime efforts, I am seeing a new national unity. Who knows, we may be part of the next Great Generation. ■

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# MEG ROBERTS

CEO, President  
The Lash Lounge  
(a Franworth company)



Segment: Personal care services,  
beauty  
Units: 103, approx. 20 more pending  
Locations: 30 states

## HOW HAS COVID-19 AFFECTED YOUR BRAND?

Covid-19 has shuttered the doors of every salon, but it has not dimmed the spirit of our company, our employees, or our enthusiastic clients. As with nearly every business, Covid-19 has affected our operations, our ability to serve guests, and our ability to create a place to work. Interestingly though, it also has affected our hearts and our affirmation of the service we provide: it's not just about lashes, it's about living, connecting, and being with others. It has affected our belief that we are certain our guests and employees are part of a bigger community that is our salons.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

On March 16, we initiated a Daily Digest protocol, where each day we focused on a single message. This approach helped to soothe our franchisees' worries and affirm for them that their questions and ideas were being considered, while not overwhelming our team. Each week started with a clear schedule of deliverables, day by day, topic by topic. We even branded our "comeback" plans, built our entire program around this fun "brand identity," and initiated a Refresh & Revive social campaign to share good news among our network. Our franchisees have been directly guided on everything from proper closing procedures, membership retention, and cash flow analysis to retail pivots, social engagement, and a new hiring platform.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

Our team is in four remote locations, so we adapted quickly to "Zoom Nation" and have enjoyed meeting twice a day, at 9 a.m. and 4 p.m., to triage and confirm our Daily Digests. After 3 weeks of twice a day, we are meeting with executives once a day and the entire team once a week. We make an effort to have fun, laugh, and tell jokes on our calls. We even hosted a pet party!

## HOW ARE YOUR FRANCHISEES SUPPORTING THEIR EMPLOYEES?

Our franchisees are focused first on reopening strong so their employees have a great salon to return to. We also proactively started a private Facebook community just for stylists well before Covid-19 as a place for learning and engagement. This community has proven to be a great life-line for stylists to engage with one another, to talk lashing, and to feel connected – even though it's informal and not a requirement.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

We are really excited to reopen and ROAR! Like most newer franchise concepts, we had kinks to work out a few years ago, but we had just hit our stride in Q1 2020, so we know with 100% confidence what this system is made of, how tenacious and talented our franchisees are, and, frankly, how devoted our lash clients truly are. We are incredibly optimistic about reopening with a bang and having all the systems and processes in place that perhaps we didn't in our earliest openings. If ever there was second chance to make another great impression... well this is it, and we are taking it! In terms of direct operations, we will be even more adamant about our strict hygiene and cleanliness requirements. We expect our stylists, whose certification by The Lash Lounge is incredibly detailed, to perform their craft with the expertise and professionalism that differentiates us from the rest. And we are certain our guests and members are eager to return to our lash beds and be reminded of our attention to detail, cleanliness, and care. ■



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# CHRISTINA RUSSELL

CEO  
Sola Salon Studios

Segment: Health & fitness  
Units: 505  
Locations: U.S., Canada, Brazil



## HOW HAS COVID-19 AFFECTED YOUR BRAND?

This pandemic has had an impact on every company, and ours is no exception. Our goal was to provide calm leadership in the face of this storm across 505 locations, 150 franchise owners and their teams, and the 15,000 independent beauty professionals who make Sola their home. We saw impacts starting March 9 when the media began reporting on the first fatalities in Seattle. By the end of March, 501 of our locations had closed.

When news of the outbreak hit, our first focus was on safety. We immediately implemented enhanced cleaning and protection measures based on CDC guidance. Our goal was to ensure safety so we could stay open for our stylists. As independent beauty professionals, this is their sole livelihood, so this decision was critical to their financial survival. As the virus spread nationwide, we understood that closure was imminent, and we prepared to do our part to flatten the curve. When the closure mandates rolled in, we were able to keep step with the needs and systematically shut down.

The biggest anxieties have been financial. Our business is founded on putting our stylists first, and our franchisees made it clear from the beginning that they would not charge rent during the closure period. That's a tough decision because our franchisees rely on that rent for their income, and they still owe rent to their landlords and have many other expenses beyond that. We have the added challenge that salon suites as a category is excluded from the SBA Franchise Directory, which makes it unlikely that our franchisees will qualify for any support under the CARES Act. Even if we did have PPP support, our franchisees are facing a huge rent debt at the back end. This is true for all location-based businesses. Business interruption insurance is declining claims, and landlords are expecting these business tenants to pay back the rent from this zero-revenue time frame. Franchisees often have personal guarantees on these leases, and they will be saddled with tens of thousands of dollars in debt, which scales up quickly for larger multi-unit owners. This has a significant impact on every small business, Sola included.

At the corporate level, we're working to help organizations like the IFA influence policymakers to solve these issues. The CARES Act is a good start, but more needs to be done. We'll do everything we can to promote a positive outcome.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

Starting March 9, our entire team shifted focus to Covid-19. We put together a task force that continues to meet daily, and we focused on strong leadership, communication, guidance, and support. Our goal was to be the calm in this storm for the people we serve. We started virtual meetings and daily communications with our franchisees to quickly learn best practices and share guidance. We provided resources on CDC cleanliness standards, supporting stylists, and managing cash flow, including guidance and scripts for talking with landlords and other vendors about payment abatement and deferral. We also worked with the banks who lend to our franchisees to facilitate deferral options to help them retain cash. We also put a deferral program in place for March royalties and ad fees, and we'll collect no royalties or ad fees for April and beyond until owners are back in business. We continue to assess and meet the needs as the crisis evolves.

We're using this quarantine time to help franchisees deepen their connection with their stylists. We're working together to provide support and community during this time of isolation, and our social media engagement has never been higher. We set up a Covid-19 Resource Center to help both Sola and non-Sola stylists navigate governmental financial support and grant programs. We've also put out webinars, blogs, and other content to keep them informed and inspired. Through our beauty industry partners, we've brought in big names in the beauty sector to host virtual education events to get everyone ready to come back.

More recently, our focus has shifted toward reopening strong and working with the IFA to solve the shortfalls in the government assistance. We continue to post daily updates and host webinars at least weekly to keep everyone connected with the latest developments. Our goal is to uplift our franchisees during this time and for them to know they are supported. We're confident that Sola franchisees are well-positioned to weather the storm, and we expect they'll open their doors at full capacity when mandates are lifted.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

We have been fortunate to retain our entire staff, and they have been critical to the support we're providing for our franchisees. Our home team is an important part of our Sola community, and they've been heavily engaged in tackling the issues presented in these unprecedented times. Their safety has been a priority as well. In keeping with social distancing guidelines, we shut down our home office on March 17, and our corporate employees have been working from home. At the time of this writing in mid-April, we anticipate this will continue through at least April 30, when the stay-at-home order is expected to be lifted here in Denver. [Editor: It was lifted May 9, with restrictions.] We connect with our team daily through Slack and handle most of our calls over video chat on either Slack or Zoom. It's worked well, but everyone is eager for real human connection.

## HOW ARE YOUR FRANCHISEES SUPPORTING THEIR EMPLOYEES?

Most of our franchisees have retained their teams as well. The teams are working from home and engaging with stylists on an almost daily basis to keep them connected. Where they are

able, some franchisees are focusing teams on refreshing their locations so stylists return to fresh paint and décor. We have also heard reports of high leasing activity in some markets, and franchisees are retaining staff to take these calls. We're happy for the business, but it's actually a sad sign of the devastation this crisis is causing for many independent salons, who are announcing permanent closure in the face of this crisis. Their stylists are looking for a home and reaching out.

#### **WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?**

In our business, our customers are the hair stylists, estheticians, nail technicians, and massage therapists who rent out space in our locations. With each of our locations featuring a collective of 20 to 40 boutique, move-in-ready salon studios, our franchisees have 30 customers on average. This is an attribute of our business model that we love and that still works during a time like this because our franchisees are able to connect with their stylists on the same level; they mutually understand what it's like to run a small business.

We pride ourselves on helping thousands of individuals pursue their entrepreneurial dreams and live their best lives. Our hearts go out to the 15,000 independent beauty professionals we support whose livelihoods have been affected by not being able to provide their services. We truly feel that we are in this together with them and have worked tirelessly to implement other avenues meant to guide and support them during this time of uncertainty. First and foremost, for any locations that have been mandated to close, we've waived or deferred all rent fees. It's our hope to alleviate any additional financial burden stylists may be experiencing while they are unable to work.

The entire Sola team – from franchisees to corporate employees – is doing everything in our power to ensure the well-being of our beauty professional community. Since we began learning about Covid-19 and its predicted impact, we've been continuously sharing tips with stylists on how to manage through the uncertainty and ways to remain connected with their clients during separation. As noted, we launched a Covid-19 Resource Center that includes blogs, webinar recordings, a virtual education calendar, financial resources, downloadable social media content, inspiration, and more, meant to serve as an all-in-one place for them to go to and reference as needed. As part of this, we're providing ongoing virtual education opportunities – both artistic and business-focused – to keep them engaged, and the beauty industry has partnered with us in many ways to help support our community. For example, we recently hosted a Facebook Live with a well-known industry educator, Daniel Mason-Jones, to discuss how our community of stylists can go live on social media and engage with their clients even while they're out of the salon. We also hosted a Sola webinar with more than 650 stylists registered.

We recently launched our own podcast, Sola Stories, where we're sharing stylist stories, business and marketing tips, and best practices to help keep our community inspired. The first episode featured our Chief Marketing Officer Jennie Wolff and Culture Ambassador Kim Bennett, who discussed how the Covid-19 crisis is affecting our independent salon owners and the greater beauty industry. On an ongoing basis, we'll continue to provide our stylist community with inspiration,

feel-good stories, business tips, and more – not only to get their minds off Covid-19, but also to brighten their day.

While our franchisees maintain the strongest relationships with their customers, we have provided them with simple email and text templates so they can feel confident communicating about the new programs and tools launched for our collective customers.

#### **HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?**

We are fortunate to have a strong brand, and a strong, engaged community at every level. We were inspired to see how everyone pulled together during this unprecedented time. Across the board, we remain optimistic that we will reopen full as soon as the mandates are lifted.

Our stylists have developed long-lasting relationships with their clients, and people will be eager to get back into the salon. Many of our stylists report that they're already booking appointments assuming they'll be open on the dates their local mandates lift. We also believe our 1-on-1 environment lends itself to safety, and we're preparing to roll out enhanced and well-communicated cleanliness protocols. Each stylist operates in her own closed studio, so that's an added benefit that will make clients feel secure.

Finally, we don't believe we'll experience any unit closures, but a slowdown in development is possible. We're still teed up to open more than 70 units this year, but many of them are in jeopardy given the cash flow issues and the greater concern about managing the burden of deferred rent. We're going to continue pressing for government support to address this issue on behalf of our franchisees and small business as a whole. ■

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# RANDY SIMON

CEO, President, Co-Founder  
Freddy's Frozen Custard &  
Steakburgers



Segment: Fast casual  
Units: 380

Locations: California to Pennsylvania, Virginia, down the  
East Coast to Florida

## HOW HAS COVID-19 AFFECTED YOUR BRAND?

We are known for our genuine hospitality and family-friendly atmosphere – typically associated with Freddy's dine-in experience. With 90% of the system now operating on drive-thru only, we need to make sure that the emphasis is on getting our high-quality food and custard out in a timely and accurate manner. As always, our goal is to have fully staffed operations focused on taking care of guests the Freddy's Way. More than ever, we want to make Freddy's the bright spot of people's day. The drive-thru is our new dining room!

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

We implemented a 1.5% royalty abatement, which began on March 18 to run through April 29. We will be funding an additional 0.5% of system sales toward a national digital marketing effort once operations return to normal. We understand this will not by itself solve any problems or create drastic improvements to the sales downturn, but we hope it shows our franchisees, our family, that we care about their business and the solidarity of our system.

Despite the pandemic, we still have had a couple of successful new restaurant openings over the past few weeks. In the markets that can support it and have local training staff, we've opened with drive-thru only. We've had to adjust our training program to limit the number of team members in the restaurant at one time, and we aren't able to send our corporate support team to support in person because of restricted travel, but the new locations have been able to serve their communities. In some areas we are choosing to postpone openings for the safety of our team members and are watching the local mandates for the best time to schedule successful openings.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

Throughout April and May, guests earned 2x the points when they used the Freddy's Rewards app at checkout or when they entered information from their receipt. In addition, the closure of our dining rooms during Covid-19 has served as an opportunity to fine-tune our drive-thru operations without compromising on our promise to serve quality, cooked-to-order food, and freshly churned frozen custard. Adjusting our process at both the speaker and window has helped to reduce the average check time by 15 seconds. This has the potential to increase the number of guests we can serve during peak times by 30%. Before Covid-19, we'd been testing a third-party delivery service and carefully analyzing the process of packaging our food for optimum quality through delivery. The timing and preparation made us ready to quickly begin offering DoorDash delivery as an additional option for our guests. Delivery is now available at a majority of our locations system-wide.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

As local governments are determining reopening guidelines, we are preparing the gradual reopening of our dining rooms with our team member and guest safety as the number-one priority. We determined and applied changes to a local corporate-owned location, which serves as the example of what is being rolled out system-wide as restaurants reopen their dining rooms in other markets. We added barriers in between booths to reduce contact between guests, and have reduced the number of tables in the main dining area to help with social distancing. We have placed stickers on the floor to mark where customers can stand to maintain 6 feet of separation. We will generally reduce dining room occupancy to 50 percent and make every effort to comply with local guidelines as they are made known.

The trust of our Freddy's family is extremely important to us. While markets across the nation will vary with reopening timelines and mandated regulations, we're instituting new social-distancing along with enhanced cleanliness guidelines in each of our 380 locations around the U.S. to ensure consistency and a high standard for safety precautions across the board. ■



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# BRANDON SOLANO

CEO  
Rave Restaurant Group  
(Pizza Inn and Pie Five)



Segment: Fast casual restaurants  
Units: 153 Pizza Inn, 53 Pie 5  
Locations: Pizza Inn – 13 states and 34 international units in the Middle East (Kuwait, UAE, Saudi Arabia, Oman)  
Pie 5 – 13 states

## HOW HAS COVID-19 AFFECTED YOUR BRAND?

At Pizza Inn, locations that already focused on delivery and carry-out were poised to meet the current need. We added the Contactless Buffet To-Go to offer the same variety and value of our All-Day Buffet to guests in the safety and comfort of their home. The Contactless Buffet To-Go was a program our Pizza Inn Franchise Leadership Council was heavily involved in as a solution to offer the buffet experience in a unique and relevant way for guests. Additionally, we added new procedures to allow for a safe, contactless delivery or carry-out experience. Team members maintain a minimum distance of 6 feet when guests pick up orders, and we're encouraging guests to prepay over the phone, in lieu of cash.

At Pie Five, we've introduced everyday value offers through our online ordering platform, making \$5, 1-topping personal pizzas and \$9.99, 2-topping large pizzas available all day, every day. Many franchisees have also dropped delivery fees to make themselves more accessible to guests who are asked to stay at home.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

At both brands, we immediately revised our marketing calendars and our offerings to maximize value to guests and drive sales. We also moved quickly to execute agreements with delivery service providers with favorable terms for our franchisees, such as lower commissions, online brand protection, and launch marketing initiatives. We recognize the need for off-premise and are doing what we can to expand the commerce footprint for franchisees. In the current environment, everyone is competing for a small share of restaurant dining. We want to help our franchisees be successful in their local markets by creating compelling offers that provide value to guests, matching the needs of both small and large families. We've actively marketed offers in each local community and shared new ideas and best practices. Three of our new offers we created for Pizza Inn were immediately in the top five of our most redeemed offers online, accounting for nearly 40% of all redemptions. Our Pie Five franchisees in the Kansas City market created Build-Your-Own Pizza kits. The idea came from their team, but the brand's head of operations and franchise business consultant were very hands-on and worked tirelessly to coordinate support team departments, from IT to marketing and purchasing.

Most importantly, we've maintained an open dialogue with our franchisees. Some have brought great ideas to us that are working for their location, and we'll communicate those to the rest of the system. For example, one franchisee put up some simple yard signs and banners letting everyone know they were still open for takeout and delivery. So we sent a communication out to the system with the idea, along with print-ready assets they could easily get up immediately. Another franchisee put up a tent in his parking lot and sold pizzas from there for certain lunch and dinner hours, creating a makeshift "drive-thru" for added convenience for guests. We send out regular communications to both brands on new marketing initiatives, environment dynamics, and the impact of the CARES Act on franchisees, including information on how they can apply for various governmental relief programs. After the bill passed on March 27, we had an all-franchisee call for each brand shortly afterward to talk through the specifics of the stimulus program and answer any questions.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

The Rave office is officially closed temporarily for the health and safety of our team members. In the beginning of the crisis, office attendance was optional, but employees continued to come in, including the executive team. We felt that some team members were feeling pressure to be here, so the decision was made to officially close and keep team members in their homes and away from potentially higher-risk environments.

## HOW ARE YOUR FRANCHISEES SUPPORTING THEIR EMPLOYEES?

We have a franchisee in Pikeville, North Carolina who has not laid off any team members or significantly reduced hours. Some things they are doing to keep team members active are writing personal notes on each guest's order (personal connections are really challenged during this time), building meal kits for local soup kitchens, and making videos to highlight employees hard at work during this time (clips that show who is making your pizza today). They also are hoping to have enough supplies to make masks in the unused portion of the restaurant.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

Every one of our franchisees is important to their communities. We're proud of all of them for the resiliency they've displayed in this pandemic. One particular franchisee in Kentucky is always making trips to nearby healthcare facilities and food banks to feed the heroes on the front lines, including taking pizzas to the staff at St. Joe's ER, which they posted on Facebook. It's stories like this that exemplify why we do what we do.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

We'll come out stronger. We will have weathered the storm as individuals, and as stronger brands, which I believe will strengthen our foundation. Our job at that point will be to build on the momentum, which we will be well-positioned to do because of the better understanding we'll have of our guests and their preferences. Our marketing messages and operational procedures will adapt to be relevant in the environment, but I believe our best assets will be the grit and resilience of the team to explore new ways to add value to both franchisees and guests. ■

# CHRISTINE SPECHT

CEO  
Cousins Subs

Segment: QSR  
Units: 99  
Locations: Wisconsin (primarily),  
Chicago, Indiana



## HOW HAS COVID-19 AFFECTED YOUR BRAND?

We started paying more attention to the news in early March with the shutdowns of the NBA, NCAA, and schools. On March 14, we started tracking daily sales and saw a significant shift in our business. We were having a great year, tending positive up to 7%. Then sales began to drop: 17%... 20%... then suddenly 30% and 40% or more. They're trending down now at about 30%. We have 99 locations, primarily in Wisconsin, with a group in Chicago and one in Indiana, and municipalities are taking their own approach to shelter-in-place protocols, and all stores are affected differently. About one-third of our restaurants are drive-thrus, a direction we'd been moving in anyway. We closed about 10 stores, 1 corporate and the rest franchised, some city, some rural. Not all were necessarily driven by Covid-19; we were planning to close the corporate store.

The stores are dealing with operational changes, and people are just hammering out their work. We went from no curbside pick-up and within 3 days rolled it out. It was unprecedented, but we don't have the luxury of time right now. We also have an easy pick-up option for customers to prepay, grab their order off a shelf, and go. From a corporate perspective, we're looking where we can relocate our own restaurants to more freestanding sites so we can have drive-thrus. In terms of innovation, Covid-19 could have lasting benefits like curbside pick-up, which we may roll out permanently.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

Right now [Editor: April 1], it's been four weeks of 50% royalties (3% instead of 6%). We'll revisit this as the situation changes. We will have them pay it back at some point in the future, but there's no timetable yet. There are no technology fund fees (POS) right now, and our co-op and national ad fund fees also have been reduced. We're trying to be as responsive as we can to our franchisee community. Many franchise owners are not paying themselves, same as we are. We still have to preserve cash flow on our end while remaining sensitive to the needs of our franchisees. I'm proud of our president, Jason Smith, who has taken on the role of main communicator with our franchisees. He's the clearinghouse

for communicating to them about new restrictions, legislation, etc. Franchisees don't have the time to sift through all that, and he's being as consistent, reliable, and factual at updating them as he possibly can.

## HOW ARE YOU SUPPORTING YOUR CORPORATE EMPLOYEES?

We have only about 6 people in the office and we're all keeping a safe distance. We're making sure that we're still connecting in some way, and still hold leadership meetings using Microsoft Teams. It's more than conference calls – we want to see people's faces.

## HOW ARE YOUR FRANCHISEES SUPPORTING THEIR EMPLOYEES?

We have owner calls with anyone who wants to jump on, with strategies on keeping their employees. All are feeling the effects, but it varies from store to store. A couple of franchisees don't have the critical staffing situation you might expect. Most owners are more hands-on now, more engaged, and because of the staffing shortage are working double shifts. We're also looking into the opportunity to do some pooling of employees. Since so many of their employees are young people, we're respecting the wishes of the employees or their parents.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CUSTOMERS?

As I said, we've launched curbside pick-up and are using our drive-thrus for those who have them. Some municipalities are not allowing guests to walk in and order at the register, only to pick up their food. The majority of our restaurants are still able to take in-store ordering, though it's all to go. And we're using third-party delivery. Guests want convenience, speed of service, and third-party delivery. Our main partner is DoorDash, and we're looking at other partnerships. I'm eternally grateful I can adapt the business, employ people, and serve guests. Also, we launched a new loyalty program at the beginning of the year and it's working great.

## HOW ARE YOU WORKING WITH YOUR SUPPLIERS?

No issues so far. Our main distributors are still working with us. Some have cut back on the frequency of deliveries. With sales down 20% to 50%, franchisees need fewer supplies and staff and are trying to keep their business and employee staffing situation somewhat in sync.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

It's all hands on deck, and we don't know what normal will look like. Right now, besides looking at cash preservation and daily sales, we're looking 90 days out. Perhaps things will settle out by summer. Will some stores have to close permanently? It's on our minds, but let's just get through until tomorrow and the next 90 days. Until then we'll continue to deploy the methods our guests want.

From a leadership perspective, our franchisees and corporate team can't see people like Jason and me fretting and worrying. You have to manage the information you're getting and make the best decisions for your franchise community. It's very easy to get overwhelmed staying in place and turning on the news. We're taking it one day at a time... and each day is one day closer to getting to the other side. ■

# SHELLY SUN

CEO, Co-Founder  
BrightStar Care

Segment: Home care, health,  
fitness  
Units: 300+  
Locations: Across the U.S.



## HOW HAS COVID-19 AFFECTED YOUR BRAND?

As all BrightStar Care's independently owned and operated agencies are accredited by The Joint Commission (the same organization that accredits the nation's best hospitals), we already followed national patient safety goals: hand hygiene, proper training, and so on. To help prevent the spread of the disease and keep our clients safe, PPE was made available to every front-line worker. In April we created a centralized fulfillment center for our franchisees to equip all independently owned and operated BrightStar Care agencies and their staff with necessary PPE to be able to ensure the safety of staff and caregivers as they continue to deliver the highest standard of care. Home care is becoming increasingly more important, as hospitals are more tightly managing things like bed capacity and the health issues they are treating. We have also seen a surge in inquiries for our services from clients who have family members on the mend for recovery, as well as families who want to keep their vulnerable loved ones safe in these difficult times.

## WHAT ARE YOU DOING TO HELP YOUR FRANCHISEES THROUGH THIS?

We are empowering our franchisees to truly make a difference in their communities. By giving them access to PPE they can help keep their care team and clients safe today and in the future. We have invested more than \$2 million in PPE to support our independently owned and operated locations across the country – which employ more than 20,000 caregivers and 4,000 nurses, who each play a unique role in overseeing the care for each client. We also have created a centralized fulfillment center to make ordering PPE easier for our franchisees, rather than having them spend time finding reliable sources and ordering from a variety of different vendors. Our distribution center was put in place so that they are able to spend their time focused on their business, clients, and staff. We also have communicated with our franchisees about the ability to increase salaries with an extra incentive for taking on the extra risks of providing home care during a pandemic, which we are referring to as “safety pay.” We want to have the caregivers to meet the needs of clients who need

extra help around their own home. We want to continue to be on the front line protecting our clients.

## HOW ARE YOU SUPPORTING YOUR AGENCY EMPLOYEES?

We are continuing to follow CDC standards for how to safely care for all clients, and we are providing in-depth trainings and protocols to caregivers so they can stay safe while caring for their clients. In addition to the existing programs and protocols in place, we also have developed a complete respirator mask program, education, and safety training to ensure the highest levels of safety during this pandemic — and we have made adjustments to our proprietary technology to provide screening questionnaires for caregivers and nurses to ensure they are fit and healthy to care for clients. We have worked hard to secure necessary PPE to keep caregivers safe in these difficult times. We also feel that if any team member needs to take time off because they are not feeling well or have other obligations, they can absolutely do so and also be paid for the time spent out of office.

## WHAT ARE YOUR FRANCHISEES DOING FOR THEIR CLIENTS?

They are continuing to go above and beyond by taking the necessary steps to keep clients safe. They are doing so by partnering with local businesses to offer screening services, as well as with other local initiatives that position them as a resource within their local community.

## HOW ARE YOU WORKING WITH YOUR SUPPLIERS?

When we first began to hear about Covid-19, I started reaching out to all my contacts to see what we could secure for our franchisees. Over the years I have had the chance to build strong relationships among my YPO network and across the industry, and that is how we were able to successfully support our agencies. We have truly worked hard in creating a centralized fulfillment center for our franchisees to equip all independently owned and operated BrightStar Care agencies and their staff with necessary PPE. It was our biggest priority to support those working on the front lines as they continue to ensure the most vulnerable population can remain safe at home and out of hospitals.

## HOW DO YOU SEE THE FUTURE OF YOUR BRAND, OPERATIONS, MARKET, ETC. POST-COVID-19?

Our mission always comes first, and that is how we have been able to create a sustainable brand. During these current times we are still putting the mission first by always being the best employer for our staff and the best provider for our clients, which we will continue to do. We also will continue to equip our franchisees with all necessary equipment and training to keep everyone safe. With that said, we are always looking ahead to provide the highest standard of care and will continue to have supplies in the coming weeks and months so that we are always giving our franchisees, staff, and clients the confidence they need to stay home safely. Things will shift, of course, but we will come out of this and reinvent the business model, making sure we are sustainable for the long haul. We will always focus on our nurse-led care and how that can help us accelerate and grow the brand. ■



STORIES FROM THE FRONT LINES

# CDO Perspectives

Covid-19 has changed the way business is conducted, both today and for the foreseeable future, leaving franchise development teams scrambling to adapt their strategies, tactics, and sales processes – beginning in mid-March when the reality and impact of Covid-19 became apparent – as well as their plans for the next 90 days. Here's what a select group of franchise CDOs and development executives shared with us as they continue to shift gears to stay afloat in the wake of the pandemic.



# AMERICA'S ONLY COMPREHENSIVE FRANCHISE EDUCATION PROGRAM

"I'm very thankful for the opportunities that the Titus Center and PBA have given me. They really put students in a position to succeed."

While in Germany, Paul helped Bodystreet fitness studios with franchise expansion efforts in Tanzania, England, Bulgaria and the U.S., and he is representing Bodystreet at the 2020 Franchise Expo South in Miami.



West Palm Beach, FL  
[TitusCenterforFranchising.com](https://www.TitusCenterforFranchising.com)

**When Paul Brockley entered the program at Palm Beach Atlantic University's Titus Center for Franchising, he envisioned the powerful impact it could have on his future.**

Now set to graduate in May, Paul is the program's first-ever German Franchise Association Fellow, and has worked with the Chief Economic Advisor at the U.S. Embassy in Berlin. And while attending the global FranchiseExpo19 with program director Dr. John P. Hayes, he received multiple job offers from American and German companies, on the spot.



## CHRISTINA CHAMBERS

Executive Vice President,  
Franchise Development  
InXpress

Segment: B2B shipping & logistics  
Units: 400 (approx.)

Locations: U.S. and Canada (130), remainder  
in 12 countries in EMEA & Asia/Pacific



## TIM COURTNEY

Vice President, Franchise  
Development  
Puroclean

Segment: Restoration &  
cleaning services  
Units: 300

Locations: U.S., Canada



### WHAT ARE YOU DOING DIFFERENTLY WITH YOUR FRANCHISE DEVELOPMENT PROGRAM AS A RESULT OF COVID-19?

We've shifted to virtual discovery days. We had our first 100% virtual meeting on April 7, with 7 candidates in attendance (a record for us). We are fortunate to be in an essential industry that is running at 100%, with home-based franchisees who are actually enjoying similar revenue bumps as during the holiday shipping season. We are sharing current messages from our CEO in eblasts to our lead database, and capturing franchisee success stories in a "Survive and Thrive" web video series to use in lead generation. We are also using LinkedIn InMail more than ever to reach out to our ideal candidates within industries that may have been affected by recent layoffs. These efforts have resulted in an increase in quality lead flow versus the pre-Covid-19 period.

### WHAT ARE YOUR PLANS FOR THE NEXT 60 DAYS (APRIL & MAY)?

Continuing to sign new franchisees! We are doubling down on lead generation efforts, but with a more empathetic message. Making sure we are in a strong position to capitalize on the bounce-back that will inevitably happen. We are also doing everything possible to help our franchisees benefit from the CARES Act support programs as needed.

### WHAT ARE YOUR PLANS FOR THE FOLLOWING 90 DAYS (JUNE, JULY, AUGUST)?

We'll keep going with full energy while planning for the "what ifs" in case the bounce-back does not happen at the 60- to 90-day mark. It's not realistic to forecast 90 days out until we understand, especially, the financing/SBA backlog implications on new franchise lending.

### HAVE YOU MADE MAJOR CHANGES TO YOUR FRANCHISEE RECRUITMENT PROGRAM OR SALES PROCESS?

Our process remains the same, but with more flexibility on timing. We typically average 3 to 4 weeks from discovery day to signing, but we expect that timing to extend because of SBA financing backlogs.

### HAVE YOU MADE ANY CHANGES TO THE ROLES OR DUTIES OF YOUR TEAM?

No. ■

### WHAT ARE YOU DOING DIFFERENTLY WITH YOUR FRANCHISE DEVELOPMENT PROGRAM AS A RESULT OF COVID-19?

Increased advertising with a focus on social. Increased PR to capitalize on our franchisees giving back to their community; showcasing stories of our Covid-19 response. Conducting virtual meet the team days. Start the SBA funding process earlier in the process.

### WHAT ARE YOUR PLANS FOR THE NEXT 60 DAYS (APRIL & MAY)?

Business as usual...continue aggressive marketing. Franchisee-focused advertising (telling their story).

### WHAT ARE YOUR PLANS FOR THE FOLLOWING 90 DAYS (JUNE, JULY, AUGUST)?

Prepare for some virtual new franchise training to help launch franchises.

### HAVE YOU MADE MAJOR CHANGES TO YOUR FRANCHISEE RECRUITMENT PROGRAM OR SALES PROCESS?

With funding still available to new businesses, but the time to fund taking longer, we have pushed this step earlier in our process to start. We are seeing some benefit with this. We are holding virtual meet the team days that we continue to improve upon by adding way more interaction and Q&A sessions.

### HAVE YOU MADE ANY CHANGES TO THE ROLES OR DUTIES OF YOUR TEAM?

Not at this time. We may be adding an additional lead qualifier. ■



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## PETE LINDSEY

Consultant  
Nikita Hair USA

Segment: Salon operations,  
retail  
Units: 150+  
Locations: Norway and 3 U.S.  
states



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## TOM MONAGHAN

Chief Development Officer  
Philly Pretzel Factory

Segment: Food, snack/meal  
replacement  
Units: 175  
Locations: 19 states



### **WHAT ARE YOU DOING DIFFERENTLY WITH YOUR FRANCHISE DEVELOPMENT PROGRAM AS A RESULT OF COVID-19?**

We have pulled back most of our franchise marketing. We don't really have consumer marketing going on right now.

### **WHAT ARE YOUR PLANS FOR THE NEXT 60 DAYS (APRIL & MAY)?**

We will continue to do limited advertising for franchise sales as we feel we are well-positioned coming out of the virus.

### **WHAT ARE YOUR PLANS FOR THE FOLLOWING 90 DAYS (JUNE, JULY, AUGUST)?**

We will try to build out two of our stores as the situation offers. We will continue to conduct franchise sales.

### **HAVE YOU MADE MAJOR CHANGES TO YOUR FRANCHISEE RECRUITMENT PROGRAM OR SALES PROCESS?**

We are building out a sales process and believe that due diligence will not change, so our process will not be altered. We are weighting funding plans more up front in our process to make sure funding will not be a problem.

### **HAVE YOU MADE ANY CHANGES TO THE ROLES OR DUTIES OF YOUR TEAM?**

No changes to my role in franchise sales. We have furloughed non-essential personnel and cut down on the number of portals we are advertising on. We're still getting content out there for our franchise sales. ■

### **WHAT ARE YOU DOING DIFFERENTLY WITH YOUR FRANCHISE DEVELOPMENT PROGRAM AS A RESULT OF COVID-19?**

We stopped all franchise development-related marketing expenses.

### **WHAT ARE YOUR PLANS FOR THE NEXT 60 DAYS (APRIL & MAY)?**

To handle all leads almost as normal. Plus we added a weekly brand update webinar for all candidates to provide them with insight to all we are doing to support existing owners. We also are working to upgrade our franchise development website.

### **WHAT ARE YOUR PLANS FOR THE FOLLOWING 90 DAYS (JUNE, JULY, AUGUST)?**

Crank everything back up, including the franchise development marketing and staff.

### **HAVE YOU MADE MAJOR CHANGES TO YOUR FRANCHISEE RECRUITMENT PROGRAM OR SALES PROCESS?**

The only real change is a virtual meet the team day, versus in person.

### **HAVE YOU MADE ANY CHANGES TO THE ROLES OR DUTIES OF YOUR TEAM?**

Yes, we furloughed virtually everyone on the home office team. Therefore, as CDO I am handling all candidates. ■

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# ERIC LITTLE

Chief Development Officer  
Right At Home

Segment: Senior Care

Units: 600+

Locations: U.S., U.K., Canada, Australia, Ireland,  
Netherlands, Japan, China



## **WHAT ARE YOU DOING DIFFERENTLY WITH YOUR FRANCHISE DEVELOPMENT PROGRAM AS A RESULT OF COVID-19?**

We have pulled back on most non-broker lead generation for the time being. That said, we are still seeing some leads come in organically. We also hosted a webinar for franchise brokers recently. And we're communicating with our leads database to re-engage those who may now find themselves looking for another opportunity as a result of a layoff or job-related uncertainty.

## **WHAT ARE YOUR PLANS FOR THE NEXT 60 DAYS (APRIL & MAY)?**

Our first virtual training class was Monday 5/18, and it includes a franchisee who attended our first virtual discovery day in April! Because senior care businesses are essential and stayed open during this pandemic, we expect that we're going to see a lot of interest in our category going forward – similar to the way people reacted after the 2008 financial crisis. Over the next 60 days we'll continue to refine our messaging to prospects and brokers related to Covid-19, the industry, the brand, and the opportunity that exists with Right at Home. We also have several candidates tracking for our next virtual discovery day in June.

## **WHAT ARE YOUR PLANS FOR THE FOLLOWING 90 DAYS (JUNE, JULY, AUGUST)?**

We will monitor lead flow and candidate sentiments, and make sure that we are continuing to educate candidates about how Covid impacts our business (benefits and risks). From a marketing perspective, we will most likely stay focused on broker leads for the remainder of the year, with perhaps a little support from traditional franchise development lead generation in Q4. We will also continue communicating through our social media channels.

## **HAVE YOU MADE MAJOR CHANGES TO YOUR FRANCHISEE RECRUITMENT PROGRAM OR SALES PROCESS?**

Yes! We had new and resale candidates in our pipeline who still wanted to move forward just as Covid-19 began

to make landfall, so to speak. We had to figure out a way to responsibly allow them to proceed, while staying true to our core values. Bottom line: We didn't just want to look the other way and hope things would be okay. We wanted the candidates to make informed decisions, based on their own risk assessment of the facts available. This meant we had to make some rather significant changes to our process to help provide them with information about the virus. In addition to implementing virtual discovery days and creating a virtual training class, we've evolved our entire sales process to help educate buyers about Covid and its potential impact. We've added a Covid "logo" to slides in our business overview presentation that covers portions of our business model that might be affected by the virus (PPE costs, opening timeline, virtual training, etc.). Each time one of those slides comes up with the logo on it, our sales directors talk about Covid's impact. We've also created a list of sample questions for candidates to ask our current franchisees during validation about the impact the virus has had on their business. All qualified candidates also get invited to a biweekly call with our CEO and COO where the only topic is Covid. There's more, but overall we just want to make sure that we're talking openly with candidates about Covid and its potential impact.

## **HAVE YOU MADE ANY CHANGES TO THE ROLES OR DUTIES OF YOUR TEAM?**

Yes. One of the most significant is that we now have our internal legal coordinator audit the communications records in the CRM to verify that candidates have received information and multiple communications about Covid from us. We have developed multiple touchpoints for franchise candidates in our process related to Covid. The legal coordinator uses a checklist to verify that those touchpoints occurred and are logged in the CRM before opening franchise agreements for signature. This helps us make sure that we have done our part to help candidates understand the impact the virus may have before they sign with us. ■

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# LORI MERRALL

Director of Franchise Development  
Sola Salon Studios

Segment: Salon studios

Units: 505

Locations: U.S., Canada, Brazil



## **WHAT ARE YOU DOING DIFFERENTLY WITH YOUR FRANCHISE MARKETING PROGRAM AS A RESULT OF COVID-19?**

Right now, our focus has shifted to providing support programs for our existing community members to ensure they have the information and tools they need to get through the crisis. Because our customers are independent salon owners whose businesses are affected by salon closures, it's important that we keep them engaged during this period and help our franchisees disseminate important communications around closures, government support, and other ongoing, timely education. We have not halted our marketing efforts to drive leads though, as we know that beauty professionals are still looking for information about leasing studios. We also launched a Covid Resource Center for our beauty professionals to access important information.

## **WHAT ARE YOUR PLANS FOR THE NEXT 60 DAYS (APRIL & MAY)?**

We have shifted our marketing strategy fully for the next 60 days and are focused on a message of support and community. We are hosting regular virtual events for our community and are inviting all beauty professionals to join us. We will continue marketing with a modified budget according to decreased revenues. We also have created resources for our owners for their communication to customers (the stylists), and also what is going to be available to them in lending, how to speak to landlords, and guidance and checklists for closures, etc.

## **WHAT ARE YOUR PLANS FOR THE FOLLOWING 90 DAYS (JUNE, JULY, AUGUST)?**

Things are changing by the day. I think we need to get through the next 60 days first.

## **HAVE YOU MADE MAJOR CHANGES TO YOUR FRANCHISEE RECRUITMENT PROGRAM OR SALES PROCESS?**

We are not actively spending as much on digital marketing efforts, but our overall strategy has not changed. While lead flow is down and it's difficult for people to make an investment or buying decision now, we are still working people through the discovery process with the thought that, when this passes, they will be ready to move ahead. We are maintaining communication with candidates and are checking in with them on a personal level rather than trying to "close a sale."

## **HAVE YOU MADE ANY CHANGES TO THE ROLES OR DUTIES OF YOUR TEAM?**

Our team is all hands on deck to help our franchisees and stylist community navigate the current crisis. Everyone is stepping up to take on different responsibilities to help us get everything done quickly and efficiently. ■



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# PAUL PICKETT

Chief Development Officer  
Wild Birds Unlimited

Segment: Retail  
Units: 345  
Locations: U.S., Canada



## **WHAT ARE YOU DOING DIFFERENTLY WITH YOUR FRANCHISE DEVELOPMENT PROGRAM AS A RESULT OF COVID-19?**

We are not signing any new agreements right now. We are staying engaged with candidates and having our first RingCentral meeting with a small group today. We just need to know how this is going to play out, and how WBU stores will recover before we bring in a new franchisee and ask them to make this sort of commitment. We have changed our messaging (sending out more information about enjoying nature, kid's activities, focus on planning and investigating) to avoid seeming desperate or predatory – but have actually upped our spend.

## **WHAT ARE YOUR PLANS FOR THE NEXT 60 DAYS (APRIL AND MAY)?**

More of the same: lots of contact with existing candidates. We had a couple of articles written about our response from us to franchisees, and from franchisees to customers. If our online videoconferencing goes well, we will expand that effort significantly.

## **WHAT ARE YOUR PLANS FOR THE FOLLOWING 90 DAYS (JUNE, JULY, AUGUST)?**

We expect to see more focus on transfers than new stores, so we are reviewing and editing our documentation and assistance to both buyers and sellers on that front.

## **HAVE YOU MADE MAJOR CHANGES TO YOUR FRANCHISEE RECRUITMENT PROGRAM OR SALES PROCESS?**

We have not – but I have never worked so hard to help my existing franchisees get financing and rent relief. This working from home is for the birds! I am working 12- to 14-hour days.

## **HAVE YOU MADE ANY CHANGES TO THE ROLES OR DUTIES OF YOUR TEAM?**

No. We are just in high-contact mode. ■

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STORIES FROM THE FRONT LINES

# CMO Perspectives

Covid-19 has changed the way business is conducted, both immediately and for the foreseeable future. Marketing's role in recruiting franchisees (B2B) and helping franchisees connect with customers (B2C) is a critical component of any successful franchise system. We asked franchise marketing executives how they are adapting their marketing and media strategies and tactics – beginning in mid-March when the reality and impact of Covid-19 became apparent – as well as their marketing plans for the next 90 days. Here's what a select group of franchise CMOs and marketing leaders shared with us as they continue to shift gears to stay afloat in the wake of the pandemic.





# JOSH COLE

Chief Marketing Officer  
Sky Zone

Segment: Health & fitness, children  
Units: 300+  
Locations: U.S., Canada, Guam, 10 countries

## WHAT ARE YOU DOING DIFFERENTLY WITH YOUR MARKETING PROGRAM AS A RESULT OF COVID-19?

With Sky Zone parks temporarily closed, we have been focusing heavily on engagement strategies that allow us to remain relevant to our guests and, even more importantly, are helpful and provide value to them in this new and uncertain situation. Parents and kids alike need ways to stay active at home, and they also need to adapt to a new reality of increased virtual interactions. To help meet guests' concerns and needs, we have focused our consumer-facing marketing efforts on three core strategies:

1. Providing kids and parents with fun, indoor active play ideas, such as Freeze Dance, Balloon Volleyball, and At-Home Obstacle Course, among others. We shared these ideas through social media, email, and website content. The goal here is to be helpful, especially knowing how stressful it can be for parents to keep their kids moving, active, and entertained day after day.
2. Hosting virtual birthday parties, which have been a huge success! We need to stay at home, but the desire to celebrate birthdays doesn't stop. To help meet this need, we launched virtual parties based on our popular in-person birthday parties. These virtual parties are completely stress-free and cost-free. Sky Zone takes care of creating the invitations and setting up virtual links for families to share. One of our expert "Party Pros" leads the Guest of Honor and 10 of their friends through 20 minutes of active play games using Zoom video. We are also testing a monetization strategy with the goal of generating revenue while continuing to make the actual party offering free of charge. We have hosted hundreds of virtual birthdays and are currently booked solid through mid-May, which has led to the idea of celebrating multiple birthday kids in group parties.
3. Bringing our guests' favorite Sky Zone active play areas to life virtually through customized Sky Zone Zoom back-grounds. Guests can share their love of jumping, dunking, and playing at Sky Zone with classmates and co-workers on Zoom calls.

We're also launching a new Sky Zone mobile game, available free of charge on the Apple iTunes and Google Play stores. The game provides a fun, branded experience in which guests can virtually visit Sky Zone any time they want, and while there, compete to get atop leader boards, "power



up" their avatars, and attempt to earn enough game points to win a free real-world jump pass.

## WHAT ARE YOUR PLANS FOR THE NEXT 60 DAYS (APRIL & MAY)?

We'll continue offering ways to connect virtually to remain helpful to our guests and to drive brand visibility during the ongoing period of uncertainty. The Sky Zone game app will be a key focus of this effort as we add features. We are also continuously looking for ways to be a resource to our franchise partners, from providing new planning tools to helping navigate new governmental guidelines. At the same time, we are actively preparing for upcoming reopenings so our franchise partners are well positioned to have highly successful starts. The reopening plans cross all functional lines: marketing is tightly aligned with operations, training, and finance to create well-coordinated and clearly communicated plans for our franchise partners and their park guests.

## WHAT ARE YOUR PLANS FOR THE FOLLOWING 90 DAYS (JUNE, JULY, AUGUST)?

Hopefully, conditions allow July to September to be a period of normalization with consumers excited and able to get back to doing things they love outside of their homes, including visiting active entertainment venues like Sky Zone. During this period it will be important for us to continue communicating to guests everything we do to keep our parks clean and our guests and team members safe. At the same time, we'll also be shifting back into the swing of promotional marketing to help drive traffic to the parks. We envision it will be a period when brands across industries will be competing aggressively for share of wallet. We will likely run a value-oriented summer promotion in tandem with brand marketing that engages on a more emotional level.

Also, as happy as it makes us to provide the current virtual parties in this time of need, we will be very excited to get back to hosting the type of birthday parties we really love, with kids and their friends having a blast playing, jumping, and celebrating together. Our marketing will include a push to get these parties booked and the kids blowing out candles in person again.

All this said, we know it's crucial to continue customer research initiatives and to keep a close watch on the pulse of consumers. No one really knows what the situation will be like. Will employment bounce back? Will family budgets be extra tight while paying off debt? On the other hand, will

we see higher ends of the market stay in town this summer, whereas in the past they would have traveled or gone to the beach? We may see more staycations and commensurate spending on local entertainment options. Right now, we have guesses, but we will work actively to validate these hunches and inform us where and when pivots are needed.

#### **HAVE YOU MADE MAJOR CHANGES TO YOUR MARKETING AND MEDIA PROGRAMS?**

Major changes were dictated by the very unique situation caused by our parks needing to temporarily close and our guests being thrust into an unprecedented, high-anxiety situation of job losses, furloughs, and crisis home schooling. Our immediate focus was on being helpful, empathetic, and understanding with an eye toward building longer-term goodwill with our guests. We looked at whether there were new products, or modifications to existing ones, that we could launch to better meet current needs. For example, birthday parties are a big part of the Sky Zone experience. However, for obvious reasons these were all canceled. We quickly rolled out a brand-new offering, Virtual Parties, using Zoom video calls hosted by our expert Party Pros. Knowing that this downturn created acute financial burdens on families, we are offering these parties free of charge. It is extra important during a downturn to provide value, and if you can do it in a surprisingly generous way, you can create a deeper connection with your customers. Plus, if done right, your team members feel great about offering this value in the process.

Alongside the new launches, we made a conscious effort to adjust messaging to better speak to customers' needs and circumstances, while evaluating content so it does not offend new sensitivities. For instance, people are increasingly making social posts about things they look forward to doing when Covid-19 passes. So we shifted the messaging for our Easter Gift Card promotion (planned before the virus outbreak) to position the gift cards as providing something fun to look forward to. Last, we are hard at work planning for the brighter days ahead once Covid-19 subsides so we are positioned to come out of the gates swinging hard.

On a very practical level, we dialed back spending to preserve budget for when business opens again. So we put our energies almost wholly into unpaid owned and earned channels: social media content and contests, word of mouth, and publicity. The free virtual parties generated considerable national media coverage and positive buzz among parents.

#### **HAVE YOU MADE ANY CHANGES TO THE ROLES OR DUTIES OF YOUR TEAM?**

Our social team usually works on both paid and organic content. However, we have shifted the focus much more squarely on organic content, such as creating and sharing ways to stay active at home. Also, over the past weeks our team has been very focused on creating reopening plans, and we have been working closely with internal cross-functional teams to ensure the operations and training plans and the upcoming consumer messaging are completely in sync. At a time of constantly changing information, it's become even more important than ever to make whatever extra effort is needed to have clear and accurate communications, whether internally across teams, internally with our franchise partners, or externally with our guests. ■

## **LISA ZOELLNER**



Chief Marketing Officer  
Neighborly

Segment: Home services  
Units: 3,900  
Locations: U.S., Canada, U.K.,  
Germany

#### **WHAT ARE YOU DOING DIFFERENTLY WITH YOUR MARKETING PROGRAM AS A RESULT OF COVID-19?**

We re-evaluated all current programs both from a creative/messaging and performance standpoint. We made many adjustments based on sensitivity/appropriateness in the current environment and shifted investments based on performance. For example, we moved some money from PPC to Facebook for one of our brands because of declining search volume, and made keyword changes for others. We also are working overtime (literally and figuratively) to provide guidance and support to our franchise owners. For example, we created a marketing guidebook with checklists, suggested actions, and links to resources. Finally, we're doing contingency budget planning with various scenarios to be ready to make changes as the situation develops.

#### **WHAT ARE YOUR PLANS FOR THE NEXT 60 DAYS (APRIL & MAY)?**

Same as above.

#### **WHAT ARE YOUR PLANS FOR THE FOLLOWING 90 DAYS (JUNE, JULY, AUGUST)?**

Same as above.

#### **HAVE YOU MADE MAJOR CHANGES TO YOUR MARKETING AND MEDIA PROGRAMS?**

Yes, based on analysis of performance. For some brands, no changes were necessary; for others, we made significant changes.

#### **HAVE YOU MADE ANY CHANGES TO THE ROLES OR DUTIES OF YOUR TEAM?**

Yes. It's all hands on deck, so multiple team members are taking on additional areas of focus. We also have formed a task force to begin planning for "after." ■

# MARCI KLEINSASSER

Vice President of Marketing  
Handyman Connection

Segment: Home services

Units: 62

Locations: 24 U.S. states, 5 Canadian provinces



## WHAT ARE YOU DOING DIFFERENTLY WITH YOUR MARKETING PROGRAM AS A RESULT OF COVID-19?

We are all hands on deck working with each office/owner to ensure they remain relevant and helpful to their customers in this uncertain time. Most offices are in a community where they are declared an “essential business.” A few are not, or have made the decision to pause operations. As a priority, our marketing program for these Covid-19 times includes no-cost/low-cost channels that offer the highest possibility for conversion, such as email campaigns promoting outdoor work, safety and maintenance, repairs, etc. to our best and most loyal customers; then focusing digital channels and campaigns on these services as well, using Google Trends to help form decisions. We have updated key messages and themes to: “Our craftsmen are here to help you stay safely in your home.” Outbound assertive campaigns were created through both phone and text to our best customers. We also have made text campaigns available to our franchisees for them to send to their craftsmen, reminding them of our Covid-19 protocols for safety on a daily or regular basis.

## WHAT ARE YOUR PLANS FOR THE NEXT 60 DAYS (APRIL & MAY)?

We are having 1-to-1 coaching calls with every owner. Our ops team is creating “what if” financial plans, and our marketing team will have an aligned marketing plan for every office – a Covid-19 adjusted plan, and a post-Covid-19 plan to include how to recover afterward. Internal communication has ramped up as well. We have started weekly system-wide calls every Thursday at 3 p.m. Three have been held so far, with the most recent call being a franchisee panel facilitated by our operations head, allowing franchisees to ask questions of their peers system-wide.

We have also created 6 working groups – 3 “Leadership” groups and 3 “Thrive, Not Survive” groups – of 8 to 10

franchisees and 2 home office team facilitators per group. Each group meets weekly for 30 to 45 minutes in a videoconference. We have changed our monthly marketing newsletter (*Friday Marketing Connection*) to weekly – and sometimes biweekly or even more frequently as needed as the *Covid-19 Marketing Flash*, which includes all new marketing programs, campaigns, or shared successes that will help owners market their businesses during these uncertain times.

## WHAT ARE YOUR PLANS FOR THE FOLLOWING 90 DAYS (JUNE, JULY, AUGUST)?

As mentioned, we will work with each owner/office on individual local marketing plans to get them back to their work order number goals as quickly as possible. We will continue with the franchisee group calls as needed until such time as franchisees tell us they don’t find value in them.

## HAVE YOU MADE ANY MAJOR CHANGES TO YOUR MARKETING OR MEDIA PROGRAMS?

Also as mentioned, Google Trends has helped us determine which services to focus paid media on, even if budgets have been pulled back. We have increased social media marketing in most offices, and quickly changed the content calendar to support the new themes and ideas that would be pertinent to each office, their status, and the changing times. We also looked at each marketing program and channel and determined which would likely have the most impact most quickly to keep demand up during this time, depending on each office’s status – essential business or not.

## HAVE YOU MADE ANY CHANGES TO THE ROLES OR DUTIES OF YOUR TEAM?

No changes. We just made everyone on our team available 24/7 virtually, and we have relied on our partners to do the same. As we rolled out a relief plan to our owners for March and April, we asked almost all our primary partners to share in relief in some way to our franchisees. ■



# SHANA KRISAN

Vice President of Marketing  
Goldfish Swim School

Segment: Children's education  
Units: 103 open plus 127 signed  
Locations: 101 in 27 states, 2 in Canada



## WHAT ARE YOU DOING DIFFERENTLY WITH YOUR MARKETING PROGRAM AS A RESULT OF COVID-19?

We have gone all hands on deck with a Covid Support Plan, meaning that 100 percent of our focus is supporting our franchisees and their needs during this time. All new initiatives and ancillary spending have been paused, and we have reprioritized existing programs, services, and support. We coordinated with our vendor partners immediately to work on financial deferment, as well as to determine best practices, while making the best use of their services to support our efforts. Not surprisingly, in many cases, our partners have freely offered their assistance in areas including franchisee support and strategy, additional training, communications, listing services, market research – anything that can help provide our franchisees peace of mind and help them show their support for their members and their communities. To make these resources easily accessible, we created a Covid-19 online hub that franchisees can access for real-time updates, announcements, marketing collateral, template communications, social media posts, member engagement, and more.

## WHAT ARE YOUR PLANS FOR THE NEXT 60 DAYS (APRIL & MAY)?

All of our efforts throughout May are focused on one of two things: 1) remaining relevant and helpful within our communities, and 2) reopening.

- **Remaining relevant.** We are working on at-home activities, videos, and contests to help keep members engaged with the brand through social media; providing downloadable assets; sharing the support of our influencers and brand ambassador, three-time Olympic Gold Medalist Ryan Murphy; providing email communication to keep members up to date; and working with schools to help them give back to the healthcare and front-line workers in their communities. We have also worked with our curriculum team to launch Goldfish at Home – fun, virtual, dry-land swim lessons that can help keep children practicing until they're back in the pool. This free programming is available to members and non-members as we aim to remain relevant in the communities we operate in, and stay true to our mission of helping children become safer in and around the water.
- **Reopening.** While uncertainty remains, we remain steadfast in our goal to use this time to build out a robust reopening plan to best support our franchisees. Our

team is thinking through the many different scenarios of what reopening looks like throughout the system, understanding that there will be many different requirements, regulations, and scenarios to accommodate. We want to assure our communities that we are doing, and will continue to do, the right things to provide the best swim lessons in the safest environments for our families. To streamline our efforts, we are working on marketing materials and copy that reflect our brand and our commitment, and that can be used across all channels with versatility and variation in mind. And we continue to work collaboratively with the many other areas of the organization to create holistic plans and provide a comprehensive resource to our franchisees as they prepare to reopen.

## WHAT ARE YOUR PLANS FOR THE FOLLOWING 90 DAYS (JUNE, JULY, AUGUST)?

That's hard to say right now. We want to believe that we will be reopening schools – hosting reopening celebrations, promoting swim safety, and reintroducing Goldfish to our communities in the "new normal" world. But we are realistic and pragmatic, so we will continue to adjust and adapt as new information and changes come our way. Even during the uncertainty, however, we won't lose sight of our mission and our vision. Our optimistic, solution-based approach allows us to remain confident in the future, no matter what setbacks we face today.

## HAVE YOU MADE MAJOR CHANGES TO YOUR MARKETING AND MEDIA PROGRAMS?

Absolutely. With all schools closed and no national ad fund revenue, we needed to pause all possible spending. We've pushed off plans for national program buys, market research, new initiatives, and the majority of our schools have paused their digital advertising at this time. During this hiatus, our marketing team and vendor partners are collaborating on a variety of programs and preparing new initiatives to set ourselves up for an incredibly strong bounce-back. Additionally, as all efforts are focused on relevancy and reopening, as well as on understanding the limited resources and time our franchisees have, we have paused some of our major partner campaigns and initiatives, including our second annual cause marketing campaign (which was set to kick off in May during our National Water Safety Awareness campaign). Because of the importance of National Water Safety Month and its direct alignment with our brand's purpose, however, we are working through various creative, easily executable ideas to allow our franchisees to continue to "make a splash" in their communities and spread this important message.

## HAVE YOU MADE ANY CHANGES TO THE ROLES OR DUTIES OF YOUR TEAM?

Unfortunately, yes. Like many franchisors, our franchise office has been affected. Every person on the marketing team has done an amazing job stepping up and filling gaps. We're hopeful these job role changes and duty shifts are temporary, but for now I'm extremely proud of our team and their passion and dedication to working together to provide extraordinary results for our franchisees and the communities they serve. ■

# JEFF RINKE

Vice President of  
Marketing  
Hungry Howie's

Segment: Pizza, fast casual  
Units: 549  
Locations: 19 U.S. states



## WHAT ARE YOU DOING DIFFERENTLY WITH YOUR MARKETING PROGRAM AS A RESULT OF COVID-19?

We are heavily marketing touchless delivery and curbside pick-up. We have created multiple social videos showing these new services. We have created exterior signage encouraging customers to stay in their cars and call the store for curbside delivery. For those customers who still enter our stores we have installed plexiglass shields and social distancing stickers on the floors.

## WHAT ARE YOUR PLANS FOR THE NEXT 60 DAYS (APRIL & MAY)?

Continue to encourage touchless delivery and curbside pick-up for all transactions. In addition, we have added a "Quality Check" sticker to seal every order so customers know the product has not been tampered with. We have an "8-Point Plan" to combat Covid-19 and have posted this plan in our stores. Employees are encouraged to memorize the plan, so if a customer asks they are prepared to answer.

## WHAT ARE YOUR PLANS FOR THE FOLLOWING 90 DAYS (JUNE, JULY, AUGUST)?

Marketing plans will continue as normal but with the added assurance that we encourage touchless by encouraging prepayment through credit cards to avoid contact through currency. Social videos will continue to be used showing all we are doing to keep customers safe whether it's carry-out or delivery.

## HAVE YOU MADE MAJOR CHANGES TO YOUR MARKETING AND MEDIA PROGRAMS?

Only to the digital marketing aspects, such as social and email campaigns. We also have tagged a few television spots with this messaging. When it came to determining which programs to change, it is much easier to explain what you are doing in the stores with the use of digital and social campaigns than it is through television and print media campaigns. We will continue to be on a campaign of "Safety First" when it comes to all campaigns.

## HAVE YOU MADE ANY CHANGES TO THE ROLES OR DUTIES OF YOUR TEAM?

With the exception of creating all these new elements, the marketing department has remained relatively unchanged. ■

# ASHLEY SCHUETZ

Vice President of Marketing  
Massage Heights

Segment: Massage, wellness  
Units: 130  
Locations: U.S.



## WHAT ARE YOU DOING DIFFERENTLY WITH YOUR MARKETING PROGRAM AS A RESULT OF COVID-19?

We have temporarily paused all lead generation efforts and are focused on building brand awareness socially, and on providing wellness tips and education while people are at home. We've created videos for self-care while home and have partnered with a meditation app to provide our members with as many wellness resources as we can while we are temporarily unable to physically help them feel better with massage.

## WHAT ARE YOUR PLANS FOR THE NEXT 60 DAYS (APRIL & MAY)?

We closed down 98% of our locations within 48 hours and very quickly shifted to focusing on reopening plans. Our plans are focused on recruitment (not knowing how many of our current staff will return), getting our member base back in the doors upon reopening, and then driving new traffic at different rates (with the understanding that every location will open with a different landscape of needs).

## WHAT ARE YOUR PLANS FOR THE FOLLOWING 90 DAYS (JUNE, JULY, AUGUST)?

I believe we have to be incredibly flexible as we do not understand how the behaviors of consumers will change (or for how long). We need to be fluid in our marketing and operational plans while continuing to assess the situation within each region.

## HAVE YOU MADE MAJOR CHANGES TO YOUR MARKETING AND MEDIA PROGRAMS?

Absolutely. We paused all lead generation efforts and shifted to brand awareness only for a temporary time. Unfortunately, budget restrictions led the way for the majority of this. We cut costs as quickly as possible in an effort to provide our franchisees with financial relief from royalties.

## HAVE YOU MADE ANY CHANGES TO THE ROLES OR DUTIES OF YOUR TEAM?

We had to furlough a percentage of our corporate team. As a result of that, my team has had to pick up a lot of the customer support and administrative duties they are not normally responsible for. We have all shifted and adapted to this temporary new normal, but our goal is to bring back certain employees once we are able to. There are many late nights, and weekends don't really exist right now, but we are all working hard to provide constant support for our franchisees. And we know this is only temporary. ■



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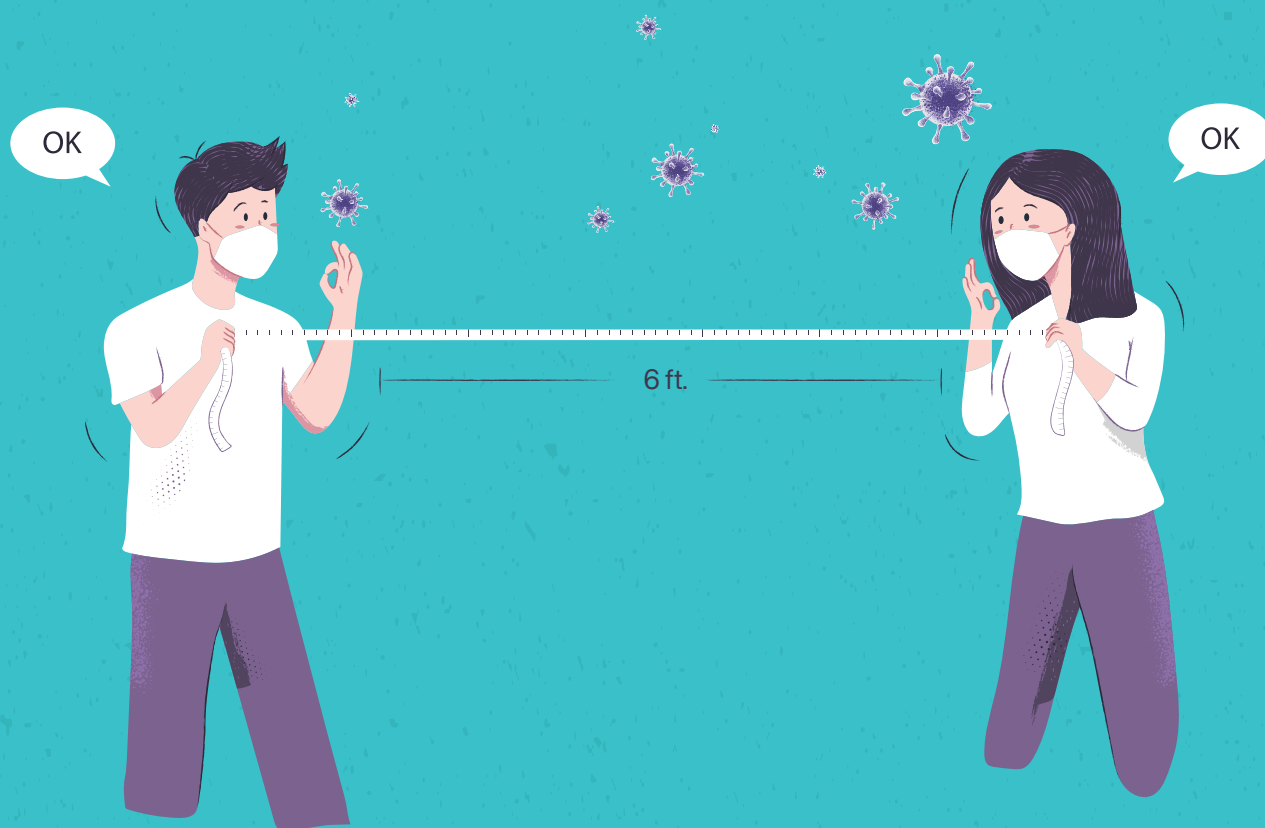
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STORIES FROM THE FRONT LINES

# Multi-Unit Franchisee Perspectives

During the Covid-19 pandemic we have been contacting franchisees, asking them what they're doing to get through the crisis and, hopefully, come out the other side. These entrepreneurs – and their employees – are on the front lines of doing business during a public health and economic crisis that continues to affect every aspect of life in the U.S. They're doing everything they can to keep the cash flowing, support their employees, and, for those allowed to conduct business, to keep their customers as safe as possible in light of the crisis.





# MICHAEL CHALMERS

Michael Chalmers operates four Spherion Staffing Services offices in Alabama and Georgia. He not only has seen how the pandemic has affected his business, but also how it has affected the companies he works with matching job seekers and employers. While his own business is down around 20%, he says about 60% of the businesses he helps staff have not had to lay off any employees. He and his 16 employees, who have been working from home since early April, are staying close with twice-daily phone calls.

## HOW HAS COVID-19 AFFECTED YOUR BUSINESS?

As the owner of multiple Spherion offices in Georgia and Alabama, two states that have stay-at-home orders, it has certainly had an impact. My offices have seen a drop of about 20%. However, we do work with several businesses that are essential. Overall, about 60% of the businesses that we help staff have not had to lay off any employees. Everyone is doing everything in their power to keep their workforce employed.

## WHAT ARE YOU DOING RIGHT NOW TO GET THROUGH THIS?

Our four offices have been working from home since April 6 – which is about two weeks before the mandated stay-at-home orders. Recruiting is a very personal industry. This is new to us, but Spherion has provided a plethora of virtual tools to make it easier. For any on-site work our team has to do, we've been working to provide PPE where needed. Before Covid-19, I had 16 employees and have successfully worked to keep all 16. Beyond working remotely, we've been strategic in how we are working together to make sure

we're supporting one another. Since there are peaks and valleys in terms of employment and job markets, our staff members have been split into pairs in different geographies to make sure everyone is set up for success and to spread out the business. This cross-collaboration has allowed team members to rely on one another for resources, share best practices, recruit with each other, and support the others' needs to fill customer orders, onboarding, and hiring needs.

We're staying close as a team with two daily calls, one in the morning and one in the afternoon. We use this as an opportunity to share solutions, ask questions, and stay engaged with one another. For example, someone is assigned to be the "DJ" every day, and that person is in charge of the theme song for that day. We also have a "Bring Your Pet to the Call Day." It's been a fun way of staying connected, engaged with the team, and making sure everyone feels comfortable and secure in their job. This year marked our 10-year anniversary, and we were planning to do a large community giveback campaign to celebrate. While we definitely were disappointed about having to put the anniversary campaign on hold, we've instead invested in our employees, and keeping them employed has become the first priority. Once we're through this, we do plan to invest in our community again as we all rebuild.

## IS YOUR FRANCHISOR HELPING KEEP YOU AFLOAT?

The Spherion leadership team was very proactive and began voicing its Covid-19 response within a week of concerns about the impact of the virus on the U.S. The franchisor's support goes far beyond the financial concessions. This has been a beyond stressful time for small businesses. I've always had plans for every situation and scenario, but a health pandemic was never something I anticipated. Since the start, Spherion has held weekly calls for owners and has poured so much time into helping us navigate the legislation and resources available. They've truly held our hand through this and have gone above and beyond to be a strong, supportive partner. I can sleep at night because of them.

## WHAT ARE YOU DOING TO HELP YOUR EMPLOYEES THROUGH THIS?

The employee bonus deferral has been pushed to the end of the year. Also, I took a cut to my personal salary, so that my employees' salaries could remain the same. Through all of this, my employees have remained my first priority, and we will continue to do everything in our power to keep them employed through this crisis. We're trying to extend our support to employees beyond their professional duties right now as well. We're trying to keep them engaged and keep morale up, while also acting and communicating with full transparency. For example, we hand-delivered our team members cookies last week to show them our appreciation – while remaining 6 feet apart, of course. As their employer, I'm also making personal calls to make sure they're doing okay, feel supported, and reassured. In addition, I am working to provide them with the guidance and resources necessary, as well as make accommodations for them when needed. For example, since several of our team members are mothers with children still in school, we began working from home to ensure that they did not have to pay for childcare costs once schools shut down. Simple things like that go a long way.



#### **WHAT ARE YOU DOING FOR YOUR CUSTOMERS?**

We're staying in constant contact with both clients and candidates right now, and are trying to be reassuring. In some industries that are deemed essential and are having trouble meeting the staffing demand, we're working hand-in-hand with them to help them fill their company's needs. We're providing PPE to those essential employees to keep them safe and are also providing our clients with resources to keep them informed. They are navigating Covid-19 as a business, just like we are. Our value to our clients and candidates isn't inherently tangible, so we're making sure they stay informed by providing resources on proper hand washing protocol, guidance on navigating financial relief resources, etc. As we go through this, the most important thing is to know that Spherion cares – we care about our customers, employees, and community. We are local and we are human-focused. We will carry that same approach with us into the next phase of our business beyond Covid-19. As a human-focused business, we will use this experience to continue our relationships and build strong foundations.

#### **HOW ARE YOU WORKING WITH YOUR SUPPLIERS?**

Luckily, we have not yet had to make any changes to our supplier relationships. Spherion went through a crisis planning session to develop a course of action for each office at the local level – my plan is percentage-based. Thankfully, I have not reached that number yet, but if I were to, ceasing our advertising and asking our landlords for rent forgiveness would be two of the next steps.

#### **WHAT ARE YOU DOING ABOUT CASH FLOW, PPP?**

In addition to receiving a 90-day deferment through our bank, we're also reviewing and evaluating the government programs to see what makes the most sense for our business and employees.

#### **WHAT ELSE WOULD YOU LIKE TO SEE FROM YOUR FRANCHISOR OR GOVERNMENT?**

From the franchisor perspective, I've been truly impressed with their response thus far. All I would ask is for their continued perspective and support. In terms of government, I do feel that they've done the best they can to support small businesses with such a strong demand and quick turnaround. I think we all want to get back to business as normal, and Georgia appears to be heading in that direction. There's no perfect way to navigate this pandemic as a business or as a government. But one thing that would make me feel much more secure as a small-business owner is having access to testing to ensure that all of my employees, candidates, and clients are safe and remain healthy when they do get back to work.

#### **HOW ARE YOU PLANNING TO REOPEN AND REBUILD YOUR BUSINESS POST-COVID-19?**

One thing we'd like to implement as we reopen is to make sure PPE is available and provided to protect our people. We want them to feel comfortable knowing that they can get back to work safely. ■



## **MITCH COHEN**

Mitch Cohen, who has been in franchising for more than 30 years, operates 3 Jersey Mike's Sub shops in Long Island, New York. Those shops have seen a 25% drop in sales since mid-March. He recently signed a 6-unit agreement with Sola Salon Studios. He also is a founding partner of Performax Franchisee Advisors, a team of experienced multi-unit franchisees who provide operator-focused strategies to improve franchisee performance, engagement, and trust.

#### **HOW HAS COVID-19 AFFECTED YOUR BUSINESS?**

Our three shops are down about 25% in sales since March 13. We've had a few employees go out on unemployment, but for the most part everyone is still working.

#### **WHAT ARE YOU DOING RIGHT NOW TO GET THROUGH THIS?**

We are working in the communities more now than ever before, using social media to let our guests know that we are following the CDC recommendations. We have calls with our staff on a regular basis to make sure they are doing alright at home, providing help there if we can, and making sure they feel safe working in our shops.

#### **IS YOUR FRANCHISOR HELPING KEEP YOU AFLOAT?**

Jersey Mike's has been helping with ad fund deferments, \$1,000 per location, to offset donations of food. They've altered TV advertising and are sharing in the discounting programs they have run nationally.

#### **WHAT ARE YOU DOING TO HELP YOUR EMPLOYEES THROUGH THIS?**

We have given our employees bonus pay during this time. We

have sent them home with food and have made donations to family members outside their household.

**WHAT ARE YOU DOING FOR YOUR CUSTOMERS?**

We have had 50% off Thursday to Sunday one weekend, a 25% off Thursday to Sunday for another, and made a 20% donation to Feeding America food banks. We also offered free delivery for 3 weeks.

**HOW ARE YOU WORKING WITH YOUR SUPPLIERS?**

We only have one major supplier and they have not offered any relief.

**WHAT ARE YOU DOING ABOUT CASH FLOW, PPP?**

We have applied for PPP and are still waiting. We have worked with our landlords for some relief.

**WHAT ELSE WOULD YOU LIKE TO SEE FROM YOUR FRANCHISOR OR GOVERNMENT?**

I would like the PPP program to be more clear so we can understand it. I would like to see funding happen more easily, and for states to reduce the extra unemployment money so people will want to come back to work.

**HOW ARE YOU PLANNING TO REOPEN AND REBUILD YOUR BUSINESS POST-COVID-19?**

We are preparing our locations with the proper PPE and cleaning supplies, and training our staff once the dining rooms open back up. We have bounce-back coupons we add to every offer good for the month of May and will give out one for June. ■



## GREG CUTCHALL

Greg Cutchall, founder, president, and CEO of Omaha-based Cutchall Management Co, is a multi-brand operator with decades of restaurant experience. Today his brands include Sonic Drive-In, Domino's Pizza, Paradise Bakery & Café, First Watch, Jams American Grill, and Lo-Lo's Chicken & Waffles (plus a few more). The fallout from Covid-19 has his casual dining restaurants now doing only take-out orders, while his QSR restaurants are carrying the load.

**HOW HAS COVID-19 AFFECTED YOUR BUSINESS?**

We've experienced a 90% drop in our casual dining restaurants and are offering only take-out now. We've furloughed 350 employees. But our QSR restaurants have seen a minimal to flat drop in sales. No employees were let go there.

**WHAT ARE YOU DOING RIGHT NOW TO GET THROUGH THIS?**

We have received PPP funds, but restrictions on use are difficult for forgiveness of that loan. To stay in business we will have to use some of those funds for expenses other than payroll and rent, which will ultimately add debt to the company with little or no revenue until we reopen.

**ARE YOUR FRANCHISORS HELPING KEEP YOU AFLOAT?**

Our franchisors have not offered help at this time.

**WHAT ARE YOU DOING TO HELP YOUR EMPLOYEES THROUGH THIS?**

We have assisted the employees we've let go with filing for unemployment, and we are continuing to provide and pay for their health insurance.

#### **WHAT ARE YOU DOING FOR YOUR CUSTOMERS?**

Take-out is available at 5 of our 16 closed units. We give each guest a thank-you card good for a 25% off coupon with each take-out order. They can also use this when we reopen.

#### **HOW ARE YOU WORKING WITH YOUR SUPPLIERS?**

Our suppliers have been great by working out payment plans... no discounts offered.

#### **WHAT ARE YOU DOING ABOUT CASH FLOW, PPP?**

It seems I am working more with our restaurants closed than I did before Covid-19 struck. We are doing everything we can to work with employees, landlords, suppliers, banks, the insurance company, and the SBA.

#### **WHAT ELSE WOULD YOU LIKE TO SEE FROM YOUR FRANCHISOR OR GOVERNMENT?**

While the government options are appreciated and helpful, they are not covering all the issues, ongoing expenses, and lost revenue we will never recover. Much of the government assistance will just bring on more debt. The rates and terms are attractive and will enable us to not have to close restaurants permanently. With the added debt on the non-forgivable portion it will take us a year or two to recover to our former financially stable position.

#### **HOW ARE YOU PLANNING TO REOPEN AND REBUILD YOUR BUSINESS POST-COVID-19?**

I do not believe business will return to pre-virus numbers until maybe the fourth quarter – that is if we are open by June. I believe we will be limited to 50% capacity when we do start back up and feel many guests will not return to dine in until a vaccine is available. ■



## **DUSTIN KING**

Dustin King is a 32-year-old, third-generation operator steering his family's snack empire through the Covid-19 crisis. He grew up in the business, which now includes Auntie Anne's, Häagen-Dazs, Cinnabon, Planet Smoothie, Jamba, Nestle Toll House Cookies, and Carvel. All told, the company operates just shy of 60 locations and is still intent on growth – soon as the malls reopen!

#### **HOW HAS COVID-19 AFFECTED YOUR BUSINESS?**

In the two to three weeks leading up to the governors' shelter in place we were down about 50% to 60%. It began at about a 20% decrease and continued to drop from there.

#### **WHAT ARE YOU DOING RIGHT NOW TO GET THROUGH THIS?**

We are applying for all the government assistance we can and working with our vendors to negotiate extended terms and other payment options.

#### **ARE YOUR FRANCHISORS HELPING KEEP YOU AFLOAT?**

Our franchisors have worked to try to reduce monthly fees with partners like our POS provider, digital menu boards, and other vendors who have recurring monthly fees. We have seven different franchisors, and they all are working hard to do everything they can to help. We also have reduced royalties and/or marketing fees.

#### **WHAT ARE YOU DOING TO HELP YOUR EMPLOYEES THROUGH THIS?**

We are doing weekly group employee filings for three of the four states we're in. We are doing the legwork to ensure they



can get the benefits they are eligible to receive.

**WHAT ARE YOU DOING FOR YOUR CUSTOMERS?**

We are taking catering orders, but most of our malls are closed, and we closed all our locations on March 21st. Sales were so low it was actually costing us more money to stay open.

**HOW ARE YOU WORKING WITH YOUR SUPPLIERS?**

We have great relationships with our suppliers. We have contacted them and they've offered discounts and extended terms to try to help us keep as much of our cash reserve in place for reopenings.

**WHAT ARE YOU DOING ABOUT CASH FLOW, PPP?**

We have applied for PPP and – like many – are still waiting to hear back. We have worked with our lenders to pay interest for a period of time, as well.

**WHAT ELSE WOULD YOU LIKE TO SEE FROM YOUR FRANCHISOR OR GOVERNMENT?**

I'd like to see the government work with the insurance companies and require them to cover Covid-19 under the business interruption policy. We pay a lot of money for insurance. There are many things covered under these policies and Covid-19 should not be an exception.

**HOW ARE YOU PLANNING TO REOPEN AND REBUILD YOUR BUSINESS POST-COVID-19?**

We are working with our partner zignyl on a two-week back-to-open syllabus to ensure our staff gets extra training, is aware of the new processes and procedures for sanitation and cleaning, and to make sure we are doing our best to help prevent the spread of Covid-19. ■



## ERIC DANVER

Eric Danver is a multi-brand franchisee with 25 years in franchising. He began with Papa John's and today operates 18 locations. More recently, he diversified from food and operates 16 Hand & Stone Massage and Facial Spas, making him the brand's largest franchisee. However, it's his original brand, Papa John's, that is keeping the cash flowing during Covid-19, as he's had to shutter all his spas for health and safety reasons.

**HOW HAS COVID-19 AFFECTED YOUR BUSINESS?**

Our Hand & Stone business is closed and has been since March 17. We have kept all of our managers and regionals on payroll at their full salaries, but unfortunately, we had to lay off our other employees. For those who have been laid off, we are working to ensure they can take advantage of all state and federal benefits. For our Papa John's business, we have seen a significant uptick in our business and have been running 30%-plus comparable sales over the last several weeks. This has not only allowed us to keep all of our current employees, but we actually are hiring more to keep up with the demand.

**WHAT ARE YOU DOING RIGHT NOW TO GET THROUGH THIS?**

We have been fortunate compared to many other restaurants and businesses with our Papa John's, as this business has no seating and is all delivery and carry-out. We also still have monthly membership revenue coming in at Hand & Stone. The Hand & Stone model is different than gyms and most typical membership-based businesses in that our members never lose their packages; they simply

roll over to the next month, where they can “bank” these services to use them in future months. We have opened additional benefits to our members as well to provide more value for staying with us. We certainly have lost members because of unemployment issues, but the majority of our clients are staying on with us and trying to help us through these extraordinary times.

#### **IS YOUR FRANCHISOR HELPING KEEP YOU AFLOAT?**

Hand & Stone has deferred marketing expenses that are usually billed quarterly, as well as some other small IT fees, but they are still collecting royalties on any EFT revenue. As I mentioned, our Papa John’s business is actually doing quite well because of the delivery component, so our franchisor is not giving any relief for obvious reasons.

#### **WHAT ARE YOU DOING TO HELP YOUR EMPLOYEES THROUGH THIS?**

For our Hand & Stone team, our 16 managers and 5 regional managers are still being paid. In addition to this, we recently bought 1,200 pounds of flash-frozen chicken and ground beef from a meat distributor and had our regionals race around to all of their spas distributing it. To get a head count, we put the word out through our Slack channels about our desire to do this. Then we did a “no contact” pickup where all of our team members stopped at their spa and got to see their manager and pick up their food. We gave out more than 200 packages of chicken and beef and our team was just so appreciative of the gesture. It was a good feeling knowing we could do something small to help them through this difficult time. I have also communicated to everyone that if anyone is going through a tough time financially to reach out to me directly. I have been blessed enough to be able to help out a few of these valued team members. Our managers are also staying in constant communication with their teams through Slack and Zoom, and I know our teams appreciate all of this.

#### **WHAT ARE YOU DOING FOR YOUR CUSTOMERS?**

For our Hand & Stone business, we are trying to stay in communication with our clients as much as possible. Our managers are all manning the emails and phone calls, and have done an amazing job in freezing or terminating members when need be, as well as handling any concerns or questions clients may have. For our Papa John’s business, there is always a deal to be had and our customers are just so happy we have a “no contact” delivery and carry-out system in place. We also have been donating a ton of pizzas to hospitals and other places to try to thank our first responders and health care workers, who are just so brave and appreciated.

#### **HOW ARE YOU WORKING WITH YOUR SUPPLIERS?**

On the Hand & Stone front, we are fortunate that the business has a low fixed cost and high variable cost structure, so there are very few vendors we are still paying, other than rent, utilities, etc., and we have been able to keep up on these thus far. In our Papa John’s business, we get all of our supplies from the franchisor and they have done a great job with keeping up with demand, as well as stocking up with some of the hard-to-get items like sanitizer, toilet paper, masks, and gloves.

#### **WHAT ARE YOU DOING ABOUT CASH FLOW, PPP?**

We have applied for a PPP loan and are over the first hurdle with the approval process, so we are hoping to get funding in the next couple of weeks.

#### **WHAT ELSE WOULD YOU LIKE TO SEE FROM YOUR FRANCHISOR OR GOVERNMENT?**

To be honest, I am pleased with both. I think Hand & Stone is doing what they can to keep the franchisees supported, and that both they and Papa John’s are doing a great job with communication and providing guidance. In regards to the government, I think under the circumstances, they are doing everything they can, and if and when we get funded with the PPP loan, I would bump them up to say they’re doing an extraordinary job. I don’t think there could ever be anything government could do that would be fair or work for everyone, but the bottom line for me is that although this is beyond anyone’s control, I do believe they get it and are doing what they can to support small businesses.

#### **HOW ARE YOU PLANNING TO REOPEN AND REBUILD YOUR BUSINESS POST-COVID-19?**

Our franchisor at Hand & Stone is having weekly calls with all of the franchise community, and we are in constant discussions on what our business will need to look like upon reopening. I certainly know there will be a lot of consumer concerns for good reason, and we are going to do everything we can to ease these fears in how we do things. The safety of our clients and team members has, and always will, remain our #1 focus, but we also certainly want to get our people back to work as well as serve our valued clients. ■



# LEE KLEINER

Lee Kleiner, who has spent two decades in the franchise business with brands including Dairy Queen and Which Wich, has added multiple Garbanzo Mediterranean Fresh locations. When we profiled him earlier this year, he was expecting a banner year. Now, like so many franchisees, he's having to adjust and adapt.

## **HOW HAS COVID-19 AFFECTED YOUR BUSINESS?**

As the owner of multiple Garbanzo Mediterranean Fresh locations, we've had to adjust how we do business. The first step was to look at where we were spending our time and effort. After evaluating where things stood, we realized that we needed to restructure where and how we were investing our time. A lot of it has been on the fly, but we've adapted to the changes as needed. The nature of the business has changed from in-person dining to only delivery and curbside pickup.

## **WHAT ARE YOU DOING RIGHT NOW TO GET THROUGH THIS?**

Our first step was adapting our restaurants to new systems and processes to protect our customers and employees. We implemented new safety measures for handling cash, cleaning practices, and how we interact with our customers. Once we ensured that we had the right safety measures in place, we began working on securing PPP funding to help our employees get back to work. Then we looked at how we were using our marketing efforts and made adjustments to focus on online ordering. Before Covid-19, third-party delivery was often considered to be excess baggage, something you could get by with or without. Now, it has quickly become

the thing that is keeping people's heads above water. As we were analyzing how we do business, our priority was our customers and staff. We have been in constant contact with our staff to keep them up to date on all that we are doing.

## **IS YOUR FRANCHISOR HELPING KEEP YOU AFLOAT?**

The Garbanzo Mediterranean Fresh team has done a great job of providing information, sharing where to go and how to get support. This has been a huge help, and our local team has worked to use all of the assets where we can. Whether it's lending an ear to our stresses and concerns or just checking in every other week, the franchisor is truly showing that they care for us – it's an all-in mentality.

## **WHAT ARE YOU DOING TO HELP YOUR EMPLOYEES THROUGH THIS?**

Following the leadership of our franchisor on the macro level, we've followed their strategy at our locations as well. We understand employees' concerns, and we are keeping them up to date on everything we are doing to get them back to work as soon as possible. We're working to connect with them and share resources to best help them.

## **WHAT ARE YOU DOING FOR YOUR CUSTOMERS?**

If there's a silver lining to the whole Covid-19 process, it's been our increased communication with customers. With Garbanzo Mediterranean Fresh, we use Paytronix to run our app. We've been playing around with the different promos we are offering, for example. Every day we are sharing information on budget-type offers to help the community as well as sharing other avenues to help. Normally, we aren't this communicative with our customers, but with the response we've seen, we will likely continue this post-Covid-19 as well. It's been a real eye-opening experience to take 2 minutes to create a promotion and then 10 minutes later see all the orders coming in! While there are always corporate blackout dates for promotions, we will likely be experimenting more and more with creating promotions.

## **HOW ARE YOU WORKING WITH YOUR SUPPLIERS?**

With Garbanzo doing the right things on the back end, our lives are easier on the front end. The franchisor managing these relationships is a huge weight off our backs. But we've been honest with all of our suppliers. While I've heard horror stories about others in the business, we've been as transparent as possible and our suppliers have given us some wiggle room. Everyone has been flexible and willing to work with us.

## **WHAT ARE YOU DOING ABOUT CASH FLOW, PPP?**

When reviewing the relief program options, applying for PPP made most sense. We are all working together, and our goal is to get that money to keep our employees employed. We've been fortunate that we haven't completely closed down as a result of Covid-19. While our dining rooms are closed until further notice, our delivery, carryout, online pick-up, and curbside assistance options are keeping us open during our normal hours of operation. With the PPP, we will have more flexibility and hopefully, our biggest problem will be how to keep our restaurant employees busy. Certain aspects of their jobs have become slightly obsolete – you can't go into office buildings to hand out flyers, as there's no one in offices right now. But we would find ways to give them work, even if it's making cold calls to potential customers.



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**WHAT ELSE WOULD YOU LIKE TO SEE FROM YOUR FRANCHISOR OR GOVERNMENT?**

Our franchisor has been great about regular check-ins to show that people matter. I hope that going forward, Garbanzo continues to push the envelope and try different ways of doing business. Things will be different after Covid-19. But there are other ways to handle it, and I'm excited to see how Garbanzo continues to experiment and innovate outside of the norm. As I've been innovating with the promotions on a local level, I'd love to see the brand continue to be on the cutting edge.

**HOW ARE YOU PLANNING TO REOPEN AND REBUILD YOUR BUSINESS POST-COVID-19?**

We will be following the recommendations of our local government officials. Everyone is playing by the government's rules, and we are ready to play the long game. Our guiding principle in all of this is truly the health and safety of our team, customers, and community. Ideally, our Garbanzo business will rebuild the way we originally built it: executing great food and treating people right. We might lose some of our catering business, as people aren't sitting around offices eating lunch. However, things will return to normal and we just need to weather this storm. ■



## DAWN LAFREEDA

Covid-19 has dealt a heavy blow to Dawn Lafreeda, Denny's largest individual franchisee, and one of the largest female restaurant franchisees in the U.S. Her 90 Denny's restaurants have experienced business drops as much as 90 percent, and she's had to temporarily close some locations and permanently close others. As she works to stretch every penny, Lafreeda also must deal with the different shutdown rules and reopening schedules in the various cities and states where her Denny's are located.

**HOW HAS COVID-19 AFFECTED YOUR BUSINESS?**

We are down anywhere from 75% to 90%. We had locations that were further down, which we chose to temporarily close as it was just too costly to keep them open. We also sadly have some stores that will never reopen.

**WHAT ARE YOU DOING RIGHT NOW TO GET THROUGH THIS?**

We are monitoring our business on a daily basis and making decisions as to hours of operation, number of staff to retain, and whatever other survival tools we can use. Each city and state has different rules, so we are constantly strategizing to make sure we can stretch every penny as far as we can until we are permitted to reopen.

**IS YOUR FRANCHISOR HELPING KEEP YOU AFLOAT?**

Our franchisor is helping, but they are in the same boat we are, and truly it is not enough help right now in times like these. We have gotten some royalty and advertising relief and rent deferrals for locations that we lease or sublease through them. They have been aggressive in doing all they can to help us to stay in business and stay safe during this unusual and unpredictable time. They have been fast thinking and fast moving

in navigating through all the areas of the restaurant business we need to tend to – keeping us up to date on PPP info, new product initiatives, a less complicated and more flexible menu, an increased digital messaging platform, signs and banners to notify our customers, sourcing new safety products we now need, and new technology enhancements to name a few. They have been proactive in communicating with us and our management teams in putting together reopening kits, tools, and new government policies so that when we get permission to reopen, we are ready.

#### **WHAT ARE YOU DOING TO HELP YOUR EMPLOYEES THROUGH THIS?**

We are trying to be as sympathetic and flexible as we can. If employees are uncomfortable coming to work, we encourage them to do what is right for them and their families. We are taking all the proper safety precautions and we are keeping as many of them employed as we possibly can, even though we are on limited hours and resources with our dining rooms closed. We are paying for their insurance so if they become ill they will not have to worry about coverage, and we are keeping their tenure and benefits intact while they are on furlough. We are trying to save our company so they have a job and security to come back to.

#### **WHAT ARE YOU DOING FOR YOUR CUSTOMERS?**

We are re-engineering the way we do business to make it easier for our guests to dine with us and to make them feel safe in the process. We have enhanced our online ordering, our delivery methods, and curbside pickup, and we have even added a drive-up option in some locations. Additionally, we are adding new items like bundled meals and family packs to make it affordable to still order food while having to dine at home. We are mindful that a lot of people do not have money right now, and we are working on some special discounted food offerings.

#### **HOW ARE YOU WORKING WITH YOUR SUPPLIERS?**

We made payment arrangements with every supplier we could. Most all have been cooperative, understanding, and patient in waiting for their checks. A big problem we are going to have is when we do reopen and all these deferrals come due. With opening at limited capacities, like 25% in Texas, or reduced capacities in other states that have not even been announced yet, we are going to struggle. There is no way we can make money with these limitations, so we will have current bills due, as well as the deferred bills, and extremely limited sales to pay them with.

#### **WHAT ARE YOU DOING ABOUT CASH FLOW, PPP?**

We are working with all of them. We have no choice if we want to survive. We have applied for government assistance, we've spoken to all of our lenders to get forbearance, we've spoken to all of our landlords to work out arrangements and payment plans, and we have filed a claim with our insurance carrier.

#### **WHAT ELSE WOULD YOU LIKE TO SEE FROM YOUR FRANCHISOR OR GOVERNMENT?**

What I would like to see from the franchisor, and I think we will see it, is post-Covid-19 sensitivity going forward. We cannot be held to all the same rules post-Covid-19 that we were pre-Covid-19. What I mean by that, is they need to be flexible with hours of operation, staffing levels, menu size, remodels due, and capital expenditures for a period of time so we can

recover. They need to remember we have no money when they want to roll out new initiatives that may not be a high priority at this time. Just the cost to reopen after all of this is a huge expense to each and every franchisee in a time when there is no business or very little business. They need to be cutting-edge, resourceful, and innovative to drive traffic into our stores.

From our government we need rapid revisions to the PPP program. With only 8 weeks to use the funds and our restaurants still closed or at limited capacity it is insufficient help. The 8-week time frame needs to be expanded so that our restaurants are open with enough customers to bring our employees back at a full-time rate. I believe December would be a good and fair date. They also need to look at the 75/25 rule, which I believe should be changed to 50/50. As of now 25% can be allocated for utilities, rent, and interest payments. In my company that number is far greater than 25%, so it's going to be impossible after not making any money to take on a new note payment when you're already playing catch-up on rent and all the other arrangements you made with your vendors while closed. I need government to understand that we cannot make money at partial capacity. We have to find a way to be able to put butts in seats because we cannot keep our employees and pay our bills if it costs more to be open than to be closed. I would like our government to force the insurance companies to pay the business interruption claims for Covid-19 shutdowns.

Last, I would like to say that we do not know what is in store for us, as there has never been a disaster like this in our lifetime. We survived 9/11 and were down significantly in sales, but our restaurants were open so we could strategize, cut back, and decide how we were going to survive. With the financial crisis of 2008, we couldn't borrow money, Americans lost a large portion of their retirement accounts and we lost sales – but we were still open, so we could get creative with discounting and in our offerings to try to build traffic. In 2020 with Covid-19, it has all been 100% out of our control. It is one thing to have a restaurant closed for a fire or a tornado, it's another to have every single business you own closed down with no real idea of when you're going to reopen, to what capacity you're allowed to open, and how many guests will want to come through your doors. Meanwhile, your rent, utilities, property taxes, mortgages, insurances, etc. all still must be paid. We are going deep into debt and financial loss over no fault of our own.

I think the media has frightened people in their attempt to educate, and I think we have been closed so long that people have changed their patterns. It is going to take time for Americans to feel comfortable going out again. I am sure we will emerge stronger, but it will not be without a lot of hard work, financial setbacks, and, sadly, a loss of many of our businesses. In my fleet of 90 I am going to lose several to keep the health of the others. My big concern for franchisees and business owners in 2021 is that while we've made all these arrangements to survive while we are closed, we eventually have to repay all that money – in a year with no profits, on top of going deep into debt to survive. There is no glimmer of hope we will see business interruption insurance money, and already I am seeing property taxes go up when I am quite certain my property is worth less than last year. There are going to be huge inflationary consequences from all of this, and it is going to take a long time to catch up and recover if we do not

have sales. We need to be prepared that the hard times are nowhere near over yet. The methods for determining essential services was inconsistent and unfair. Grocery stores were packed with no distancing while dining rooms sat vacant. We have lost key seasonal opportunities that carry us through the lean times – spring break, Easter, Mother’s Day, and Memorial Day. Without travel, I expect summer sales to be dismal. There are no festivals, concerts, or sporting events, etc. to help drive traffic. It is going to be a long hot summer, and with the threat of a fall return of Covid-19, a long cold winter. We need help, lots of help.

**HOW ARE YOU PLANNING TO REOPEN AND REBUILD YOUR BUSINESS POST-COVID-19?**

We are looking at all options, with the number-one priority being keeping our employees and guests safe. We are putting new practices in place for social distancing and safety for all. We want people to feel good coming to work and coming to dine. I think once everyone starts to feel safe, we will get back to some kind of new normal. We realize our business is not going to rebound the minute we open the doors, and we must be prepared to make rapid adjustments, whether it be our menu, hours of operation, employee flexibility, etc. We have a new training piece that is being implemented so our employees know how to handle this new way of life post-Covid-19. ■



## ASPEN RICKS

Aspen Ricks has a history of community involvement in and around the Kansas City area where she operates four Children’s Lighthouse locations. In the past she has put together gift baskets for families in need and hosted food drives at her schools to collect canned and other non-perishable food items for families in need. Ricks says she’s always felt called to give back to her community – especially now.

**HOW HAS COVID-19 AFFECTED YOUR BUSINESS?**

At Children’s Lighthouse, we’ve been deemed an essential business as we provide care for infants, toddlers, preschoolers, and school-aged children. Like many small businesses, the pandemic has caused a decrease in sales for our school and we had to reduce hours for our employees. Our curriculum and care, however, have stayed the same. While we have reduced class sizes to help practice social distancing, we are doing everything in our power to keep our students on a normal schedule. In times of uncertainty, it’s important to provide children with a sense of stability and support.

**WHAT ARE YOU DOING RIGHT NOW TO GET THROUGH THIS?**

We believe that we have a responsibility to provide our community with educational, safe, and dependable childcare. So at our four schools in the Kansas City area we are keeping our foot on the gas and refuse to slow down until this pandemic is over. Like many, we’ve had to tighten the budget and cut back in certain areas. Where we’ve kept our focus, though, is on grassroots marketing efforts. We want to ensure that families in Johnson County know we’re



open and able to care for their children. To keep spirits high and boost morale, we've created a calendar with a daily "fun event." These events keep both our students and employees laughing and smiling and bring a little extra light into the day. Overall, we are staying positive and trying to help our employees and community as much as possible.

#### **IS YOUR FRANCHISOR HELPING KEEP YOU AFLOAT?**

Our team at the Children's Lighthouse corporate office – or Franchisee Support Center, as we call it – have been incredible! They've been extremely communicative and transparent as new information is released. They are holding conference calls with the franchise system, check in with us individually on a regular basis, and provide us with all available programs to help our employees and families. They even cut our franchise royalties fees in half for the month of April. This, along with additional marketing materials and support, has been extremely helpful in keeping our business afloat.

#### **WHAT ARE YOU DOING TO HELP YOUR EMPLOYEES THROUGH THIS?**

We care deeply about the safety and well-being of our staff. So we're providing all employees with a face mask, personal hand sanitizer, sanitation wipes, gloves, extra uniforms, and food if they need it. We've made it clear to our team that we are here for them and want to make sure they feel safe, happy, and supported. To keep spirits up, we're also providing lunch throughout the week, offering special drinks and treats, as well as incorporating fun activities.

#### **WHAT ARE YOU DOING FOR YOUR CUSTOMERS?**

We want to make sure that all those who need child care during these uncertain times have access to it. So we are offering discounted enrollment rates and providing families the option to change their schedule to part-time. We are being as flexible as possible to accommodate the needs of those in our community. We have also provided all of our families with personal hand sanitizer and sanitation wipes.

#### **HOW ARE YOU WORKING WITH YOUR SUPPLIERS?**

The City of Gardner has waived all electric fees for a month.

#### **WHAT ARE YOU DOING ABOUT CASH FLOW, PPP?**

We have applied for the PPP, but we're still waiting to receive funds.

#### **WHAT ELSE WOULD YOU LIKE TO SEE FROM YOUR FRANCHISOR OR GOVERNMENT?**

I would love to see the extra weekly \$600 unemployment check also be given to essential workers on the front line.

#### **HOW ARE YOU PLANNING TO REOPEN AND REBUILD YOUR BUSINESS POST-COVID-19?**

We'd been hoping that by May, things would start to go back to normal and we would be operating as normal. That said, we intend to closely follow any updates regarding state and federal mandates. Before the coronavirus pandemic, our schools followed strict health and sanitation practices that have since been increased. We intend to maintain that standard moving forward to reduce the spread of germs and to ensure the well-being of our students, families, and staff. ■



## JOHN SAHAKIAN

John Sahakian operates two Title Boxing Clubs in Maryland – or at least he did until Covid-19 shut them both. He's received PPP money to help pay employees, but says the 25% left over for rent and other expenses is not enough, and hopes that percentage will be changed. He also has applied for additional financial help from state and county sources and the SBA.

#### **HOW HAS COVID-19 AFFECTED YOUR BUSINESS?**

Dramatically. We have a few members at each club opting in to keep paying us more for support, but I would say we're seeing a 90% to 95% drop-off.

#### **WHAT ARE YOU DOING RIGHT NOW TO GET THROUGH THIS?**

I am paying my two managers as we are still doing things through social media for both clubs to try to keep members engaged. We are paying a few trainers to tape classes from home that we are posting. Otherwise, I personally am using what I have in my savings to pay my own bills.

#### **IS YOUR FRANCHISOR HELPING KEEP YOU AFLOAT?**

Their help is minor. They gave us a 30% reduction in royalties about a week or two before things got really bad and everyone closed. They have stayed at that percentage. They will give it to us for another 4 weeks after we reopen. I felt it could have been more. They did give us Title Boxing Club on Demand, which was an app the company already had running. They gave our members free access to it until the end of May, which has been very helpful.

#### **WHAT ARE YOU DOING TO HELP YOUR EMPLOYEES THROUGH THIS?**

There was only so much I could do at the beginning. I have a few of them teaching classes, and I bought everyone a nice dinner for two at a local restaurant to support small businesses, but also to do something nice for the employees. I did pay my two managers as there was still work to be done, but it is limited. I recently got approved for the PPP money for both clubs, so I will start paying my employees again.

#### **WHAT ARE YOU DOING FOR YOUR CUSTOMERS?**

We are doing virtual classes with our trainers, but also giving them Title Boxing Club on Demand so they can still work out from home. Otherwise just a lot of social media engagement and asking them to tag us.

#### **HOW ARE YOU WORKING WITH YOUR SUPPLIERS?**

No supply issues.

#### **WHAT ARE YOU DOING ABOUT CASH FLOW, PPP?**

As I said, I got the PPP money. I have applied to the state for their \$10,000 grant money and also for a \$50,000 SBA loan through them for both clubs, but nothing has come from the state. I applied for the \$10,000 grant money from the county and got one of the clubs approved for it so far. I am still waiting for the funds.

#### **WHAT ELSE WOULD YOU LIKE TO SEE FROM YOUR FRANCHISOR OR GOVERNMENT?**

I would have liked a bigger discount on the royalties from the franchisor, and I think it should go for 90 days after we reopen, not one month, as it will take time to ramp things back up. I think the government should have something that helps the business owner more with the rents than anything. The landlords are not forgiving at all. They are deferring some rent, but are expecting you to pay it within the year. That is really going to be tough. The 25% from PPP needs to be bigger for this part of the equation.

#### **ARE YOU PLANNING TO REOPEN AND REBUILD YOUR BUSINESS POST-COVID-19?**

Yes, that is the game plan for both clubs. ■



## **BROOKE WILSON**

Brooke Wilson and her husband Les have built a Two Men and a Truck franchise business serving markets in North Carolina and Georgia. The married couple's multi-unit company generates annual revenue of more than \$12 million. Although their moving trucks have been declared an essential business, they are facing the pandemic just as their peak spring and summer season arrives.

#### **HOW HAS COVID-19 AFFECTED YOUR BUSINESS?**

In several ways. Our business is seasonal, with a near-perfect bell curve peaking in the months of May, June, and July. February and March are typically ramp-up months for us in terms of inventory and staffing. We began February with a strong recruitment push as usual, but have since slowed with some concern over how our markets will perform through and post-Covid. We added 11 fleet vehicles (each carrying an investment of \$100,000), equipment, and acquired two franchise markets in February. Fortunately, the trucking industry (including movers) has been deemed essential, and we are able to continue services. We were able to shift administrative and clerical support to work from home, and have made adjustments in operations to reduce opportunity for exposure. Employees are eager to work, and we have not been forced to furlough or lay off. Following an initial surge in service requests – likely in anticipation of shelter-in-place quarantine – we have seen a drop in lead volume into April (approximately 30% in some markets). This appears to align with what we're seeing in the real estate market.

### **WHAT ARE YOU DOING RIGHT NOW TO GET THROUGH THIS?**

We have had to be nimble and dedicated to our mission of moving people forward. Within a very short time we've had to change our business practices and adopt additional precautionary measures to protect our crews and clients. We transitioned our sales, administrative, and support staff to "work from home." We fully analyzed operational procedures from every angle in order to make necessary adjustments and roll out new SOPs as part of our business resiliency plan. Our new normal includes closing the office to the public, disinfecting trucks and equipment several times a day, staggering dispatch times to heighten social distancing, touchless temperature taking every morning, wearing PPE, qualifying customers, restricting services to "hot spot" cities and for "high risk" consumers – among a variety of other processes to avoid as much opportunity for contact and spread as possible.

Our business model and pricing strategy are built in consideration of known factors and historical data. This unprecedented pandemic event has introduced unknown variables that are changing day to day, and the cost of performing our essential business continues to rise. To offset this unexpected rise in expense, we've added a temporary fee to assist with the additional costs all these changes have brought about, and our customers have graciously understood. They appreciate the fact that we are doing all we can to conduct business safely during this time. Appropriate communication and evident follow-through have been vital.

Further, we are examining our expenses down to the dime for now and asking ourselves if this expense can wait. Lenders and third-party vendors have offered payment deferrals. Insurers have provided options to reduce carrier costs on vehicles and facilities not in use. We have amended marketing campaigns; requested credits in areas such as sports marketing; and we are learning who and what our most valuable resources are.

### **IS YOUR FRANCHISOR OFFERING ASSISTANCE?**

Our franchisor is acting as an aggregator of information by collecting best practices from around the country and sharing them with us. Their marketing department has also been helpful by providing professional graphics that support our brand, help with consistent messaging, and ultimately help give our potential clients confidence in our company. In addition, they have waived and/or adjusted some administrative fees related to call volume support and technology support.

### **WHAT ARE YOU DOING TO HELP YOUR EMPLOYEES THROUGH THIS?**

Our employees are the backbone of our company, so supporting them is critical. Whether it's responding to requests for additional equipment that will help them do their job safely, or gathering daily on a conference call for a team huddle, staying connected and available to support them is our number-one goal every day. We are striving to maintain normalcy to the best of our ability. As an essential employer, we are fortunate to continue offering work (though we are not expecting the traditional peak hours availability that is normal in the moving industry). We are working diligently to maintain normal income levels while

also taking steps to keep everyone safe and healthy. We are maintaining our commitment to positive team culture. Front-line employees are being compensated at a higher premium rate in appreciation for their service in this unique environment.

### **WHAT ARE YOU DOING FOR YOUR CUSTOMERS?**

We are being as flexible and supportive as we can to help them during this time. Our "in home service" is unique, and though there is a direct need for service, consumers are concerned more than ever about inviting a potential risk into their home or work space. We are communicating constantly about the steps we are taking to maintain a clean/safe environment for the protection of our employees and our customers. We aren't just talking about it, we are acting on it. Providing a stress-free move has never been so important!

### **HOW ARE YOU WORKING WITH YOUR SUPPLIERS?**

As mentioned previously, some lenders and third-party vendors have offered to defer payments. We have renegotiated some contracts. We've made adjustments to marketing content, and received credits from sports marketing vendors. For the most part, everyone is being cooperative and it's apparent that we have valuable partnerships.

### **WHAT ARE YOU DOING ABOUT CASH FLOW, PPP?**

As usual, we are watching our expenses while not letting off the gas when it comes to driving new business and sales. I've always managed my business in a fiscally conservative manner. Banks and lenders have offered deferred installments and we have accepted (not knowing if it will be necessary, but... conservative). Insurance has offered to reduce coverage levels on assets not currently in use (for example, because lead volume is reduced, we can ground a number of trucks and carry lower coverage on those vehicles at a reduced cost until the pandemic subsides). Our landlords have not been accommodating – likely because the CARES Act support offsets rents. However, as a property owner and landlord, I have been able to recognize some internal deferment. We have applied for the PPP (which was a cluster nightmare and, as of this writing, we were still awaiting information).

### **WHAT ELSE WOULD YOU LIKE TO SEE FROM YOUR FRANCHISOR OR GOVERNMENT?**

Oh man... this is a tough question. Of course, it's easy to say "Defer Royalties!" In consideration of the varied effects from market to market, I think the position of the franchisor to simply aid as a resource of information has been very helpful. Though, as with all information sources, I've found that gathering and filtering is necessary to ensure the best for my business. I'd like to see more support from the franchisor from a marketing perspective. In terms of government, it's also difficult. It's so political and conspiratorial. As a multi-unit operator, it would be easier to manage with consistency. The SBA's PPP process was a nightmare. I'd like the government to talk a bit about what the future of the U.S. and world economy looks like. So much seems reactive... putting out the fire. So much uncertainty.

### **HOW ARE YOU PLANNING TO REOPEN AND REBUILD YOUR BUSINESS POST-COVID-19?**

We are hopeful that as an essential business we will continue



to have the ability to stay open in some capacity throughout the Covid-19 pandemic. We are focusing our efforts on keeping our crews as safe and risk-free as possible so we can continue to move our customers who are counting on us. We are also using this as an opportunity to strengthen our bench with lots of training to make sure we are firing on all cylinders when normalcy returns.

As a measure of backup, we have prepared virtual training plans. In the event that closure is required, thereby resulting in furlough or layoffs, we will offer bonuses to employees who return with certifications of completed training. It is our hope this ensures that staffing needs are met when Covid-19 restrictions are lifted.

We are doubling down on some of our marketing efforts and exploring new angles to reach our audience – who have been stuck at home for almost a month now. That's a lot of screen time! We remain confident that there will be pent-up demand once shelter-in-place restrictions are lifted and the economy starts rolling again. ■



# Franchising Cares!

Written By  
**EDDY GOLDBERG**

We couldn't publish a Covid-19 special edition without including something about how franchisors, franchisees, and their employees stepped up during the past several months to give back – to their communities, to medical workers, to first responders, and simply to people who needed a helping hand during a tough time. Despite their own difficulties and personal concerns, these individuals and organizations are another kind of hero, and we want to recognize and salute them. These news items, taken directly from our Covid-19 Report newsletters, are only a partial list of all the good franchising has done during this crisis. So hats off – and thank you! – to *all* the brands and individuals in franchising who stepped up to help in a time of crisis. ■

[Ruby Tuesday Expands Covid-19 Community Relief Efforts](#)

[Raising Cane's Distributes a Crew Bonus of \\$2 Million as It Does Well During Covid-19](#)

[Hyatt Partners with American Airlines To Offer NYC Healthcare Workers a Free Vacation](#)

[KFC Donates 1.2 Million Pounds of Food to Food Banks](#)

[Krystal Steps Up to Feed Front-Line Workers](#)

[H&R Block Launches Service To Help Small Businesses Navigate CARES Act Options](#)

[Aaron's Delivers PPE and Mattresses to Navajo Nation To Support Covid-19 Relief](#)

[Farmer Boys Launches 2 Charity Initiatives To Feed Healthcare Workers & Support Feeding America](#)

[Jersey Mike's Donates 20% of Sales to Feeding America](#)

[Title Boxing Launches Title Fights for Nurses Campaign for National Nurses Week](#)

[Chick-fil-A Launches \\$10.8 Million Program for Franchisees To Give to Local Communities](#)

[McDonald's Campaign Promotes Free Food for First Responders](#)

[Aaron's Delivers Nearly 500 Mattresses to Shelters in Nevada](#)

[Taco Bell Turns Headquarters into Giant Drive-Thru for Truckers](#)

[Cowboy Chicken Partners with Comfort Food Care To Deliver Food to At-Risk Families](#)

[Rave Restaurant Group Launches Feed Essential Workers Fundraising Program](#)

[Grumpy's Restaurant Continues To Give Back to Community Amid Covid-19](#)

[OXXO Care Cleaners Offers Free Laundry & Cleaning to First Responders, Health Care Workers](#)

[Louisiana Hotel Franchisee Offers Free Rooms to Medical Workers](#)



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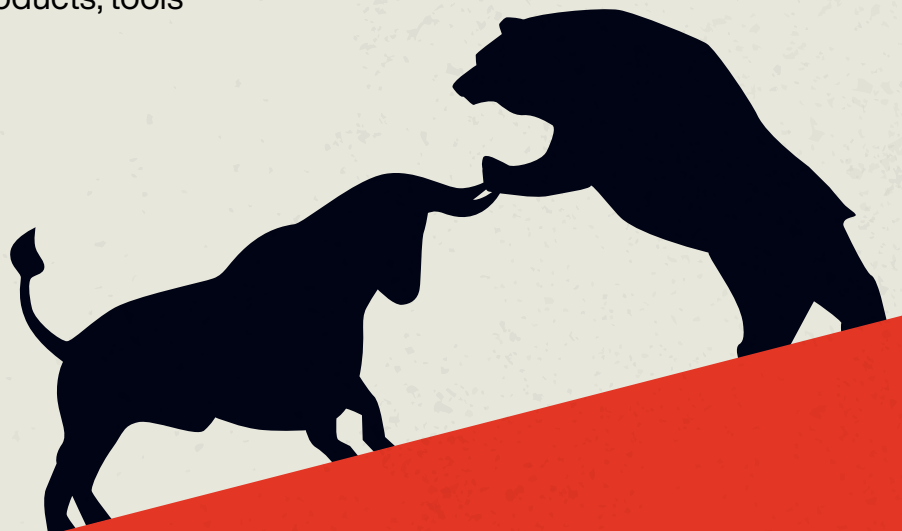
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Get ready to grow your brand, your learning and your network at the NEW Franchise Leadership and Growth Conference! An innovative event for an unprecedented time. Built for Franchising's leaders responsible for brand growth, we've combined the mission critical content and networking from our Franchise Leadership and Development Conference and Franchise Marketing Leadership Conference into this must-attend event for franchising's leaders driving growth in topline revenue and franchisee network.

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2. Content to Drive Growth post COVID-19
3. Networking with C-Suite Executives
4. STAR Awards & Marketing Innovation Awards
5. Supplier Solutions – new products, tools and service



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