



## INNOVATION AWARDS

2<sup>nd</sup> Annual Competition Winners

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## INNOVATION HAS BEEN REINVENTED

Written By **KERRY PIPES & EDDY GOLDBERG**

Covid-19 has left its mark in every corner of the world, and franchising is no exception. Brands everywhere have been forced to look for ways to stem financial losses, adjust business models, meet customer needs, stanch losses, invent new revenue streams, and, in too many cases, simply to come out alive. For many brands this year, innovation has been the lifeblood of their survival.

So when we chose to extend the deadline for our 2nd annual Franchise Innovation Awards competition—twice!—it was clearly with Covid-19 in mind. How were brands developing and using technology and innovation to weather the crisis? What future plans did they rush off the shelves and into action on an accelerated timetable?

By extending the deadline, we gave franchise brands the opportunity to share their stories—and a little more time to adjust to the effects of the virus, share the problems they encountered, and evaluate the solutions they came up with during the worst global pandemic in more than 100 years.

In this issue, we cover these awards extensively, highlighting innovation in franchising, but this year in a radically different environment. As the Internet shook up business as usual in the mid-1990s, the coronavirus in 2020 also has “changed everything,” again with no clear idea of what the future will hold as the coronavirus resurges across the U.S. South and West.

Despite all, entries poured in: 130 in 19 different categories describing innovative initiatives and campaigns in four areas: Marketing & Branding, Operations, Products & Services, and HR. As you’ll see, creativity, disruption, and adaptation were abundant—and so were the results (and ROI). Some of the biggest (and smallest) brands turned to innovation and technology, not only to gain an edge on the competition, but just to make it through the pandemic in one piece.

Our panel of 7 judges evaluated all entries this year, examining their objectives, the problem(s) they sought to solve, their goals, and the improvements they hoped to achieve through innovation. If you missed out on submitting an entry this year, now’s the time to think about next year’s competition.

Elsewhere in this issue, you’ll find our columnists and contributors continuing to write about how the pandemic is affecting franchising, its people, and its future. International franchising, sales, lead development, real estate, customer service, hiring, and more are all explored here.

In other news, we’ve also rescheduled our annual Multi-Unit Franchising Conference to next year, April 6–9, 2021 at Caesars Forum in Las Vegas. As valuable as it is meeting in person to explore opportunities—as well as reconnect with friends and acquaintances face to face (remember hugs, even handshakes?)—the safety and health of all attendees was paramount in our decision, as we’re sure it is in yours as you reopen, reclose, and navigate your brand through this crisis.

All of us are hopeful that we can soon put Covid-19 in the rearview mirror. Until then, we must remain diligent, support one another as best we can—franchisees and their employees, corporate staff and management, and customers—and simply do what’s necessary to get through this, healthy and alive.





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# 2<sup>ND</sup> ANNUAL



## FRANCHISE INNOVATION AWARDS

### COVID-19 INFLUENCES THIS YEAR'S BEST OF THE BEST COMPETITION

Written By **KERRY PIPES & EDDY GOLDBERG**

At no time in recent history have innovation and technology been more necessary than during the Covid-19 pandemic of 2020, with many organizations forced to adapt or face extinction. Enter the 2nd Annual Franchise Innovation Awards.

Although many entries were submitted before the pandemic, the submission deadline was extended and amended: franchise organizations were allowed to submit the innovative ways they were dealing with Covid-19 in the early part of 2020. The result was a remarkable group of 130 entries spread across 19 different categories. Each of these companies found ways to leverage innovation and technology, not only to get ahead of the competition, but for some, just to stay alive.

The annual awards identify and recognize franchise brands that are creating and implementing the most original and successful innovation strategies and tactics in four major categories:

- **MARKETING & BRANDING:** How brands are finding innovative ways to grow consumer awareness, engagement, and loyalty—everything from traditional advertising and PR campaigns to social media, rewards programs, new product launches, and local store marketing.
- **OPERATIONS:** Systems and processes, along with replicability and scalability, are essential for franchising success. Judges reviewed the most forward-thinking operations teams and how they are working to improve and streamline their brands' processes and practices through innovations in technology, tactics, support, etc.
- **PRODUCTS & SERVICES:** To meet the changing needs of today's consumers, franchise systems must evolve along with them—not only in what customers want in products and services, but also in *how* they want them. Technology plays a huge role here in the ways customers order, pay for, and receive a brand's products or services—especially since the arrival of Covid-19.
- **HUMAN RESOURCES:** Growing a great brand requires the very best people at every level. This category examined how brands are employing unique, innovative strategies and tactics to attract, hire, train, and retain the employees who best suit their vision and culture.

This year, a panel of 7 judges evaluated the entries, based on each entrant's objective, the problem they were trying to solve, or improvements they hoped to achieve through innovation—and the results. The winners are profiled in the following pages, along with the runners-up in each of the 4 main categories and 13 subcategories that produced winning entries.

The judges for this year's awards were Scott Lehr, Managing Partner of GT&S Franchise Executive Search; Jayson Pearl, President of ServiceScore; Michelle Rowan, President of Franchise Business Review; Theresa Huszka, Senior Consultant at MSA Worldwide; and from Franchise Update Media, CEO and Co-Founder Therese Thilgen, Chief Content Officer Diane Phibbs, and Executive Editor Kerry Pipes.

Visit [franchising.com](http://franchising.com) for more details on the awards and subcategories—and, of course, to find out more on how you can start preparing for next year's contest.

## MARKETING & BRANDING

### BEST DIGITAL CAMPAIGN

**WINNER** | **Epcon Franchising**

#### OBJECTIVE

The goal of our video mailer campaign was to establish credibility and move qualified leads already investigating the Epcon business opportunity down the sales funnel in a unique way that would catch their attention.

#### OVERVIEW

Traditional brochures are often tossed, and typical digital marketing campaigns can feel impersonal. We used a video and audio brochure to create a 6x9-inch booklet that opened to a 5-inch screen that played four videos about our opportunity, including company information, testimonials from franchise builders and homebuyers, and interviews with company leadership. The digital brochure was mailed to select high-value prospects who were actively investigating our business opportunity, and to qualified prospects identified by the sales team. Clearly not a throwaway brochure mailed to a huge list, the digital brochure was able to help the brand stand out from the competition and other marketing materials. It also allowed us to personalize each video mailer by choosing videos that would appeal to individual recipients.

#### RESULTS

The video mailers were created as a middle-of-the-funnel marketing piece to move highly qualified prospects forward through the sales process. They were successful in catching the attention of highly qualified potential franchise builders and providing them with specific, targeted, and valuable information. Instead of competing with the large amounts of marketing communications prospects receive daily, or relying on prospects to be self-starters and find middle-of-the-funnel resources on our website, the video mailers put the right content in front of the right prospects at the right time in a unique, attention-catching way, successfully moving several prospects through the funnel to the next stage in the sales process. Since launching the video mailers, we have achieved an 84% follow-up contact rate with prospects and are on track to exceed sales projections in 2020.

**RUNNER-UP** | **Wing Zone**

### BEST LIMITED BUDGET CAMPAIGN (UNDER \$1M)

**WINNER** | **Capriotti's Sandwich Shop**

#### OBJECTIVE

While most companies scaled back expenses and canceled media buys, Capriotti's sought a way not just to survive, but to thrive during the lockdowns. Our objective was to communicate to our guests in our home market that we were open, safe, and accessible.

#### OVERVIEW

After lockdowns began, we experienced significant same-store sales declines. Fortunately, we had spent years investing in the technology and operational processes necessary to safely deliver to our guests. We just needed to get the word out. We quickly created TV commercials that ran on both broadcast and OTT (over the top) channels that communicated our best-of-class safety practices, delivery, and curbside options.

#### RESULTS

Within a week of the spots running, our sales had catapulted, and in a matter of weeks had soared past pre-Covid levels. We have been enjoying double-digit positive same-store sales since the beginning of April. The campaign has led to franchise partners wanting to continue to invest even more in marketing to drive further results the rest of the year.

**RUNNER-UP** | **Labor Finders Palm Beach Gardens**

## BEST PR CAMPAIGN (TIE)

WINNER

**Jamba**

### OBJECTIVE

In an effort to remain relevant, become more accessible, and meet changing consumer demands, Jamba dropped the word “Juice” from its name in June 2019 and announced a brand evolution that included a new name, menu, store design, app, website, and logo.

### OVERVIEW

Jamba started 30 years ago in San Luis Obispo, California as a little juice shop with a big idea: that eating better should be easy. In 1990, a juice shop meant something completely different than how guests see the category today. As the category continued to mature and grow, Jamba recognized the opportunity to evolve. To shine a spotlight on the brand’s menu innovation and upgraded look, as well as on its focus on innovation, convenience, and personalization, Jamba developed a phased business and trade media relations strategy that would drive qualified franchisee leads and boost awareness of the evolution.

### RESULTS

1) Secured a “first look” with Nation’s Restaurant News, which was subsequently picked up by multiple national outlets, including MSN.com, Yahoo, and Food & Wine. 2) Booked a one-day NYC media tour for President Geoff Henry to have in-person interviews with Business Insider and Bloomberg Businessweek, as well as a live, on-air appearance on Cheddar Business TV and a phone interview with Restaurant Business. 3) Secured an article with CNN Business, which was syndicated across its network, generating additional coverage in 47 local markets nationwide. 4) Secured coverage in all of the top franchising and foodservice trade media outlets, including Franchising.com, Fast Casual, QSR Magazine, Franchise Times, Modern Restaurant Management, Restaurant Business, etc. 5) Generated more than 550 million impressions and 81 media placements.

WINNER

**Snap Fitness**

### OBJECTIVE

Raise awareness for our partnership with FitnessOnDemand during a time everyone was looking to “stay fit, stay healthy, and stay home” amid growing coronavirus concerns and recommended social distancing efforts.

### OVERVIEW

Snap Fitness partnered with FitnessOnDemand to offer free 90-day global access to the market-leading virtual fitness platform. With the industry’s most diverse fitness video library of powerhouse brands—including Sweat Factor by Mike Donavanik, Nora Tobin, SH1FT, Daily Burn, and many more—FitnessOnDemand virtual workouts are designed to optimize space and offer unparalleled variety, creating an ideal fitness experience for any environment. The general public was encouraged to take advantage of custom content specifically curated to facilitate at-home workouts, all with little to no equipment and no studio required.

### RESULTS

PR results for local and national coverage included Business Insider, Insider, KTLA-TV (ABC 7), Parade, Star Tribune; pickup on the press release with a potential audience of 152 million; 7,599 direct release hits; and 6,709 engagement actions. Digital results included 999,063 total impressions, 17,056 link clicks, and 14,352 conversions on a \$6,000 budget. Social media paid campaigns reached a unique audience of 516,481 during the campaign. Facebook campaigns drove 92% of conversions across all campaigns. Static image ad creative outperformed Facebook Carousel and Instagram Story ad creative. Overall cost per click for all campaigns was \$0.18; overall Facebook click-through rate was 3.50% (vs. the fitness industry average of 1.01%); and the overall Instagram click-through rate was 1.48% (vs. the fitness industry average of 0.52%). Campaigns received 2,757 reactions and 22,483 post engagements. Overall CPM for all campaigns was \$6.01, and all campaigns led to a cost per landing page view of \$0.68.

## BEST SOCIAL MEDIA CAMPAIGN

WINNER

**Primrose School**

### OBJECTIVE

A majority of working parents struggle to find the right balance between their job and family life. As a result, they are constantly faced with guilt for not providing the assumed necessary attention to their children. We created a platform for parents to release their guilt *and* make the most of the time they spend with their children.

### OVERVIEW

We launched a marketing campaign called #LetGuiltGo, beginning with a microsite that provided a space for parents to process their guilt feelings, along with a list of resources and stories. The #LetGuiltGo message was distributed through an integrated approach using polls, interactive Q&A formats, insight-driven social media posts, and influencer partnerships that tapped into real feelings parents experience daily. Schools across the country planned celebrations centered around Working Parents Day, from surprise breakfasts to handmade cards and video messages for parents. Parents then received an e-blast encouraging them to visit the microsite and let go of any guilt feelings.

### RESULTS

The campaign received a welcoming reception, reaching an audience that exceeded our goals. Overall, the microsite reached more than 9,600 users with 30,000 page views and more than 1,000 clicks to additional campaign content (blogs, Instagram posts, etc.)—and led to a 59.8% completion rate of the #LetGuiltGo survey. To boost awareness, branded content was shared across Facebook and Instagram throughout the campaign, sharing messages of encouragement and engaging users with polls. These posts resulted in more than 3.1 million impressions with nearly 10,000 click-throughs to the microsite. Additionally, we launched an influencer campaign that led to 62,895 impressions with an engagement of 4,298, and 307 click-throughs to the microsite. The distribution of findings resulted in coverage across 154 media outlets such as WBIR-TV, WTNZ-TV, and 11Alive Atlanta, and amounted to 128.5 million impressions. These outlets covered the brand’s efforts surrounding Working Parents Day, the #LetGuiltGo campaign, and an origami installation of 6,000 handwritten letters. Finally, we used e-blasts to reach the parent audience through a final platform that would lead them to the microsite, resulting in a 47.7% open rate and 4.6% click rate.

RUNNER-UP

**RE/MAX**

## CAUSE MARKETING CAMPAIGN

WINNER

**Jersey Mike’s Subs**

### OBJECTIVE

Even in the midst of uncertainty from Covid-19, and while addressing major operational challenges needed to limit person-to-person contact, Jersey Mike’s was determined to fulfill our mission statement: “Giving... Making a Difference in Someone’s Life.”

### OVERVIEW

We teamed up with Feeding America, donating 20 percent of sales over the weekend of April 25–26 to help support Feeding America’s nationwide network of 200 food banks. Taking an innovative approach, we quickly created a commercial that aired nationwide with a personal invitation from Founder and CEO Peter Cancro to participate in the fundraiser. Across the country, franchisees at more than 1,750 locations paid it forward in other ways during the pandemic by donating millions of sub sandwiches to local hospitals, first responders, children in need of a meal, senior citizens, and others. To provide financial relief for our customers early on in the pandemic, we surprised the industry by offering several promotions for 50 and 25 percent off subs, as well as providing free delivery services through our online ordering app.

### RESULTS

We anticipated raising \$1 million for Feeding America over the two-day fundraiser. Instead, with the founder’s heartfelt invitation to participate and the company’s authentic message of giving, Jersey Mike’s raised more than \$2 million for Feeding America, helping to provide 20 million meals. These were two of the busiest days in the company’s history! Additionally, to date, locations across the country have given away more than 2 million sub sandwiches in their local communities to front-line workers and others.

RUNNER-UP

**Goldfish Swim School**

## LOCAL MARKETING LEADERSHIP CAMPAIGN

WINNER

**Goldfish Swim School**

### OBJECTIVE

As Goldfish Swim School began to grow from an emerging brand to more than 100 schools, it became clear that it was time to build a team of subject matter experts, while simultaneously streamlining local marketing support.

### OVERVIEW

We began by focusing on growing the internal marketing department to allow each school to have a dedicated local marketing consultant (LMC). LMCs could devote 100 percent of their time to local marketing support and become experts in their assigned territories. This gave schools a competitive advantage that played a role in elevating local brand awareness, new member acquisition, and member retention. This hands-on, focused support led to more frequent on-site visits. Not only did this provide an added layer of support to franchisees, it allowed opportunities for creativity and innovation among LMCs to help enhance the overall local marketing program. An example is the development of new-and-improved Digital Playbooks, designed with the primary objective of creating a more efficient way to distribute marketing materials for franchisees to easily execute national and quarterly campaigns on a local level. Before converting to a digital platform, we were distributing paper copy playbooks. At first, there was positive feedback from franchisees, but as the brand tracked engagement and overall execution, it became clear that many franchisees forgot to revisit them. This triggered our initiative to streamline the process through a digital platform that would maximize systemwide engagement.

### RESULTS

Since creating the LMC program, rolling out the Digital Playbooks, and growing the marketing team and its vendor partnerships, we've seen a 30 percent increase in brand search over 12 months, strong engagement with Gmail and retargeting ads, an average organic ranking of 1.6 across the network, 195+ leads on average per month, 40,000 total new clients, and a sub-\$20 cost per acquisition. As a result, brand awareness has skyrocketed, we have seen a 158% lift in media exposure, and swim lesson revenue grew from \$102.7 million in 2018 to \$137.6 million in 2019.

RUNNER-UP

**Realogy**

## OPERATIONS

## MOST INNOVATIVE BUILDING DESIGN, REMODEL, OR PROTOTYPE

WINNER

**Camp Bow Wow**

### OBJECTIVE

Camp Bow Wow identified an opportunity to remodel and enhance our standard lobby design to better meet today's evolving customers. We looked to craft a space that increased customers' sense of fun, safety, and trust, invigorated the system, and increased unit revenue.

### OVERVIEW

The brand was born in 2000. The original lobby was designed and executed until the remodel of the flagship store in 2019. The remodel focused, in part, on exciting and leading the franchise system into a new age for doggy day care and the brand. To remain sensitive to cost and increase adoption, we strategically rolled out the transition in three building phases and offered two tiers of materials. Not only was it important to refresh the lobby look-and-feel, it was critical to provide a more streamlined customer interview process. (An interview is a free trial day a dog must complete successfully to become a "Camper" and involves both pup and parent participation.) In evaluating and planning a dedicated interview space, we provided a safe and quiet space for new dogs preparing for their interview, an enhanced experience with a private interview viewing screen, space to educate parents on what to expect, and a personal experience away from the pickup/drop-off area of our

regulars. A second focus was our commitment to enhancing the customer experience. After the flagship store's lobby reveal, customers were surveyed to capture their perception and experience. The opportunity to elevate and improve customer perception and experience was critical.

### RESULTS

The lobby remodel delivered on our main objectives. Within the first year of planning, 25% of units (existing and new) remodeled. On the customer side (65 current and 13 new customers surveyed), we found a 30% increase in perception of fun/playfulness; a 40% increase in perception of cleanliness; a 30% increase in perception of safety; a 50% increase in perception of premier service; a 25% increase in perception of trustworthiness; and 84% preferred the new, remodeled lobby design. Flagship revenue growth (2018-2019) saw a 61.2% YOY increase; total sales of all services rose 57.9% YOY; and interview counts were up 24.9% YOY.

RUNNER-UP

**Lift Brands**

## MOST INNOVATIVE CONSUMER SELF-SERVICE TOOLS

WINNER

**Floor Coverings International**

### OBJECTIVE

To eliminate the barriers to connection between prospects and franchise sales personnel through the immediate scheduling of an expedited appointment. We were looking to achieve a 100% immediate follow-up, furthered by the ability to expedite the real-time scheduling of appointments through AI-enabled conversational text responses. Further expectations were to increase lead closure rate by 25% (to be achieved through real-time scheduling and automation of leads to the most appropriate franchise development representative) and to increase the ability to massively increase lead flow while maintaining current team size.

### OVERVIEW

The solution is enabled through a tight workflow integration between FranConnect Sky and Lumin.ai. (FranConnect is the platform that provides lead scoring, ensures sales process and regulatory compliance, and automation; Lumin.ai provides a smart conversational AI bot to engage in text messages with a prospect.) The entire scheduling process, including complex conversations, can be accomplished using the Lumin.ai scheduling bot. The combination ensures that all leads are engaged immediately, and the next steps are scheduled based on availability. The solution integrates with popular scheduling platforms such as Calendly. In addition to immediate scheduling of visits and follow-up, the solution also automates campaigns that can reach out to leads, including dormant ones. The friendly engagement mechanism through conversational SMS, along with the automatic logging of user responses, ensures that the organization has all the information centralized and available as needed.

### RESULTS

All initial goals were met and/or exceeded including more than 40% improvement in lead closure rate; 100% follow-up within 10 minutes; more than 90% automation of scheduled calls; more than 20% increase in monthly leads; reduction in head count through elimination of administrative personnel; and highest ROI of any platform we use.

RUNNER-UP

**Realogy**

## MOST INNOVATIVE FRANCHISEE SUPPORT

WINNER

**Wild Birds Unlimited**

### OBJECTIVE

With store closings and restrictions, fear and uncertainty, and a need for operational, marketing, and staff changes during this crisis, we had to make a plan to help our system weather the storm, protect franchisees' investments, and, equally important, fulfill our brand promise of bringing the joy of birds and nature to our customers.

Businesses are taking necessary steps to adapt to the challenges faced in this current environment.



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## OVERVIEW

We immediately helped our system navigate the challenges of safe curbside delivery and migrated more than 45 stores to our online platform; developed a way for a major vendor to fulfill online orders directly for stores that were not allowed to open; developed more than 100 new marketing pieces to retain existing and acquire new customers (including a full social media plan that provided local advice and ideas to attract birds); managed a successful PPP and EIDL loan program before the CARES Act was even passed; worked directly with our system on rent relief; added a full "special services" program at no cost to help franchisees who needed extra assistance with budgeting, marketing, and other operational needs; and developed and implemented a full new communications section to keep our system in the loop and informed on how to implement all the new best practices.

## RESULTS

We are maintaining strong sales and our YTD system-wide and same-store sales increases over last year. We conducted a third-party franchisee satisfaction "Pulse" survey and received very strong results: our franchisees not only are satisfied, they continue to rate us one of the strongest brands and are grateful for all we have done for them during this time. Our innovation, ability to adapt, and focus on franchisees' top and bottom lines has helped them provide the joy and calming effect of bird feeding to customers when they need it most. We had to cancel our annual conference, in-person new owner training, and in-person Meet the Flock (discovery) days and create virtual replacements. This is working well, and we are getting strong reviews from participants. Our fran dev team is crushing it, with increased lead flow, adding brand-new franchisees to our system, and we have a number of transfers completed and scheduled.

RUNNER-UP **School of Rock**

## MOST INNOVATIVE OPERATIONS TEAM

WINNER **Checkers & Rally's**

### OBJECTIVE

As Covid-19 took a massive toll on the restaurant industry, our drive-thru model with closed kitchens set us up to weather the storm. Our operations team was able to quickly shift gears to adapt.

### OVERVIEW

Our executive team began planning for the worst-case scenario in February as the country faced the threat of Covid-19. By the first week of March, we'd assembled a comprehensive response plan and task force to prioritize the health and safety of employees and guests. A three-level response plan, implemented immediately across our nearly 900 locations, included health and safety best practices and new procedures for even greater safety (Level 1); social distancing and responding to local mandates (Level 2); and quarantine procedures if a store shut down (Level 3). The operations team, led by COO Marc Mediate, established 15 new contactless experiences to protect employees and guests as stores adapted. This allowed operators to continue serving guests, and even allowed several restaurants to open in new markets and see record new opening sales. We also were able to support employees through a number of initiatives, including retail and grocery employment exchange partnerships with Albertsons, Walgreens, Kroger, BJ's Wholesale Club, and more; sick pay for workers who stayed home because of Covid-19; closure pay for stores that had to shutter; and expedited requests for aid from our employee relief fund. In addition, we were able to benefit from our closed kitchen model and integrated delivery platform, which brings in delivery orders through a single POS system. The result was a seamless, streamlined process for all restaurants, which prepared them for an increase in delivery orders. CEO Frances Allen provided constant, consistent updates to the entire system with information about the coronavirus, policy and procedure updates, and restaurant/government news from around the country. These updates also contained helpful information for franchisees about PPP loan forgiveness and the CARES Act.

### RESULTS

Minimal disruption across our 900 locations; new restaurant openings with record sales; a lift in both drive-thru and delivery sales with a contactless experience; and several new franchisee signings.

RUNNER-UP **Smashin Crab**

## MOST INNOVATIVE USE OF DATA

WINNER **The Exercise Coach**

### OBJECTIVE

We needed a reporting environment that reported and operationalized the data from our POS system (Mindbody). Data had to be transformed from the Mindbody environment to enable the business process and help franchisees drive higher conversion rates and lower attrition rates.

### OVERVIEW

A third-party team began the project with the development of a KPI blueprint. After completing the blueprint, the team set to work on wireframing the initial set of dashboards to be developed for our team. (Wireframes provide a visual queue for users to better understand how the items will appear and the order or groupings they will appear in.) The team then created the data model, which has modifications from our internal model. New database tables and views were created that will deliver data to the dashboards based on the blueprint and the wireframes. Ultimately, multiple dashboards are produced, and a high-level "overview" dashboard top-lines key metrics. Following that, dashboards are created for each stage of the business process, including acquisition, promotion tracking, client engagement, session activity, retention, non-scheduled or non-returning clients, and trainer efficiency. Reporting is available at the corporate level, regional level, and all the way down to each location and trainer.

### RESULTS

To evaluate the impact of the effort, we evaluated a few KPIs before the launch of the dashboards and again one year later. Results included: conversion rates increased by an average of nearly 7% YOY; the number of "dis-engaged" clients was reduced by 22.7% YOY (i.e., 22.7% fewer "dis-engaged" clients than in the previous period); and re-engaged clients (winbacks) increased 4.43% YOY. This quantifiable evidence supports the value of the new reporting environment and demonstrates its ability to improve a franchisee's ability to convert and retain more clientele than previously. Last, there has been an unanticipated revelation about the value of the dashboard project: during the course of the franchise selling process, the dashboards have been repeatedly called out as a significant point of differentiation between The Exercise Coach and other brands being considered.

RUNNER-UP **Smashin Crab**

## MOST INNOVATIVE USE OF TECHNOLOGY

WINNER **Camp Bow Wow**

### OBJECTIVE

Many Camp Bow Wow franchise employees step into their roles with little training. This is not only a concern for staff retention, but also for the safety of the dogs. Training videos and paper onboarding materials were outdated and severely underutilized. Our primary goal was to increase engagement with training materials. Secondary objectives included: 1) develop an electronic platform that combined branded e-learning with franchise location-created materials; 2) move from learning with pen and paper to learning experiences proven to be most effective; 3) give franchisees insight into tracking their staff retention as it relates to recreating their onboarding system; and 4) create a structured onboarding schedule franchisees could adapt to their specific operations.

### OVERVIEW

As we grew at a rapid rate, many best practices had been developed and shared across the organization through tribal knowledge, an antiquated learning management system (LMS), and even more antiquated training videos and paper onboarding workbooks—none of which allowed for effective hands-on learning, expansive reach of brand standards, or best practices. We wanted to find a way to engage franchisees and provide them with updated, relevant, and trackable training courses; a platform where they not only would use our courses, but also be a place for them to customize their onboarding experience. To successfully launch this platform, we created the most desired content to help onboard new employees, created how-to videos for franchisees to set up their apps with their own personalized materials (welcome videos, training agendas, new hire paperwork); and provided personalized training sessions to learn exactly how each franchisee wanted to use PlayerLync and our own courses for their training experiences.

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## RESULTS

**The relaunch of e-learning** with live learning experiences, coupled with customizable training materials at the unit level, delivered on our main objective of increasing LMS and training material engagement. As a result of the relaunch, we measured the following engagement (July–Dec. 2019): 94% of open locations engaged with accounts and used e-learning courses (up from 3%); 2,270 courses were taken; and 50% of operators have added their own training content to their websites.

RUNNER-UP **Healthier4U**

# PRODUCTS & SERVICES

## MOST INNOVATIVE PRODUCT INTRODUCTION

WINNER **Edible Arrangements**

### OBJECTIVE

As the Covid-19 pandemic began to spread to the U.S. in early March, people found themselves confined to their homes as shelter-in-place orders were put in place across the country and around the world. We quickly realized there was a bigger need for our services beyond just celebratory fruit arrangements and sweet treat boxes. We introduced new fresh produce boxes for customers who were required to stay at home or were afraid to venture out. People now could order fresh fruit and other produce and have it delivered directly to their home.

### OVERVIEW

On March 14, we announced the launch of our new fresh fruit and produce boxes, along with offering no-contact pickup and delivery—and, for a limited time, free same-day delivery. Varieties of fruit and other produce available for delivery varied from store to store depending on what was available in each market, but all 1,000-plus Edible locations around the world took part in the initiative to ensure the communities they served would have access to fresh, nutritious food delivered straight to their homes. While the boxes began primarily with only fresh fruit, we eventually added fresh vegetables to the mix, and later began bundling these fresh fruit and vegetable boxes with a variety of other treats such as apple donuts, popcorn, dipped fruit treats, and more, all in one package.

### RESULTS

At the start of the pandemic, overall system sales dipped 40% as all businesses took a hit. But within just weeks of introducing the fresh produce boxes, we were selling more than 1,500 boxes a week. As of April, same-store-sales were up 61% from the previous year, and the brand experienced its most successful Mother's Day in company history. Ultimately, by pivoting our traditional business model in light of this crisis, we not only gave the communities we serve another way to obtain supplies they needed for sheltering in place, we also maintained relevance in a time when so many other industries have struggled to make ends meet.

RUNNER-UP **Frisch's Big Boy**

## MOST INNOVATIVE SERVICE INTRODUCTION

WINNER **Fantastic Services**

### OBJECTIVE

Focusing on the "new normal" of Covid-19, we launched new services tailored to our customers' needs: Antiviral Sanitization, Minimal Contact Service, Emergency Services, and the so-called We Do Any Chore service. Perceiving the crisis as an opportunity, we proved that by adapting our traditional services and implementing innovative ones, we could survive the breakdown.

## OVERVIEW

Months ago, when we saw the crisis coming, we didn't know how bad the situation would be, what would change, and what to expect. Since the well-being of our customers and franchisees has always been our utmost priority, we started looking for a mutually beneficial way to support that. Our Antiviral Sanitization Service, which we call AVS, was the solution. First, we contributed—and continue to contribute to—minimizing the spread of Covid-19. Second, we kept our franchisees' schedules full so they could support themselves and their families. And finally, we protected our customers by reducing the risk of viral infection by making sure the technicians followed all guidelines for sanitization, cleanliness, and precaution provided by the authorities. We haven't stopped providing services during the lockdown. By using our media presence, we created email, social media, and PR campaigns to ensure our customers that booking AVS or other adapted services does not involve health risks.

### RESULTS

By launching the new service, we supported our franchisees, technicians, and their families. We've already delivered more than 1,000 hours of AVS to more than 350 customers, among them news studios, embassies, churches, schools, photoshoot studios, and more. What all of this revealed is that to remain on top and make our company recession-proof, it's always necessary to be one step ahead and think outside the box.

RUNNER-UP **Camp Bow Wow**

## MOST INNOVATIVE USE OF CUSTOMER-FACING DIGITAL TOOLS

WINNER **Gold's Gym**

### OBJECTIVE

As the Covid-19 pandemic spread, we announced on March 16 that we would be temporarily closing all our company-owned gyms in the U.S. The rest of the franchise network soon followed suit. It was especially important for us to continue providing fitness services to members and non-members alike during the pandemic, so we worked quickly to identify ways to serve our global community virtually.

### OVERVIEW

We announced the launch of "Gold's Gym Anywhere," which introduced two key digital initiatives for helping people continue working out wherever they felt most comfortable and safe. First, free premium access to Gold's Amp (our digital coaching app, available in the U.S. and Canada) was made available through May 31. In addition, we launched a free global on-demand video workout platform featuring workouts from celebrities and certified Gold's Gym personal trainers from around the world. We invited our global franchise community to submit video workouts featuring their gym's trainers to be added to the on-demand workout database. The on-demand platform remains free to the public to this day.

### RESULTS

Between March 13 and May 31, Gold's Amp was downloaded (free) more than 76,000 times, and there was a 133% increase in usage. Since our on-demand video workout platform launched on March 18, there have been more than 300,000 video plays, and the portal now features more than 230 video workouts from brand experts and company gym team members, as well as from our franchise teams all around the world.

RUNNER-UP **BusinessKids**

## MOST INNOVATIVE USE OF TECHNOLOGY: PRODUCTS

WINNER **Urban Air Adventure Park**

### OBJECTIVE

We sought to increase our brand value proposition for guests, while driving more consistent customer frequency and recurring cash flow for franchisees. The company launched a membership-based model, something that had been embraced by theme parks, but was a first within the location-based entertainment industry.



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### Direct Mail

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1: From May-June 2020 Home Instead Senior Care franchisee, 2: From January 1-May 31, 2020, 3: Campaign from May 1-June 6, 2020 for a single franchise within Home Instead Senior Care. © 2020 Deliver Media. All rights reserved.

# HUMAN RESOURCES

## OVERVIEW

In April 2019, the company rolled out Endless Play Memberships nationwide. These memberships offer unlimited access to our next-level attractions such as Indoor Sky Diving, Go-Karts, the Sky Rider Coaster, Spin Zone Bumper Cars, climbing walls, ropes courses, and more. With memberships starting as low as \$6.99, the program allows guests to come back every day for a fraction of the price of a single visit. The tiered program allows guests to choose from four options with varying levels of access to park attractions, with each priced at 50% of a walk-in ticket, while being able to return to the park as many times within the month as they'd like. By introducing an e-commerce-based, contractually recurring annual membership program, we provided our franchisees with a new revenue stream that delivered weekly cash flow deposits. This first-in-category program also helped create brand loyalty, increasing visitation frequency for our franchisee base.

## RESULTS

We experienced a record 2019 as we welcomed more than 20 million guests to our parks. Systemwide revenue totaled a record \$215 million, a 100% increase from 2018, reflecting increases in attendance and in-park per capita spending. After the Endless Play Memberships program launched in late April, the brand signed up more than 177,000 members in 2019. Total membership revenue over the last 8 months of 2019 topped \$10.5 million.

**RUNNER-UP** Capriotti's Sandwich Shop

## MOST INNOVATIVE USE OF TECHNOLOGY: SERVICES

**WINNER** Sola Salon Studios

### OBJECTIVE

As the world's largest salon studios franchise, we support a growing community of 15,000 independent beauty professionals across more than 500 locations. As a company that helps beauty professionals go into business for themselves, we have no receptionists to manage stylist bookings; instead it's the stylists' responsibility. In January 2019, we launched BookNow, a centralized booking system where clients can find their favorite stylist online and book an appointment. Our objective was to capitalize on organic consumer traffic, provide a better customer experience, and increase revenue and exposure to the stylists.

### OVERVIEW

Leveraging our pre-existing partnership with a leading appointment management and scheduling system developer, we re-engaged them to help us develop BookNow as an extension of our SolaGenius app. When it launched, BookNow allowed us to drive client bookings for our independent beauty professionals. Inquiring clients can now search, discover, and book through our website 24/7 to find professionals who use the SolaGenius app. When the booking is complete, the service sends a confirmation text message to the client and stylist and handles the entire booking process, giving stylists more time to run their businesses. The technology behind BookNow gathers the schedule of each stylist subscribed to SolaGenius and pulls it in to a database to share availability with clients looking to book an appointment. BookNow is conveniently located on our home page, making it easy for clients to find the beauty professional who best suits their needs. Clients do not need to download an app and can customize their search by service, salon location, stylist, and appointment date.

### RESULTS

Approximately 6,000 bookings came through BookNow in 2019. As the year went on, we saw drastic increases in the number of bookings made from when the platform launched. In the first month of BookNow going live on our website, 59 appointments were made; today it generates an average of approximately 700 bookings per month. We also saw an increase in stylists opting in to become SolaGenius subscribers, adding 1,500 in 2019. In addition, we were able to help generate more than \$300,000 in revenue for stylists in the first year.

**RUNNER-UP** Mathnasium

## MOST INNOVATIVE EMPLOYEE TRAINING

**WINNER** Woofie's

### OBJECTIVE

Woofie's, a pet services franchise company, realized there was a void of highly qualified, mobile pet groomers. We sought to rectify the problem by developing Woofie's Academy, a first-of-its-kind, professional pet grooming school, to train aspiring pet groomers to become exceptional mobile groomers.

### OVERVIEW

Woofie's Academy is the in-house, accelerated training program we developed in partnership with the Paragon School of Pet Grooming, one of the top-rated grooming schools in the country. This multi-level program offers basic groomer training, advanced groomer certifications, and professional development opportunities through a web-based study program and hands-on experience. Students accepted into the program learn how to professionally groom animals in a mobile environment, with a focus on pet safety, customer service, and professionalism. The training program also incorporates hands-on experience by working with local animal rescue groups and shelters such as the Friends of Homeless Animals. Upon successful completion of the program, students will have employment opportunities with Woofie's corporate office or at one of its franchise locations.

### RESULTS

Within four months of developing the program, we brought Woofie's Academy officially to market in November 2019. To date, and bearing in mind the Covid-19 closures, there are 12 students who have completed or are successfully moving through the training program and working within our franchise system. Since the program's inception, one franchise location has seen a 50% increase in revenues after bringing in their students, and the corporate location has increased revenues by 10%.

## MOST INNOVATIVE EMPLOYEE RECRUITING

**WINNER** The Now Massage

### OBJECTIVE

At The Now Massage, our team looked for ways to differentiate the brand through design elements, handcrafted branded products, and the start-to-finish guest experience. At the heart of this experience is the massage therapist who delivers the service. Attracting the top talent in a local area and providing a pathway for professional growth would be key to creating continuity within the boutique and to building repetitive business through a positive experience.

### OVERVIEW

The idea of nourishing the lives of massage therapists is crucial to attracting the best in the business. To achieve this we offer important benefits for therapists. These include flexible scheduling; employee status with the payroll benefits this provides; eligibility for health benefits; paid sick leave; a clear schedule for raises; and an opportunity to track into management. We created an achievement program with tiered benefits that increase as each massage therapist grows. These benefits include continuing education training, complimentary massages, personalized business cards, exclusive gifts for each new level of achievement, and paid vacation. (There are four distinct levels of achievement.) We also have an extern program to help therapists maintain their certifications, receive feedback from certified therapists on ways to improve, and enjoy team member discounts on massages and retail items.

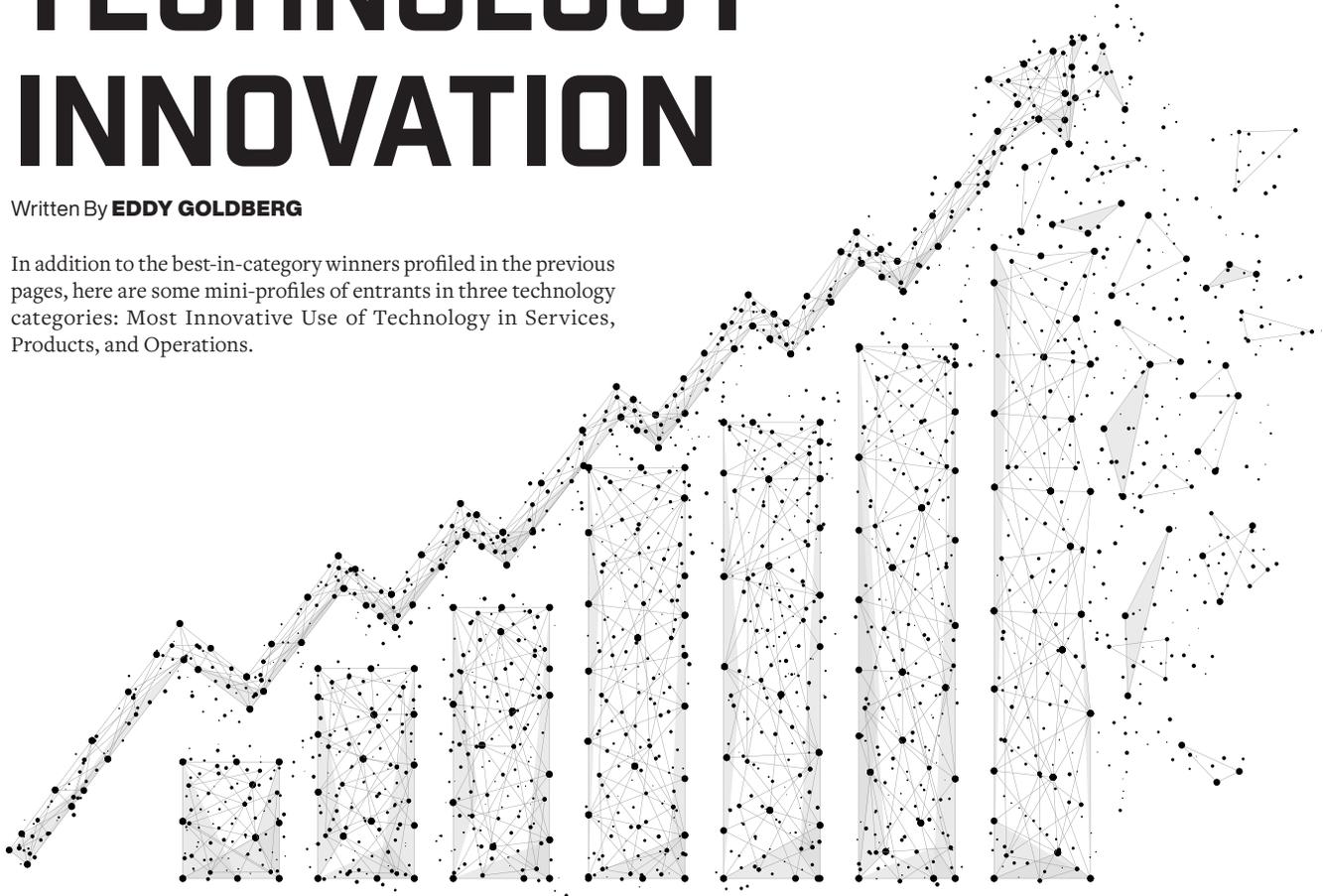
### RESULTS

As a result of these efforts, therapists stay with us far longer than the industry average. This continuity generates repeat business that benefits each therapist directly, as well as the boutique. When jobs are posted for new massage therapists, the response is overwhelming.

# FOCUS ON TECHNOLOGY INNOVATION

Written By **EDDY GOLDBERG**

In addition to the best-in-category winners profiled in the previous pages, here are some mini-profiles of entrants in three technology categories: Most Innovative Use of Technology in Services, Products, and Operations.



## MOST INNOVATIVE USE OF TECHNOLOGY: SERVICES

### MOWBOT: ROBOTIC LAWN CARE

#### OBJECTIVE

To disrupt the \$99.5 billion lawn care service industry and replace it with a cleaner, greener, quieter alternative: a robotic lawn mowing service.

#### OVERVIEW

Traditional lawn mowers are responsible for 5% of air pollution. Our robots do not emit fumes or noise. In partnership with Husqvarna, we are bringing the American homeowner a battery-powered solution that uses GPS-based technology and AI.

#### RESULTS

Fabulous! Our first franchisee surpassed his goal in the first 3 months. Our franchisees love the fact they are getting in on the ground floor of an innovative product and service that is highly scalable and has tremendous growth opportunity. Our customers love being the first in their neighborhoods to embrace robotic lawn mowing.

### 9ROUND INTERNATIONAL: AT-HOME WORKOUTS TO MAINTAIN ENGAGEMENT

#### OBJECTIVE

As Covid-19 started to spread, we quickly realized it would have a major impact on the fitness industry. Our main objective was to provide something our franchisees could use to help keep members engaged and their business afloat.

#### OVERVIEW

Our At-Home Workouts, created by our Fitness Programming team at the home office, are 30-minute, full-body kickboxing circuit workouts in an on-demand style video for members.

#### RESULTS

Franchisees have a product of value to continue selling while their physical locations are closed. This has truly saved the company and helped franchisees fight through these difficult times with hope for the future. Many said they were able to maintain a high percentage of their paying customers by providing at-home workouts, which has helped them stay in businesses.

## WIZE COMPUTING ACADEMY: MOVING TO 100% ONLINE CLASSES IN 2 WEEKS

### OBJECTIVE

Business continuity and growth in the time of Covid.

### OVERVIEW

We are based in Coppell, Texas, with franchise operations in the U.S. and Canada. We teach STEAM-related coding and robotics to kids aged 4 to 16 in schools and preschools.

### RESULTS

We retained more than 95% of our customers and added hundreds of new ones for online classes and camps.

## LENDIO: PPP LOAN FACILITATION PROGRAM

### OBJECTIVE

The Paycheck Protection Program presented two hurdles: 1) How would lenders facilitate the loans? and 2) How would a business owner apply for a loan? Our objective was to provide a solution for both the lender and the borrower.

### OVERVIEW

Because of the pared-down SBA requirements for these loans, more small businesses qualified than for previous SBA loan options—but how would they access the funds?

### RESULTS

Franchising took in more than 10,000 local leads, and more than 5,000 of those businesses have been funded so far. Corporate (including franchising) PPP stats included 100,000+ small businesses approved; \$65,000 average size loan; and \$8 billion in loans funded. We increased our lending partners from just over 75 to more than 300, and saw a 40x increase in lendio.com web traffic between March and April.

## ACCESSIBLE HOME HEALTH CARE: REMOTE PATIENT MONITORING

### OBJECTIVE

Monitor chronic care patients' vital measurements from the comfort of their homes on a regular basis and analyze and evaluate them instantly by AI and clinician.

### OVERVIEW

Our RPM system is an AI-based system where we monitor a patient's key vitals. The measurements are transmitted to our 24/7 HealthView cloud-based portal that analyzes the measurements within 60 seconds. If a measurement is abnormal, a clinician is immediately notified for direct consultation with the patient without requiring a face-to-face office visit. We collect instant measurements for five chronic care conditions: diabetes, COPD, congestive heart failure, hypertension, and weight management.

### RESULTS

Avoid patient hospitalization and commence intervention treatment before a patient's condition deteriorates to the level of requiring invasive intervention, substantially reducing health care costs and patient difficulties.

## MATHNASIUM LEARNING CENTERS: ACCELERATING ONLINE INSTRUCTION

### OBJECTIVE

We accelerated our plan for an online instruction option, Mathnasium@home, to allow franchisees to remain open even as their brick-and-mortar stores were closed.

### OVERVIEW

We had already been developing the service for children who had trouble getting to centers. We were planning for a 1-year onboarding process and 50% adoption rate by spring 2021. When the global pandemic hit, we had to act quickly. The platform wasn't fully developed and had been tested in only a fraction of centers.

### RESULTS

In less than 3 weeks of accelerated roll-out and rigorous troubleshooting, nearly all of our 1,000 centers had adopted it—successfully converting our global in-center operations to online instruction, maintaining the integrity and quality of our instructional model and service to our 75,000 students, and fortifying us against future crises.

## MOST INNOVATIVE USE OF TECHNOLOGY: PRODUCTS

### FUZZ WAX BAR: AT-HOME WAX KITS

#### OBJECTIVE

Amidst a year filled with growth for us, the Covid-19 pandemic forced salons nationwide to temporarily close their doors. As a way to continue to cater to our community and continue to generate revenue, we launched At-Home Wax Kits.

#### OVERVIEW

We are a membership-based wax bar, offering waxing services for ladies and men. As a way to continue to provide this service, we launched At-Home Wax Kits that included not only industry-grade products, but also a virtual Zoom Q&A with a Fuzzologist and a digital how-to guide.

#### RESULTS

We sold more than 300 wax kits in the first 3 weeks of launching the product.

## MOST INNOVATIVE USE OF TECHNOLOGY: OPERATIONS

### AMERICAN FAMILY CARE: VIRTUAL DISCOVERY DAYS

#### OBJECTIVE

Covid-19 made it impossible to hold in-person discovery days. Our team quickly created a concept to keep prospects engaged and educated about the system, despite limitations created by the pandemic.

#### OVERVIEW

Pre-Covid, discovery day was held at our headquarters. With limitations on travel and on sitting in a room with more than a handful of people, we are delivering discovery day virtually to all prospects. We quickly created a system to email a digital presentation to prospects, conduct webinars to walk them through it, and provide a virtual tour of what a facility looks like. Team members then connect with prospects on Skype or FaceTime.

#### RESULTS

Dozens of qualified prospects have attended five virtual discovery days since the start of the pandemic.

### HEALTHIER4U VENDING: USING AI TO BOOST WEBINAR ATTENDANCE

#### OBJECTIVE

Be first to engage leads to improve conversion to webinar attendees, and gain insights to decide which lead sources to spend money with.

#### OVERVIEW

Brian Swain, our CEO said, "Our main competitor spends all day relentlessly banging phones. We were never the first to call. We needed to cut them off at the pass." We deployed Lumin.ai's Smart Scheduler AI technology to support a new lead qualification and webinar registration process. The AI contacts each lead immediately and can understand conversational curveballs and ambiguities.

#### RESULTS

1) Webinar attendee volume rose 16% and 22% in YOY monthly comparisons. 2) Half of appointments were made in under 3 minutes; one-third were made in over an hour. 3) Sales reps are able to focus on further qualifying prospects after the webinar instead of cold calling and manually entering data into the CRM. This has allowed us to automate our lead qualification process in a way that is materially changing our business.

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**Mark Born, Senior Business Development Manager** at 781-482-7113 / [mborn@constantcontact.com](mailto:mborn@constantcontact.com).

## 2019 WINNERS



### MARKETING & BRANDING

#### BEST BIG BUDGET CAMPAIGN

Winner: **IHOP**  
Runner-Up: **Gold's Gym**

#### BEST LIMITED BUDGET CAMPAIGN (UNDER \$1 MILLION)

Winner: **Edible Arrangements**  
Runner-Up: **Nothing Bundt Cakes**

#### CAUSE MARKETING CHAMPION

Winner: **European Wax Center**  
Runner-Up: **Black Bear Diner**

#### LOCAL MARKETING LEADERSHIP

Winner: **Handyman Connection**  
Runner-Up: **Peace, Love and Little Donuts**

#### BEST SOCIAL MEDIA CAMPAIGN

Winner: **Camp Bow Wow**  
Runner-Up: **St. Louis Blues**

#### BEST DIGITAL CAMPAIGN

Winner: **Goldfish Swim School**  
Runner-Up: **Mountain Mike's Pizza**

#### BEST PR CAMPAIGN

Winner: **Labor Finders**  
Runner-Up: **Mosquito Squad**

### OPERATIONS

#### MOST INNOVATIVE BUILDING DESIGN, REMODEL, OR PROTOTYPE

Winner (Tie): **Dunkin' Brands, Schlotzsky's Austin Eatery**

#### MOST INNOVATIVE FRANCHISEE SUPPORT

Winner: **College Hunks Hauling Junk & Moving**  
Runner-Up: **Captain D's**

#### MOST INNOVATIVE USE OF TECHNOLOGY

Winner (Tie): **Checkers & Rally's, Dream Vacations**

#### MOST INNOVATIVE FRANCHISEE SUPPORT

Winner: **College Hunks Hauling Junk & Moving**  
Runner-Up: **Captain D's**

### PRODUCTS & SERVICES

#### MOST INNOVATIVE USE OF TECHNOLOGY: SERVICES

Winner: **Two Maids & A Mop**  
Runner-Up: **Jersey Mike's Subs**

#### MOST INNOVATIVE USE OF TECHNOLOGY: PRODUCTS

Winner: **Little Caesars Pizza**  
Runner-Up: **College Hunks Hauling Junk & Moving**

#### MOST INNOVATIVE USE OF CUSTOMER-FACING DIGITAL TOOLS

Winner: **Pinch A Penny Pool Patio Spa**  
Runner-Up: **Epcon Communities**

#### MOST INNOVATIVE SERVICE INTRODUCTION

Winner: **Conserva Irrigation**

#### MOST INNOVATIVE PRODUCT INTRODUCTION

Winner: **Topper's Craft Creamery**  
Runner-Up: **True Rest Float Spa**

### HUMAN RESOURCES

#### MOST INNOVATIVE EMPLOYEE TRAINING

Winner: **Dog Haus**

#### MOST INNOVATIVE EMPLOYEE RETENTION

Winner: **College Hunks Hauling Junk & Moving**  
Runner-Up: **True Rest Float Spa**

# Warehouses on Wheels

Mighty Auto Parts celebrates 50 years of franchising

Written By  
**JOSH D'AGOSTINO**

There's a little-known franchisor called Mighty Distributing System celebrating a significant milestone in 2020: 50 years of franchising! Mighty Auto Parts, as our distributors are known, started in 1963 and began offering franchises in 1970. Most franchise organizations are retail-focused, but we are a bit unique in that we are 100% focused on the wholesale distribution of auto parts, chemicals, and supplies.

Providing a successful franchise opportunity is hard work. Today, you often read about franchise systems rebranding or revising their business model. During the past 50 years, we've also had to adapt to a changing marketplace to remain relevant.

Mighty started as a route sales business in Washington, D.C. We had a handful of distributors who supplied tire repair and ignition products to service stations from step vans referred to as "warehouses on wheels." Salespeople were added as we quickly uncovered the significant need for shop owners to stock the right mix of replacement products.

By the late 1960s, the emerging growth strategy of franchising caught the attention of the company's founders. The first franchise was awarded in 1970. Just as we do today, Mighty awarded franchise licenses for exclusive distribution territories. Early franchisees, often aided by family members, did it all: purchasing, sales, inventory changeovers, delivery, customer service... everything.

One of our most successful franchises was established in Louisiana in 1974 by the late Jerry Lemons and his wife Sharman. Today, their son Shannon continues to operate one of our highest-volume franchises. Reflecting on their success and longevity, Shannon recently said:

"My parents established one of the first Mighty franchises. Not only does Mighty provide great product programs, but more



importantly, they provide tremendous support. This partnership, based on the core values of honesty and integrity, has enabled us to build a multimillion-dollar business employing 27 people and serving hundreds of automotive businesses in three states. After 46 years of operating as a Mighty franchise, our family would say this partnership has been a real privilege."

## TIME FOR A CHANGE

By the mid-1990s, Mighty needed to adapt. As auto service providers grew from the corner gas station to multi-bay service centers, a new type of franchisee emerged. Owners of multi-store tire centers saw the benefits of controlling their parts inventories. Soon, 30 franchises across the country were operated by large, prominent tire dealers.

Adding a B2B recruitment initiative was critical to growth, and over the past 20 years we've partnered with quick-lube chains, multi-location car dealers, and other automotive-related operations. Not only were they selling to themselves, they were able to provide Mighty products and programs to hundreds of other installers in their licensed territory.

In 2006, Steve Sanner and Jay Greenfield vertically integrated a Mighty franchise alongside their nearly 50 Jiffy Lubes and Tuffy Auto Service Centers in Indianapolis. Jay said, "As owners of multiple retail auto service franchises, I feel our leadership group understands what it takes to succeed with a sound business model that is well-supported by a committed franchisor. We've been very pleased with the financial results of our investment, as well as how it has added efficiencies to benefit our chain of auto service businesses. Like any worthwhile business, it's not easy. But Mighty's leadership team is creative and attentive to the needs of its franchisees, who are then positioned to generate strong results if they follow the system."

In recent years, we began partnering with warehouse distributors already supplying automotive-related products like lubricants, chemicals, and shop equipment. The synergies with Mighty allow them to become a more valued supplier to their customers. We now operate in 44 states and 5 countries.

Ken Voelker, our CEO, said, "Propelled by a full-service franchise support platform continuously refined over the decades, the brand has reached heights unimaginable 50 years ago. In 2019, we achieved our 7th consecutive year of record system sales. Maybe more importantly, we regularly earn high grades for franchisee satisfaction. Working with committed franchise partners to develop win-win strategies is an ongoing challenge and opportunity in the ever-changing automotive market. All of us at Mighty look forward to another 50 years of continued success for our franchise owners and in fulfilling our commitment to building the value of the brand."

For 50 years, Mighty has been focused on adapting to the changing market and keeping our franchise opportunity relevant and attractive, both to entrepreneurs looking to improve their lifestyle, as well as to strategic partners interested in diversifying with a business that provides a favorable return on their investment.

Today, our focus remains consistent with our franchising roots of 1970: Partner with dedicated and sophisticated franchisees intent on continuing our legacy of being the preeminent stocking supplier to the professional automotive service industry. This milestone is one we are extremely proud of, and we look forward to continuing to provide a strong and successful franchise system. ■

**Josh D'Agostino** is president of Mighty Auto Parts.

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# MISSION, PROMISE, FAMILY, FUN

“Significant” growth predicted for Donatos

Written By **KERRY PIPES**

**TOM KROUSE**  
*CEO*

Company: Donatos Pizza

Units: 161 in 9 states

Age: 60

Years in franchising: 33

Years in current position: 10

**T**om Krouse joined the Donatos family in 2000. The former Wendy's vice president of marketing brought his restaurant marketing and branding skill set to the Midwestern pizza brand, which was still managed at the time by founder and CEO Jim Grote. Over the past two decades, Krouse has served in leadership positions throughout the company, including its Jane's Dough Foods subsidiary, and Donatos' menu development, marketing, franchise growth, IT, and supply chain management.

The move to Donatos turned out to be a life-altering decision for Krouse, who worked his way up the ladder, eventually becoming CEO in 2010. Then, Donatos founder Jim Grote became his father-in-law when Krouse married his co-worker—Grote's daughter, Jane Grote Abell. A family business indeed, as all three remain active in the business today.

For the past decade, Krouse has overseen the 56-year-old company's restaurant division and consumer products division. It's a job he has a careful reverence for, considering he's only the fourth CEO in the company's history. Today, the brand has 56 company-owned and 105 franchised restaurants in 9 states.

Under Krouse's leadership, the company has increased its revenue by 30 percent and its profitability sixfold. All of the brand's locations combine to generate \$200 million in annual revenue. Jane's Dough Foods, a subsidiary created in 2008, sells its products in 7,000 grocery stores across the U.S., and its sales are up 20 percent over the past 5 years.

Last year, in a unique marketing deal, Donatos teamed up with burger chain Red Robin to offer its pizza in 25 Red Robin locations in Cleveland, Arizona, and North Carolina. The response was overwhelmingly positive, says Krouse, so the two brands expanded the agreement to cover 100 Red Robins, 20 percent of the chain's total units. The main takeaway for Donatos is the opportunity to expand its name recognition west of the Mississippi.

Numbers and marketing strategies aside, Krouse says he's proud of Donatos' people and its culture. "Our company is aligned around what we call our Mission and Promise, which are rooted in doing something bigger than just pizza," he says. "We hold regional meetings with our store staff where we collaborate on issues and build business plans together. This active involvement connects with our people in a way that builds trust and a sense of belonging."

## LEADERSHIP

**What is your role as CEO?** To work with our teams to solidify our vision, values, and destiny. But my *main* job is to get involved when clarity is needed and to get out of the way when our people are on a roll.

**How has Covid-19 affected the way you have led your brand?** It has highlighted the importance of something we already knew... communications. In this crisis, we tried to really lean in and communicate regularly and transparently with our entire system. I think by staying close we were able to build trust and reduce fear. We will carry that forward in non-crisis times.

**Describe your leadership style.** I believe in collaboration and following a discipline to gain focus and clarity. I work hard to try and stay connected to what the real issues are in the company so we can remove barriers and make people's work life enjoyable.

**What has inspired your leadership style?** In my past, I have observed how top-down management and unfocused priorities lead to chaos and a lack of fulfillment. In addition, my natural state is to be more creative and conceptual. So, out of necessity, I have had to bring my *own* guardrails to my work to not only seek out possibilities, but to actually get stuff done.

**How do you transmit your culture from your office to front-line employees?** Our company is aligned around what we call our Mission and Promise, which are rooted in doing something bigger than just pizza. A higher purpose is what drives our company. We hold regional meetings with our store staff where we collaborate on issues and build business plans together. This active involvement connects with our people in a way that builds trust and a sense of belonging.

**How can a CEO help their CMO develop and grow?** Just make sure you are aligned on what the priorities and non-negotiables are and then let them run with it. Be there to support and contribute, but give them the keys to the brand.

**Where is the best place to prepare for leadership: an MBA school or OTJ?** Probably not fair for me since I do not have an MBA. I obviously feel like the human dynamics that are presented in real life can better shape the business decisions than pure strategy alone. However, I have found that MBAs bring a whole host of tools and smarts with them that can create success more quickly.

**Are tough decisions best taken by one person? How do you make tough decisions?** The question simply has to be answered, "What's the *right* thing to do?" Not the most efficient, not the most profitable, not the easiest. But after putting yourself on both sides of the issue, you can see what the best alternative is in the long term. As to whether it is best made by one person, I think the more people you can bring together around tough decisions, the better. You learn about your people's values and they may learn about what our culture looks like in action.

**Do you want to be liked or respected?** I think if people like you they will give more of their authentic self to you. This builds trust, loyalty, and results. Respect is only earned.

**Advice to CEO wannabes:** Don't Do It! (just kidding). Do not take yourself too seriously and just focus on achieving the vision and results your organization desperately wants. It's all about the work. Check your ego. You will hear from a lot of people. And I can tell you, you're not as great as people may make you think you are.

## MANAGEMENT

**Describe your management style.** I do a lot of MBWA (management by walking around). This allows people to quickly get problems solved or barriers removed and gives me chance to understand how people are doing. Our approach is to bring

focus and priority to our plans. Our plans (Big Rocks) are simple, focused, and really, really hard to achieve. By building these plans together, our people are 100 percent invested.

**What does your management team look like?** CMO, CIO, CPO, CFO, president of our CPG division, and leads in franchise operations, company operations, and development.

**How does your management team help you lead?** They collaborate to determine the priorities and then they drive the initiatives, or Big Rocks. When they are operating at their highest potential, I am merely removing obstacles and encouraging great leadership.

**Favorite management gurus: Do you read management books?** Jim Collins, Warren Bennis, Simon Sinek. Currently reading *The Infinite Game* by Sinek; also love *On Becoming a Leader* by Bennis.

**What makes you say, “Yes, now that’s why I do what I do!”?** When I see people in this company who started as a kid in the store go on to build a career as an officer in the company or franchise partner who in turn is giving back to help the kids who were once just like them.

### OPERATIONS

**What trends are you seeing with consumer spending habits in your stores?** That as important as the products and services people want to buy, is the fact that they want to do business with companies they believe in. Unveiling your authentic character as a company in a way that is not self-aggrandizing is a delicate issue that I think is very important to consumers today. And of course, customers want what they want, when they want it, where they want it.

**How is the Covid-19 economy currently affecting your customers?** We have a very broad customer base. For many of them, Donatos represents a real treat so we need to be sensitive to their need for value. On the other hand, those who want our gluten-free or cauliflower crust have the desire and means to pay for those premium experiences.

**How is the economy driving consumer behavior in your system?** There are times in the year where value is more important than at other times. We also are using our data to target the right messaging to the right customers based on their needs. That allows us to deal with the economy on an absolute micro level. In other words, it helps insulate us a little more from broad economic forces.

**What are you expecting from your market in the next 12 months?** We are in major growth mode right now. The demand for “premium pizza delivered” is high, so we are responding with a more exponential growth plan.

**Are your franchisees bullish or bearish about growth and adding units?** They are more bullish than ever before.

**Are commodity/supply costs any cause for concern in your system?** One of our bigger concerns is on the area of distribution. With costs naturally rising and our brand growing nationally, it’s a challenging puzzle for us to satisfy the needs of our franchise partners while fulfilling our responsibility for growth.

**How are political and global issues affecting the market and your brand?** Inasmuch as these trends are rooted in consumer demands, I don’t worry too terribly much. But if, for example, customers’ concerns about nutrition drive the need for menu labeling, then so be it. It’s the customer that dictates what we need to focus on, not the government.

### PERSONAL

**What time do you like to be at your desk?** I don’t really. Mostly I try to do thinking time in my office. I get fairly antsy and need to get out to talk to people.

**Exercise in the morning? Wine with lunch?** I exercise in the morning. I do my fair amount of “whining” during exercise.

**Do you socialize with your team after work/outside the office?** Once every couple of months we have a social gathering with the leadership team. We also attend functions together... although my partner, CPO, and chairwoman is my wife... so we tend to see each other quite a bit outside of work!

**Last two books read:** *The Devil in the White City* by Erik Larson, *The Way of Zen* by Alan Watts.

**What technology do you take on the road?** Phone, earbuds.

**How do you relax/balance life and work?** I play music in a band, mainly on weekends. It allows me to exercise different parts of my mind and, frankly, let loose. I also have a big family with 6 kids and 3 grandkids... so there’s that!

**Favorite vacation destination:** Italy.

**Favorite occasions to send employees notes:** We send every salaried associate in the company hand-signed birthday and key anniversary cards.

**Favorite company product/service:** Our new cauliflower crust pizza—The Cauliflower Garden with plant-based sausage.

### BOTTOM LINE

**What are your long-term goals for the company?** To be a “billion-dollar company that gives more than it receives.”

**How has the economy changed your goals for your company?** As I type, we are in the midst of the Covid-19 health crisis, so we are certainly fighting to maintain our sales and staffing. I believe we’ll come out even stronger on the other end of this. Our intra-company communication and our collaboration is second to none.

**Where can capital be found these days?** Finding capital is not the issue these days. We have mostly traditional lending and are not heavily leveraged.

**How do you measure success?** Raving customers, highly engaged associates, strong profits, and high growth.

**What has been your greatest success?** Leading a deal with Red Robin Gourmet Burgers that will have a significant impact on the above.

**Any regrets?** I’m too busy to have regrets.

**What can we expect from your company in the next 12 to 18 months?** *Significant* growth, once this virus is contained. ■

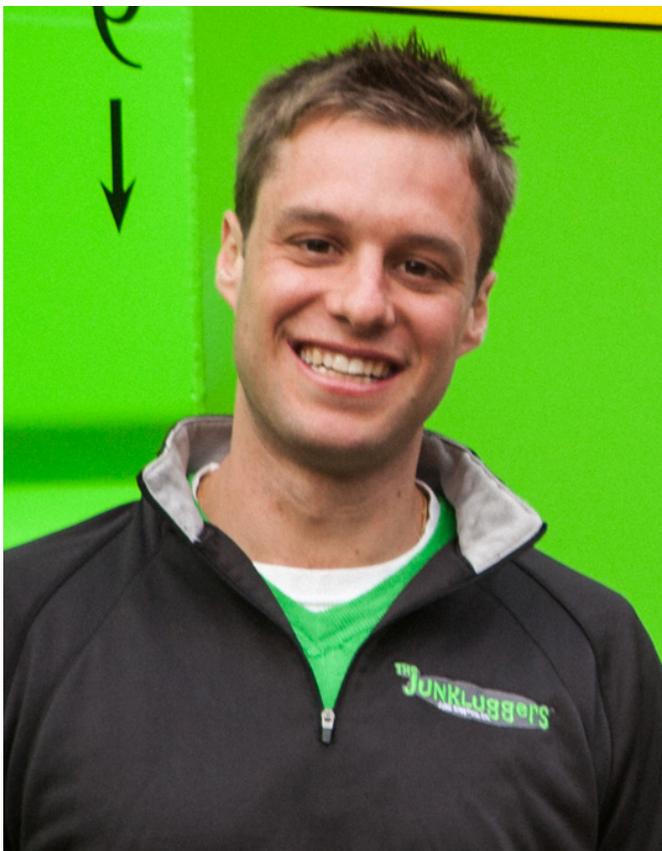


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# ONE PERSON'S JUNK...

SUSTAINABLE JUNK REMOVAL IS A GROWING BUSINESS FOR THE JUNKLUGGERS

Written By **KERRY PIPES**

## JOSH COHEN

*Founder, CEO*

Company: The Junkluggers

Units: 22

Age: 36

Years in franchising: 6

Years in current position: 15

Josh Cohen was a 21-year-old college student hanging out with a group of friends in 2004 when one of them mentioned how he'd made \$100 hauling away a neighbor's refrigerator. It was a lightbulb moment for Cohen who thought, "I can do that!"

Cohen bootstrapped his operation in the early days, handing out flyers and going door-to-door informing his neighbors that he was a "professional, responsible college student" able and willing to donate or recycle their items. He borrowed his mom's SUV, and later added a trailer for bigger jobs. A year later, he purchased his first dump truck. "It wasn't much to look at, but it got the job done," recalls the 36-year-old CEO today.

The company turned to franchising 6 years ago, and today The Junkluggers is a national brand with more than 200 employees and nearly 80 trucks. In the 15 years since he founded The Junkluggers—an eco-friendly junk removal company committed to the environment and the communities it serves—the company has donated more than \$1 million worth of "junk" on behalf of customers and prevented more than 50 million pounds of junk finding its way to landfills.

When Covid-19 struck, The Junkluggers was deemed an essential business. At the corporate level, Cohen approaches his leadership role with an attitude of empowering his team through open and regular communication. "I have a team I trust, and they are great at what they do," he says. "They step in when needed to coach each other, as well as our franchise partners, and I really rely on them to help conquer and divide."

To support the brand's franchisees and keep the health and safety of customers and staff a top priority, Cohen says he has relied on communication and flexibility. "By staying in close touch with our franchise partners and adapting our service options to meet the needs of our customers, we have come together and learned lessons that will help us continue to grow in the future," he says.

"We are about to blow this company up (in a good way) across the country," he says. "We have improved internal processes, added franchisees, and growth in the next year will be significant." A new equity partnership with Connecticut-based Contractor Nation gives The Junkluggers access to expanded sales capabilities, a growing network of contractors, and proprietary training and professional development programs.

With a goal of accelerating the brand's growth, The Junkluggers remains dedicated to its original mission to protect the planet by minimizing what goes into landfills. Even in a pandemic, the state of the "junk" business is strong.

### LEADERSHIP

**What is your role as CEO?** As both the CEO and founder of The Junkluggers, it's very important for me to be involved in the day-to-day operations of the company. I'm not only the face of the company, it's my job to make sure everything is running smoothly at both our headquarters and our franchise locations. I have an office at our HQ in Seymour, Connecticut, right down the hall from other members of the executive team. Being present each day in the office makes it easier to manage the overall operations of the business, as well as to work closely with others on my team.

Even though my title says CEO, I will always be invested in all facets of the company because, as founder, this is something I've watched grow and evolve over the last 15 years.

**How has Covid-19 affected the way you have led your brand?**

As a leader of a business deemed “essential” during Covid-19, I have focused on supporting our franchisees while keeping the health and safety of our customers and staff our number-one priority. Communication and flexibility have been key. From the start I have kept an open line of communication with all of our franchise partners through individual conversations and frequent town hall meetings. Through my leadership team, we have provided franchisees with the tools and resources needed to navigate through these challenging times. It was important that each partner knew we had their back so they could focus on day-to-day operations and serving their customers with confidence. With an understanding that our customers needed our services, especially as they found themselves working and schooling from home with the entire family, we immediately offered flexible service options including curbside and outside pickup at a special savings. We have also continued to support donation centers and charity partners in our local markets and give to those in need, especially during a time when our communities need support more than ever. By staying in close touch with our franchise partners and adapting our service options to meet the needs of our customers, we have come together and learned lessons that will help us continue to grow in the future.

**Describe your leadership style.** I like to make time for my team and franchise partners. I look for ways I can help them get over hurdles, solve big issues, and work through new ideas. I'm a leader who shows a lot of compassion, and I try to level with everyone, whether it's someone who works on a truck or in our appointment center or our C-level team. I reserve praise only for when it is deserved, but in cases where recognition is warranted I give it often. I also try to solve issues quickly and be decisive so we can keep the business moving as we expand nationwide.

**What has inspired your leadership style?** My leadership style has evolved over the years. I'm inspired by great, well-known leaders like Richard Branson as well as more under-the-radar heroes like my partner Larry Janesky. Both talk a lot about servant leadership, creating caring and fun environments, and being good to your people.

**What is your biggest leadership challenge?** I'm very much a people person, which is very important to me as a leader. However, I recognize that sometimes I need to be more tough, and hold my team accountable for their actions. If there is a problem I'm noticing within the company, I need to let people know about it and make sure they're aware I know what's going on. I also try to make sure that, when necessary, I can provide firm, but fair feedback.

**How do you transmit your culture from your office to front-line employees?** I strive to build a happy and fun work environment. I also encourage everyone to communicate with one another openly, honestly, and kindly, even if they don't always agree. In addition to that, everyone should check their power trip at the door. Everyone is equal and deserves an equal amount of

respect. In focusing on these things, I work to create an environment people want to be a part of and boast about. I believe that by first focusing internally on the strength and happiness of our team, our franchisees, customers, and vendors will receive incredible treatment and our business will thrive.

**Where is the best place to prepare for leadership: an MBA school or OTJ?** I'm not a big believer in the necessity of needing a college degree in business. I learned 99.9% of what I use today from OTJ learning. With that said, I have seen more entrepreneurial education programs start up since I left college, so maybe things are changing. But there is nothing like the school of hard knocks to teach me real lessons that I have no choice but to learn from.

**Are tough decisions best taken by one person? How do you make tough decisions?** I have a great team and value their opinions, so I appreciate their feedback and not having to make all the tough decisions on my own. However, for some decisions where I clearly know the direction we need to take, I make the decision and move on.

**Do you want to be liked or respected?** Respected. When you lead, you have to steer the ship, make difficult decisions, and bring people along with you. If you earn their respect, they will believe in you, the brand, and the mission.

**Advice to CEO wannabes:** My biggest piece of advice would be to surround yourself with great mentors who bring experience you cannot afford to hire. It's been 15 years since I launched The Junkluggers and still, to this day, I surround myself with people who I'm constantly learning from and who give great advice, which I not only use to help grow my business, but also to grow myself as a businessman.

## MANAGEMENT

**Describe your management style.** I work hard to empower my team, as well as have open and frequent communication through one-on-one meetings. I've also learned that it's best to let people go about their work freely and hold them accountable.

**What do you think makes up a good management team?** The best management teams are composed of leaders who take ownership of their roles and motivate their teams to work to the best of their abilities. When it comes to franchising in particular, a good management team will be laser-focused on the success of their franchisees. At The Junkluggers, a good management team will also always be passionate about our mission by sticking to our BHAGs (big hairy audacious goals).

**How does your management team help you lead?** I have a team I trust, and they are great at what they do. They step in when needed to coach each other, as well as our franchise partners. I also get more e-mails, requests, and issues across my desk than one person can handle, so I really rely on them to help conquer and divide.

**Favorite management gurus: Do you read management books?** *Dare to Lead* by Brené Brown and *The Five Dysfunctions of a Team* by Patrick Lencioni are two of my favorites.

**What makes you say, “Yes, now that's why I do what I do!”?** Since I founded The Junkluggers in 2004, I have had one goal in mind: To make a positive impact on the world. Over the last 15

years, we have saved more than 50 million pounds of junk from landfills across the country. Each time I see this number, I'm reminded that through our work we are enhancing lives, the communities we serve, and the environment by donating, recycling, upcycling, and supporting local charities.

### PERSONAL

**What time do you like to be at your desk?** On Mondays I'm in the office by 6:30 a.m. and usually work a 12- to 14-hour day to get ahead of the week. Tuesday through Friday I get in between 8 and 9 a.m.

**Exercise in the morning?** Yes, I work out daily. I usually run, lift weights, and stretch. This is a *vital* part of my day to get me centered and in a good place so I can effectively lead the team and be happier!

**Wine with lunch?** No, I usually don't even have time to finish my lunch.

**Do you socialize with your team after work/outside the office?** Occasionally, but we also do a lot of fun stuff during the work day. Lines use to be much more blurred when it came to socializing with my team after hours, but now if we go out I won't stay past a couple of drinks. Since I spend so much time with my team during the week, I really like to be there for my young kids and wife after hours.

**Last two books read:** *The Highest Calling* by Larry Janesky and *Extreme Ownership* by Jocko Willink and Leif Babin.

**What technology do you take on the road?** My Apple AirPods, MacBook Air, and of course my iPhone X (which I have a love/hate relationship with).

**How do you relax/balance life and work?** I have a really hard time with this. On weekends, it can take me until Sunday to relax and let go of stress from the previous week. I've been trying to put my phone away and exercise to let off some steam. I love being outside, which helps me decompress from work. I have 5-year-old twins who need me, so balance is something I'm really working on improving.

**Favorite vacation destinations:** I love Australia, Italy, and the beaches of Uruguay. I also backpacked through Europe a while back and ran with the bulls in Spain. I'd love to do that again. Reminiscing reminds me that I really need a vacation!

**Favorite occasions to send employees notes:** When they deserve recognition, praise, or celebration and aren't expecting it. I've seen this leaves a lasting impact and brings us closer together. I also like to send notes when someone is going through a challenging situation, to let them know I care and that I'm there for them.

### BOTTOM LINE

**How do you measure success?** I look at how well the people around me are doing. If my franchisees and team are thriving, we are in moments of success. More specifically, we use lots of scoreboards, reports, and surveys.

**What has been your greatest success?** Aside from having a great family, my company has been by far my greatest success, even if we still have a long way to go. I live and breathe The Junkluggers. It's my pride and joy.

**Any regrets?** I do have some "regrets" or things I would have done differently, such as not hiring the right people. The wrong hires though, from my experience, happened in search of the right people. I feel so fortunate to have found many of them at this stage, both through The Junkluggers and through my new partnership with Larry Janesky and Contractor Nation.

**How has the economy changed your goals for your company?** Even in the face of uncertain financial circumstances, our goal to remain a sustainable business has stayed the same. Sure, it would be cheaper for us to just start dumping everything we pick up into a landfill instead of donating it to the right charity or recyclable home, or refurbishing these items to sell through our Remix Market. But that is not what this business was founded on, and I intend to stick to our mission regardless of any economic difficulties we may face. To me, the purpose of what we are doing is more important than the money. I believe that if we stick to our mission, we will thrive and continue to find strong niches in many verticals.

**Are there any industry trends you foresee affecting your brand?** There are many trends I see having an impact on the junk removal industry. One of them is that countries that used to accept plastic exports have now limited or even banned them. This makes it difficult for countries that rely on shipping their plastics overseas. Also, I recognize that we don't have enough recycling infrastructure. There's a push for businesses to be greener and more environmentally friendly, but existing infrastructure doesn't always support this. There are few recycling centers and not enough specialty recycling outlets. Regardless of these trends, we will continue on our path of being the leader in sustainable junk removal.

**What can we expect from your company in the next 12 to 18 months?** We are about to blow this company up (in a good way) across the country. We have improved many internal processes that allow our business to operate like a well-oiled machine. We have found and continue to seek new franchisees to add to The Junkluggers family, so in the next year or so you can expect both our existing franchisees and our franchise network to grow significantly. To help accomplish this growth, we announced earlier this year a new equity partnership with Contractor Nation. Through this partnership, we now have access to expanded sales capabilities, a growing network of contractors, and proprietary training and professional development programs, all of which work to enhance our expansion opportunities.

**What are your long-term goals for the company?** Since day one, The Junkluggers has had a focus on minimizing what goes into landfills and protecting the planet. My long-term goal for the company would be to keep 100% of the junk we lug out of landfills by 2025. I'm also very motivated by growth and financial success. I love when my franchise partners are kicking butt and taking numbers. To help someone grow their own company with my help is very exciting, and I intend to do that hundreds of times as we expand nationwide. ■

# SMART TECH GUIDE

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## People, Products, and Process... the perfect blend.

At Clayton Kendall, we're not just about selling products with your logo on them.

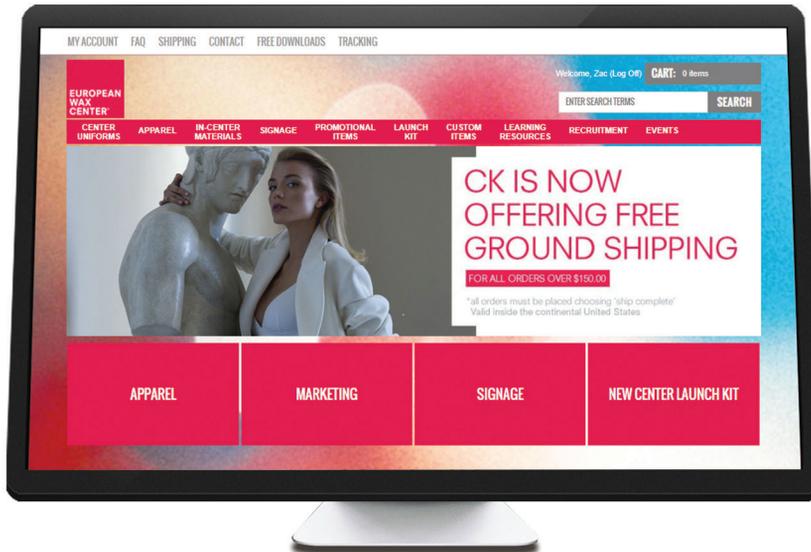
Our customized online stores have helped franchise communities nationwide scale rapidly, save money and efficiently manage their promotional items, signage, apparel and marketing collateral. You can streamline operations, maintain brand compliance and shop conveniently online.

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We Build Brands.



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

### LEVERAGE OUR TECHNOLOGY

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

- **CUSTOMIZED REPORTS** – You can monitor inventory, purchasing patterns, store profiles, participation and compliance.

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

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

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YOU'RE LOSING BECAUSE OF  
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**REVIEWS?**



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# CONSUMER FUSION

Keeping Reviews Honest



## DOES YOUR BRAND'S ONLINE REPUTATION CHECK ALL OF THESE BOXES?

NEGATIVE REVIEW & PHOTO REMOVAL

AUTOMATED REVIEW RESPONSES

REAL TIME REVIEW ALERTS

OPTIMIZE BUSINESS LISTINGS

REVIEW GENERATION

ENTERPRISE SOCIAL MEDIA

ENTERPRISE REPORTING

CUSTOMER SUPPORT TEAM

With information coming at consumers at a rapid rate— attention spans at an all time low— the first impression of your brand now comes in the form of a star rating. Businesses of all sizes have come to realize the true impact of negative reviews. By checking all the right boxes to manage your Online Reputation, you will be taking the right steps to protect your brand, and ultimately your bottom line.

Negative reviews can be removed, so long as they violate the content guidelines established by the online review sites. While every individual directory may differ in terms of what's considered inappropriate, the majority of reviews that contain the following content have a higher rate of removal:

- Spam or promotional material
- Personal rant from a former employee
- Reviews written by a competitor
- Reviews for the wrong location

It takes time and persistence— and a thorough knowledge of the dispute process for every review site— but seeking out and reporting illegitimate reviews from your

online listings will improve your average star rating and maintain the integrity of your brand.

In addition to review removal, Business Owner Responses are often overlooked as a tool to building brand loyalty and trust. If you receive a negative review and respond within one day, that reviewer is 33% more likely to update or remove their review. Likewise, if other happy customers see that you take the time to acknowledge positive reviews, they are more likely to write a positive review of their own. Consumer Fusion's software has automated this step with a response system for Facebook and Google that rotates 10 different templates per star rating, and auto-responds within 12-24 hours, eliminating the need for franchisees to respond to reviews.

Our all-in-one online reputation management system is designed with both the Franchisor and Franchisees in mind, making it as easy as possible for you to be proactive about your online reviews and ratings.

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# FRANCONNECT OPERATIONS

## Here's what franchise experts have to say about FranConnect's Operations Suite:

“ FranConnect gives franchisors a competitive advantage that no other technology can offer.

– **Kay Ainsley**, *Managing Director, MSA Worldwide*

“ FranConnect Operations creates an environment for collaboration and a constant feedback loop like nothing else can. It really has the potential to change the game.

– **John Francis**, *Next Level Franchise Group*

“ The best franchisors in the business understand that franchise business consultants and multi-unit owners require remote access to KPIs and roadmaps to improve profit and cash flow. It all starts with identifying the KPIs that are essential for their business and the playbooks that outline the catalysts for change. Operations has it. Very impressive.

– **Barbara Nuss**, *Owner, Profit Soup*

“ FranConnect's Operations suite helps franchisors measure franchisee performance in real time and notifies both support staff and franchisees of areas of concern, along with descriptors of the most probable causes and a recommended action plan. This tool will help the franchisor standardize and elevate its field support from one of 'compliance' to one of real strategic and tactical value, driving both the franchisee and support team to address problem areas as they occur.

– **Joe Mathews**, *CEO, Franchise Performance Group*

“ FranConnect is an integral part of how franchisors achieve accountability. It's the only platform you need to grow your franchise system.

– **Gerry Henley**, *President, Launch to Growth*

*Schedule your demonstration today*

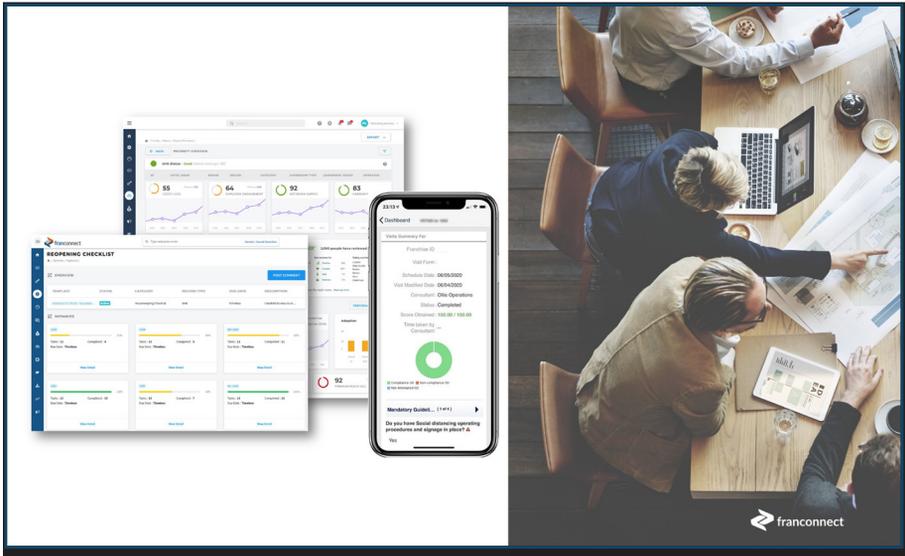


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WWW.FRANCONNECT.COM/OPERATIONS

# FRANCONNECT

The Operations Platform Your Franchise Needs



## FRANCONNECT – INTRODUCING NEW SUPPORT FOR FRANCHISORS WHEN THEY NEED IT MOST

More than ever before, your franchise business needs a smooth-running operations engine to maintain business continuity and growth in the face of ever-changing risk across your system and units.

For nearly twenty years, the FranConnect platform has been recognized as a leader in the Franchising industry, and Nine of the Franchise Times Top Ten Fastest Growing franchise businesses rely on us to drive growth, improve profitability, and streamline operational performance.

FranConnect provides the franchise industry's most robust operations platform, trusted by some of the best names in franchising. It is built on an enterprise-class platform that can scale from dozens to thousands of units.

This year we have added critical new capabilities purpose-built to address today's most-pressing operational challenges:

- Manage re-opening of your units and ongoing engagement and communication
- Deploy and track playbooks to ensure compliance across the system
- Monitor detailed KPI's across your entire portfolio to identify outliers and negative trends before they derail system-level performance

The right operations platform helps franchise businesses solve data integration challenges, eliminate efficiency gaps and provide real-time visibility into performance metrics. If you haven't looked at our Operations capabilities, now is the time.

### About FranConnect

FranConnect is the leading franchise management software provider. FranConnect customers span all sizes, growth phases, and industries and they grow 44% faster on average than the broader franchising market.

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# The ONLY Pre-built Franchise Marketing Analytics Platform

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Own, manage, and control your marketing analytics.

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No Set Up Fees

Instant Insights

Email/SMS Alerts

Fran Dev Case Study

Case Study Comparisons

Zee Peer Reviews/Scoring

Brand / Multi-brand Rollups



Streamline & automate data collection & measurement for your brand, micro-sites, and franchise development sites.

"I've been working with Jimmy Weeks & his company for over a decade at multiple brands. Jimmy's platform & advice is just what we need with limited technical staff on hand.

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Tim Courtney  PuroClean®

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# FRANSTATS

The ONLY Pre-Built, Franchise Specific  
Marketing Analytics Platform



**Tracking analytics for your franchise is not easy.** Logging into multiple platforms, building reports and dashboards and hoping you're tracking everything is time consuming and inefficient. How do you know if your marketing efforts are really working together?

Enter FranStats, an all-in-one marketing analytics platform where you can view all your performance metrics in one place...so you can spend less time finding the data and more time acting on valuable insights. At FranStats, we compile 18 months of important data from nearly a dozen APIs. Since your data is monitored 24/7, you won't go days without realizing there's an issue. We send daily alerts for eight key metrics so you are able to instantly identify issues related to marketing and website performance.

Your FranStats dashboard is a collection of your data, so you can create your own data stack and business intelligence warehouse. Plus, you can always trust our non-biased metrics and analysis. Isn't it time to better control, manage and measure departmental performance, as well as outside vendors to ensure all of the efforts are working in tandem?

**Our free trial provides a 21-point audit with task list plus case study comparison metrics.** You can see how you compare against other franchise brands in our system who meet a certain level of criteria against key KPIs. No set up or credit card is required. What are you waiting for?

---

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# LOCALACT

Powered by Location3

The premier local digital marketing platform for franchises.



Local Ads



Listings & Reviews



Analytics



Local Advisors



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# LOCATION3

The preferred digital partner of franchise brands.



**Don't just monitor local marketing spend.  
Manage it.**



In a study published May 2020 by the group Localogy, a comprehensive survey of local businesses found that 70% of business owners plan to increase spending on local marketing in 2020 and beyond. However, a separate study conducted by Franchise Update Media also recently noted that 57% of franchisors admit that they do not currently have systems in place to monitor local marketing spend by franchisees, even if spending is required.

At Location3, we are franchise marketing experts. We understand what it takes to effectively promote brand awareness, increase customer acquisition and support local franchisees in marketing their businesses. Whether you're looking for management of national media buys and advertising, local customer acquisition campaigns or franchise development strategy, we can help you turn digital marketing into real customers and revenue.

Our unique software-with-a-service platform, LOCALACT, is the premier local digital marketing platform for franchises. LOCALACT empowers franchisees to run hyper-targeted digital advertising in their local markets on channels like Google, Facebook, Instagram, Yelp and Bing. We also help owners increase customer actions and reviews on business listings, and better understand their overall marketing performance with analytics data and a transparent campaign reporting interface. Backed by a dedicated team of Local Marketing Advisors that support owners and operators, LOCALACT puts your business front and center in your local market, helping you reach more people online and convert them into your customers.

Don't just monitor local marketing spend. Manage it.

Contact us today to get started.

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## The Top 3 Franchise Marketer's Goals:

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- 1) Grow faster.**
- 2) Unify my brand.**
- 3) Improve efficiency & eliminate waste.**

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# SCORPION



*“I need to grow revenue, sell more franchises, and generate more customers for our locations.”*

*“I need to unify my brand with more consistency, control, and awareness.”*

*“I need to eliminate waste from multiple vendors who use up too much time and money and aren't transparent about the results they're generating.”*

We hear you. And that's why Scorpion has designed and built a digital solution specifically for franchises.

First, our Brand & Digital Strategy team hones in on what makes your franchise unique and ensures your brand is consistent and recognizable across hundreds or even thousands of locations. With more consumers discovering brands digitally than ever before, we'll make sure the first impression of your franchise is a striking one, whether it's through your online ads or your website.

Then, our Smart Technology Platform optimizes your ads and website for each individual franchise location, using machine

learning to automatically deploy ads across digital channels that are most effective and cost-efficient for each local market. Both your home office and franchisees will get access to a wide suite of digital tools, including solutions for lead management, reviews and ratings, online scheduling, an all-in-one reporting dashboard, and more.

Finally, our Franchise Experts act as an extension of your marketing team, both at the national and local levels, supporting your brand's larger goals along with the needs of each franchisee. Marketing specialists and technical engineers work behind the scenes to ensure that your franchise brand stays ahead of the curve with future-proof digital strategies and technology to last for decades to come.

To find out more about how the Scorpion solution of Brand Strategy + Smart Technology + Franchise Experts uniquely equips your franchise to overcome the top challenges faced by franchise brands, visit [Scorpion.co/TechGuide](https://Scorpion.co/TechGuide).

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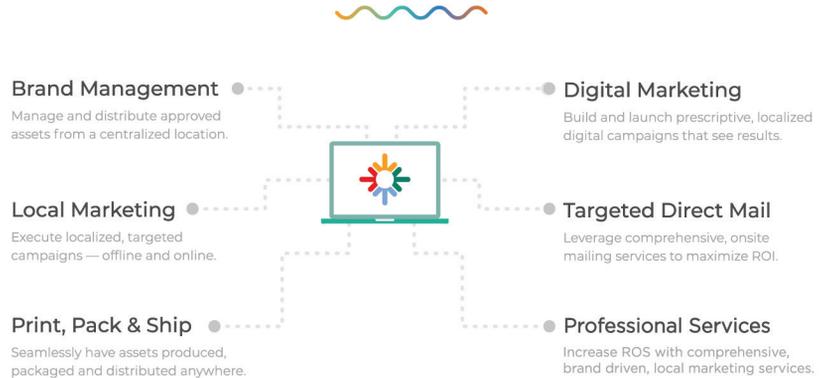
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# ONETOUCHPOINT

Powering brand engagement.

## U.Connect for the Franchise.

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OneTouchPoint helps brands manage print and digital communications on a global scale, support local marketing initiatives and launch proven, prescriptive multichannel campaigns.

With a nationwide footprint, and our purpose-built combination of marketing expertise, technology and integrated services, we automate and integrate the entire end-to-end marketing supply chain, helping drive efficiency, effectiveness – and ROI.

### Empower franchisees to market locally — on message and on brand.

Let's be honest there is no singular "silver bullet" marketing channel, however, the right integrated local marketing approach paired with tested and proven marketing programs can dramatically increase ROMI. We'll help you build a solid 1:1 marketing program that combines the most effective and proven channels for your Franchise. Then, we'll put those channels to work, so you can grow your brand from the local level to nationwide.

### Manage every touchpoint.

Our U.Connect platform helps companies take control of their brand, budgets and

future, serving as a central brand command center for flawless marketing execution and supply chain management.

**Control brand integrity.** Drive brand consistency and enable local store marketing across all of your retail locations with a centralized storefront.

**Localize marketing efforts.** Localize outdoor signage, grand opening announcements, local events, lapsed customer mailers, EDDM mailings and much more from a single vendor.

**Unlock your data.** Enable marketing teams to analyze business operations, branded material inventory, the effectiveness of tactics by location or region, and more.

**Save time & resources.** Grant access to an approved brand library, reducing staff time spent managing marketing request across your locations.

**Lower costs.** Eliminate mark-ups seen in outsourced models by leveraging our national, commercial printing power and managed services platform to gain economies of scale for lower pricing and shipping costs.

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# SYNUMA

Project Management Solutions



SYNUMA™



Synuma is the leading provider of advanced project management software solutions for multi-unit development. Our proprietary technology is designed to fit your specific needs and provide seamless tracking through the entire development process.

Synuma provides franchisors and multi-unit developers with a single project management tool that offers:

- Robust platform that allows you to track leads, manage real estate, design and construction projects and fine tune operational performance
- Software flexibility that adapts to your process and does not assume one size fits all
- Cross departmental communication and reporting with automatic notifications of project status
- An industry experienced leadership team that has walked in your shoes
- Fully automated system with custom reports, assessments and timelines
- Intuitive system that is easy to learn and manage

Our intuitive solution helps you:

- Plan and successfully execute your development objectives
- Make better, quicker decisions
- Aggregate data from all projects in one location
- Communicate automatically to teams and partners
- Identify areas of opportunity within your timelines
- Get to your agreements, sites and revenues faster
- Open units on time and on budget

Synuma's Artificial Intelligence capability is now available with our proprietary CRM. This technology gives your development team the edge it needs to grow your brand by enabling you to:

- Better qualify leads
- Enhance decision making
- Optimize human and financial resource allocation
- Improve recruitment results
- Increase closing success rates

Contact us to discover our capabilities and schedule a demo.

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

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

Yooz leverages and optimizes powerful features and smart technologies—AI, machine learning, smart data extraction (OCR), robotics process automation—that frees members of the AP staff from

mundane, repetitive tasks in favor of more strategic value-added initiatives.

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

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

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

# Open Dialogue

Listening to franchisees pays off!

Written By  
**MARWAN YASIN**

**F**ranchising looks a lot different than it did 20, or even 10 years ago. Over the last decade we have seen it become more of a collaboration, rather than an expectation. Rigid systems that didn't rely on the benefit of the franchisees' knowledge and experience struggled. Examples of collaboration were few and far between in many startups. The truth to franchising success will always fall into the hands of the franchisee... not the franchisor.

Now, proactive collaboration seems to be the name of the game. Since I started my franchising career with Zaxby's in the late 1990s to my current role with Dave's Hot Chicken, I've realized the importance of having an open dialogue with franchisees, especially successful ones. The flow of ideas that can occur from these conversations is invaluable and financially beneficial to other franchisees.

So if you want to help your franchisees build successful operations with a collaborative mindset, here's what you need to know.

## START OFF ON THE RIGHT FOOT

As is true in most situations in life, first impressions mean everything. This saying especially rings true when you're meeting franchisees for the first time. When having these initial conversations, it's important that franchisees know they're not entering a one-sided agreement. Letting them know right off the bat that you're open to their ideas and feedback helps to build trust. It also develops the mindset that you're in this together, sharing in successes and failures together as they come.

More experienced franchisees can have some great ideas as well, since many of them have been in franchising for decades and have seen it all. They're an invaluable asset with a wealth of knowledge. And being open to their feedback continues to build that trust.

During initial conversations, it's important to make sure they understand the ins and outs of your franchise system and why you do things the way you do. Never assume that even the most experienced franchisees won't have questions, since each brand's systems and processes can vary. This can get a lot of confusion out of the way. Again, be open to feedback during this period. You never know what great idea could make a big, positive impact on your brand.



## HELP THE BEST GET BETTER

Even the most experienced and successful franchisees have room for improvement. However, it's not necessarily you telling them what to do, but instead listening to what they have to say.

As I've said, veteran franchisees have a wealth of knowledge from their years of experience. At the corporate office, we sometimes think we have the solutions to every problem a franchisee faces. In reality, we have a lot to learn from franchisees. They're the ones on the front lines observing day-to-day operations, meaning they often have solutions to similar problems faced by other franchisees.

Encourage your successful franchisees to try out new initiatives at their locations. Not only do you continue to build trust, but empowering franchisees to try new things could potentially lead to a new

system-wide rollout that's a hit with customers and team members.

## SUPPORTING THE STRUGGLING ONES

Despite the growth experienced by successful franchisees, every brand has operators who may struggle a bit. Just because they're struggling now, however, doesn't mean they can't still find success. They just need a nudge in the right direction.

Being available to offer on-site support should be your first plan of action. Franchisees can sometimes feel disconnected from the home office, or that they're on their own when it comes to solving problems. Letting a franchisee know that you and your team can be on the ground to help is a big morale booster.

When it comes to on-site support, I recommend first meeting with the franchisee to go over the systems and processes that were discussed in their training. From there, you can both determine the systems in place that are and are not working, or are not being used. This allows you to get firsthand feedback from the franchisee and create a plan to address issues and adjust accordingly. Many times, it will empower the franchisor to rethink the standard. What worked 10 years ago most likely won't work today.

Offering traditional on-site support is a good start. But in keeping with the theme of collaboration, bringing in the support of another franchisee can be very beneficial as well. By showing struggling franchisees the work their successful peers are doing, they may be more receptive to change. Plus, it's always beneficial to foster relationships among franchisees to make a stronger, more unified franchise network.

## CONCLUSION

The support an operations team offers to franchisees plays a big part in keeping the franchise system as a whole in strong working order. Successful franchising systems win because they focus on the people in their system and their relationships with their guests. It will always be important to take a collaborative approach to helping franchisees. Collaboration allows you to build a strong working relationship with a franchisee, while also encouraging them to meet others in the franchise system and build those relationships as well. The results will speak for themselves. ■

**Marwan Yasin** is Vice President of Operations at Dave's Hot Chicken.

# Item 19 in the Time of Covid

Closings and limitations demand changes

Written By

**LYNNE HANSON & NIKI VINOD SCHWAB**

In June 2020, the North American Securities Administrators Association (NASAA) promulgated new commentary regarding the inclusion of historical financial performance representations (FPRs) in Item 19 of the FDD, given the impacts of the Covid-19 pandemic on retail businesses. Because of state and municipal government orders, many businesses were required to shut their doors to customers for the better part of March through June. As a result, revenue for these businesses declined significantly during the second quarter of 2020.

As required by the FTC Franchise Rule and applicable state franchise laws, many franchisors updated their FDDs in the spring of this year. Those FDDs included information from the franchisor's previous fiscal year, which, in most cases, ended on December 31, 2019. Many franchisors included an FPR in Item 19 of their FDD based on revenue data for franchisee and/or company-owned outlets from fiscal year 2019, which predated the Covid-19 pandemic.

In response to inquiries from state franchise regulators seeking guidance on whether franchisors can make historical financial performance representations in 2020 because of the impacts of the shutdown orders that resulted from the Covid-19 pandemic, NASAA has provided the following guidance.

Franchisors are obligated to update all material disclosures, including historical financial performance representations, to disclose material changes. Under federal and state laws, franchisors have long had an affirmative obligation to amend the FDD midyear to reflect material changes, including material changes in FPRs.



Although in most FDDs the historical FPR data from 2019 accurately reflects the revenue achieved in the previous fiscal year, NASAA is requiring franchisors to update that data for the first half of 2020 to include additional financial performance information in Item 19, or to delete their Item 19 disclosures altogether.

Failure to update Item 19 may be considered deceptive, misleading, or fraudulent. State and federal franchise laws make it illegal for franchisors to make untrue statements of a material fact or to omit material facts that make a statement not misleading. The materiality of a fact is viewed from the perspective of a reasonable prospective franchisee. NASAA is now conflating the obligation to update for material changes and the anti-fraud obligation with the Item 19 regulations on disclosing historical FPRs, to suggest that a failure to amend an historical FPR could be misleading.

Certain factors should be weighed to determine if historical financial performance representations should be updated. These include the following:

- Whether the franchised business has been significantly affected by the Covid-19 pandemic
- The type of data the franchisor includes in the FPR
- The reasonable inferences a prospective franchisee can draw from the FPR
- When the franchisor estimates a prospective franchisee can expect to open

for business after entering into a franchise agreement

- Whether and how the franchisor adapts the franchised business to account for current market conditions resulting from the Covid-19 pandemic
- Whether and how the franchisor adapts the franchised business to account for future market conditions resulting from the Covid-19 pandemic

If outlets represented in an FPR have experienced material changes in financial performance, the franchisor may no longer make an historical FPR that is not updated to reflect those changes.

Non-monetary impacts may also require updates to FPRs. As a result of the Covid-19 pandemic, some franchise systems have changed or will change how they deliver goods and services to the public. Some changes may be temporary. However, franchisors may alter their business models permanently to adapt to new consumer demands and attitudes in a post-Covid-19 world. Once a franchisor concludes that it will make changes to its franchise system or business model that will materially affect an historical FPR, the franchisor no longer may include an historical FPR that is not updated to reflect those changes and their impact on the FPR.

## NOW WHAT?

Franchisors whose outlets have been affected by the Covid-19 pandemic and resulting shutdowns are likely acutely aware of the impact those closures have had on the revenues of each outlet.

Franchisors should review their Item 19 disclosures and compare those FPRs against their system's financial realities in 2020. If the Covid-19 pandemic has affected the performance of the system's outlets in such a way that those historical FPRs may appear misleading, changes to the FPR or deletion of the entire FPR may be appropriate. ■

**Lynne M. Hanson**, Co-Chair of the Franchise and Distribution Group and a Partner at Moye White, concentrates on franchising and distribution regulatory law. She has represented franchisors in business, trademark, regulatory, and transactional matters for more than 20 years and can be reached at 303-292-7927 or [lynne.hanson@moyewhite.com](mailto:lynne.hanson@moyewhite.com).

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# Franchising

## 101

Educating the next generation of franchising

Written By  
**MICHAEL SEID**

Several years ago I was invited to join the Global Water Institute (GWI) advisory board at The Ohio State University (OSU) in Columbus. GWI has developed a program to bring clean water to rural villages in Tanzania and Kenya for residential and agricultural use. I've been tasked with designing a social franchise program to consistently and sustainably execute the water distribution system. Given the technology, supply chain, and market restrictions involved, this likely is the most complicated franchise project I have ever worked on. It is stimulating, and professionally a lot of fun.

During a break at one of the GWI meetings, the topic of developing a graduate school course on franchising at OSU's Fisher College of Business came up. It was an opportunity I could not turn down.

Putting the course together was fairly straightforward, but living in Connecticut I had a serious logistical problem. Traveling to Columbus on a regular basis was going to be a challenge. That was solved by combining live classes with video classes, offering classes on Saturdays, and offering the course electronically to students who could not make the live sessions. I decided there was still a need to meet personally with the remote students, so I hold a weekly conference call with them to discuss the material, answer questions, and gauge if they are grasping the subject.

Developing the course material took more time than I expected as I decided that, in addition to commercial franchising, I wanted to include a substantial module on social franchising. The PowerPoint deck I developed for the course required more than 500 slides to adequately deal with the business issues I felt were important. I also provided the students with their course book, some FDDs from clients in different industries,

and articles and presentations from the ABA, IFA, and some professional journals.

Having a basic understanding of the legal issues in franchising was essential. For that I turned to some of the most talented franchise lawyers I know, who offered to lend me a hand. I enlisted Marisa Faunce from Plave Koch, who teaches a module on domestic franchise law; Will Woods from Baker McKenzie, who did a session on international law; and Joel Buckberg from Baker Donelson, who focused on mergers and acquisitions in franchising.

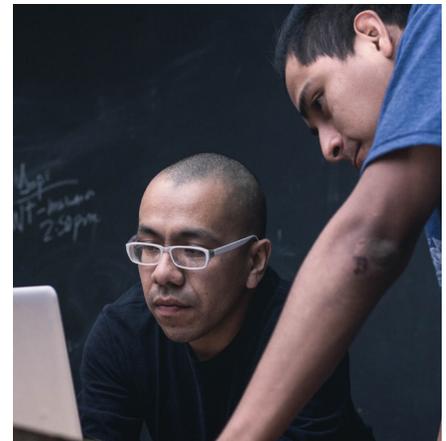
To make certain the class received a balanced look at franchising, I asked Ron Gardner from Dady & Gardner to conduct a module on franchising from a decidedly franchisee perspective. Rounding out my guest speakers were my partner Kay Ainsley, who conducted a session on international franchising from a business perspective, and Janet Muhleman from re:group, who took the class through a session on international and domestic branding.

### ON-THE-JOB TEACHING

"My" graduate students at OSU are remarkable. They are mature, some married, all are working, and they come well prepared. Some are interested in franchising as simply an elective, but several are looking to become franchisors and franchisees. They are lawyers, military officers, sports licensing professionals, medical practitioners, and an assortment of other interesting backgrounds. They look at franchising from a very fresh perspective—quite a bit different from what I often see at franchising programs or the undergraduate and law classes I have taught.

As a university professor I am still a work in progress, but overall the students appreciated that their instructor was a practitioner and not an academic. They liked my approach to education, with lots of comments on their ability to discuss "war" stories, the background on events that have occurred in franchising, and why things are done as they are in a craft as complicated as franchising. I was not surprised they came away from Ron Gardner's presentation understanding that franchisors and franchisees want the same results, but simply come at it from different directions. (Ron and I have joked that one of our reputations might get tarnished if people found out we agree with each other on many things.)

Each week I bring in lunch for the students from a local franchise the class



selects. That gives us a chance to discuss how well the franchisee is meeting their franchisor's brand promise, elements of those franchise systems, and the impact Uber Eats, Door Dash, and other delivery options can have on brand perception. The students appreciate the free meal, and I get to take them deeper into discussions about the difference between brand standards and controls in franchising.

Besides the weekly assignments, class sessions, and weekly conference calls that make up about 60% of their grade, the class is required to develop a franchise offering based on a case study I prepared. I took the fact base of an existing client (with permission, of course) without disclosing the company, and the students build how they see the franchise offering working. Getting them into the weeds of creating a franchise opportunity forces them to integrate all the elements they've learned from both the franchisor and the prospective franchisee perspective—and allows me to judge if they truly understand the information. I am not looking for the "right answer," just that they understand the myriad of options available and can support their approach.

Since I began teaching at OSU, I have been contacted by others looking to develop undergrad and graduate classes at their local university. I am also talking with several lawyers looking to introduce franchise law classes in law schools. It's great to see a movement to have full courses on franchising at universities. If you are considering doing that, give me a call. I would be happy to discuss what I've learned. ■

Michael Seid is managing director at MSA Worldwide. MSA provides strategic and tactical advisory services, primarily to franchisors, on a global basis. Call him at 860-523-4257 or email [mseid@msaworldwide.com](mailto:mseid@msaworldwide.com).



# HOME STRETCH

STRETCHLAB AND ITS FLEXOLOGISTS ADAPT TO COVID-19

Written By **KERRY PIPES**

**M**artin Balcaitis cut his franchise marketing teeth at food and beverage brands such as Krispy Kreme and Denny's, where he spent 15 years before shifting gears and signing on as CMO for StretchLab, a boutique fitness franchise that offers one-on-one assisted stretching services.

"Sure, going from food to fitness was different," he says, "but only strategy and tactics are different. Marketing is the same." As CMO of the 5-year-old brand, Balcaitis says he is trying to inspire trial visits to educate people about the value of stretching, and to make sure they have a great experience. This educational component is key for StretchLab's growth.

"We have to work hard to educate consumers who don't understand what we have to offer," he says. "It's getting people to understand the benefits of a stretching regimen and the importance of working alongside a professional." He says the brand has used introductory offers to get people to try it out. "When people actually see it, it makes sense to them." From there it turns into building trust and relationships with customers.

"Flexologists" (professionals who stretch people's muscles) work closely with each client to determine their level of activity, body needs, and what they are training for. The desired results are increased flexibility and range of motion. Elite athletes have known about this for years, says Balcaitis. Now StretchLab is trying to bring it to the masses and serve a wide variety of people who could benefit from regular stretching.

"I tailor my messaging to the benefits that each audience wants to get out of their sessions," he says. "For instance, I talk about injury prevention and pain management with my active seniors, and sports performance and active recovery with my younger and more athletic audiences."

As StretchLab continues to grow in terms of consumer awareness and number of franchisees, Balcaitis says one of his goals as a marketer is to remain fluid and stay atop changes and developments in the marketplace as the economy works its way through—and hopefully out of—the pandemic.

**Describe your role as CMO.** I oversee the day-to-day activities of the department, but more importantly, I steer the direction of the brand. When I came on board, the brand was in a much different position than it is today. I was tasked with identifying what the brand wanted and needed to be, and how I can get it there.

**How has Covid-19 affected your brand's marketing efforts?** The impact Covid-19 has had on our marketing efforts is tremendous. Almost overnight, we had to pivot our strategy and turn our studios into virtual studios with online programming. We accelerated our efforts to release our StretchLab GO platform,

which has on-demand stretching videos, and our studios started virtual one-on-one and group sessions. We had to educate our clients that they could still get a great stretch at home and that our top-notch flexologists could show them how!

Our pipeline of prospects has grown significantly. More than ever, consumers are looking for connections on social media. While we were all sheltering in place there was a spectrum of consumers who were incredibly immobile and did some hardcore Netflix binging. And on the other end, there were consumers who took this opportunity to get back on their bike, start running again, or try new at-home workouts—all while trying to create an office in their living room. It really opened their eyes to how quickly their body can break down and how fundamental proper flexibility training is. We created materials and specific strategies to target these consumers to welcome them back to our studios and provide virtual services.

**What's the most challenging part of being a CMO today?**

Finding the time! We are a lean but mighty team and there are amazing opportunities every day for us to grow our relationship with clients. So prioritizing opportunities is important. I don't let anything leave my department without being executed 100 percent, so we take our time on projects to be as effective as possible.

**What are the 3 most important keys to being an effective CMO leader today?** 1) Let people shine. It's in a CMO's nature to protect the brand identity. Sometimes you have to give up a little control and let your team experiment with direction, color, font, execution. I try not to put too many creative constraints on my team. Some things don't work, but a spark of something great can happen when you let experimentation happen. 2) Never stop learning. A mentor

of mine had this mantra: "Read, React, Refine." Once you launch a campaign, that is just the starting line, not the finish line. I have to start with the end in mind and analyze results and learn from them. How can we take something that was successful and amplify results for the next time? 3) Check your ego. Yes, sometimes great ideas will come from outside of marketing. Yes, you will develop a dud of a campaign. Yes, you will have to take feedback well, and to heart. Don't take it personally and understand that everyone wants the brand to win.

**How do you prepare a marketing plan and execute the strategies?** Marketing plans are about changing behaviors. Identify the specific results (sales, product mix, awareness, etc.) and take a step back and think about what behavior and habit changes need to happen to accomplish those. Great marketing comes from understanding human behavior and how to elicit a response to action.

WE ARE A LEAN BUT MIGHTY TEAM AND THERE ARE AMAZING OPPORTUNITIES EVERY DAY FOR US TO GROW OUR RELATIONSHIP WITH CLIENTS. SO PRIORITIZING OPPORTUNITIES IS IMPORTANT. I DON'T LET ANYTHING LEAVE MY DEPARTMENT WITHOUT BEING EXECUTED 100 PERCENT, SO WE TAKE OUR TIME ON PROJECTS TO BE AS EFFECTIVE AS POSSIBLE.

**How do you measure marketing results and effectiveness?** I'm a data hound! Identifying what metrics you have before a campaign is helpful to identify how to set goals for tangible results. When it isn't a measurable metric, I like to look at the engagement online or in studio—what was the reaction from the target audience?

**Discuss your core consumer marketing strategies and objectives.** StretchLab is complementary to any other form of movement. Everyone needs to stretch more! However, from a marketing perspective, to create effective materials you must have some direction. My primary core consumers are active and affluent adults, weekend warrior executives and active seniors who understand that flexibility is the key to longevity. They all come into the same studio, but for wildly different needs. I tailor my messaging to the benefits each audience wants to get out of their sessions. For instance, I talk about injury prevention and pain management with my active seniors, and sports performance and active recovery with my younger and more athletic audiences.

**How do you go about creating a customer-centric marketing and brand philosophy?** My background is in food and beverage. I'm used to having a new value menu or beverage to promote. Now, working for a service-oriented brand, it's all about pulling through the benefits of what we offer to the consumer. Delivering the most appropriate message to the most appropriate group at the most appropriate time is our biggest challenge. Many people have never experienced an assisted stretch before, so inspiring trial and education is key. However, after that we must continue to message about the long-term benefits of what we do.

**Describe your marketing team and the role each plays.** As I said, we are a small but mighty team! Currently it is just me and my creative lead. We collaborate on projects, and he executes the art. Finding great people to elevate an idea or a thought has always been a passion when I build a team, and I'm very lucky to have a great partner.

**Why is it so important for the marketing department to have a personal touch when it comes to helping the brand connect with franchise prospects?** I love talking with franchise prospects! It's important to have that personal connection because you are going to potentially trust them to execute your work and be the face of your brand. They are going to need to trust you as well—that you know their business and can steer them to the right campaigns to achieve the desired results.

**How does this help your franchise sales and development efforts?** Franchise sales is about finding the right people for the right brand. Making that connection helps us make sure we have the right prospects and that they truly understand our brand values and execution. Setting expectations early in the process helps for a smoother relationship.

**What ways or tools do you rely on to do this?** Everything is a branding opportunity, and throughout the franchise sales process everything is saturated in our brand. From our introductory call deck to the discovery day process and beyond, there is no mistake what we stand for. We need to make sure our candidates are in line and agree with our direction.

**Do today's prospects expect more from the franchise marketing department? What, and how do you provide it?** I think this is just a result of prospects being consumers, and all consumers are asking for more. We are in an instantaneous society that wants results and wants them now. This is no different with franchisee prospects—they have made a considerable investment of time and money to join this brand. It's like having a new toy and wanting to see everything that it can do.

**How is today's consumer and marketing data helping you fine-tune your marketing initiatives?** We closely look at our interaction. We are a one-on-one assisted stretching concept and have to produce engaging and relatable content. By looking at the personal connections we are making with prospects and clients we can fine-tune and learn for future efforts.

**Describe the evolving role of social media in your brand's marketing efforts.** Social is an amazing opportunity to engage and have conversations—we are just having them in a new space. The amount of information and instant results you can see are amazing. However, as all companies are vying for the ever-elusive “thumb stopper” post, the amount of content can be overwhelming to the consumer. Trying to find ways to cut through the clutter and still be authentic is important.

**How do you work with other internal departments, and does technology help?** We do have project management software and online triggers for action.

**How do you manage costs and budgets for the marketing department?** We are lucky to have some shared services that help bring down costs. But the budget planning process is important to help prioritize activities—bucket essentials, and then down from there on needs and wants, but focusing on what will drive sales.

**Do you see vendors as business partners?** Absolutely. Their success is our success. We want them vested in performing at a high level for us. I'm the client at the end of the day, but we want our partners to feel like a part of the team and be dedicated to performance.

**How have marketing strategies and tools changed over the past decade? How have you adapted?** You have to go where the eyeballs are and get your message across quickly. The attention span of the average consumer has decreased significantly over the years, so quick, impactful, and disruptive imagery is important.

**How is your marketing/branding strategy developed, and how does it flow through the system?** As the maturity of our brand continues, it is about being more relevant to groups. We had a pretty good idea of what this brand would mean to our consumers when we started, but finding our tone of voice and being the friendly authority has been an interesting path to walk down.

**What advice would you offer aspiring CMO executives?** Don't be afraid to make mistakes. I have learned so much from my successes, but I learn more from my failures. Understanding why something didn't work is incredibly important and helpful. Surround yourself with supportive and collaborative people—but honest ones who will give constructive feedback. ■



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# Q In light of Covid-19, what is your marketing department focused on for the next 90 days?



**SHIVRAM  
VAIDEESWARAN**

Chief Marketing Officer  
Jamba

**W**e're months into the pandemic and yet, the situation continues to evolve. To ensure we're available for the guests where and when they need us, we've remained nimble and on our toes. As we continue to navigate the pandemic, our franchisees and team members have done an incredible job adapting to the current realities and serving our guests through mobile ordering, curbside pickup, drive-thru, and contactless delivery.

Overall, our marketing strategy has evolved to encourage our guests to enjoy our product off-premise. We've pivoted our focus on engagement strategies and how we can remain relevant to our guests and continue to provide value and accessibility to them during these uncertain times.

To communicate our message effectively, we're taking a two-pronged approach. We have our owned digital marketing, which is composed of our social media channels, email distribution, loyalty program (including text messaging and push notifications), and public relations. And then we have our paid media, which encompasses search, social, and display advertising. We've made adjustments based on the appropriateness in the current environment and have shifted resources based on performance.

When measuring our owned and earned media, the return on investment varies by channel. For instance, with social media, our number-one metric is engagement; beyond

likes, we're more interested in comments and shares. The second piece is brand sentiment, and we use social listening to "tune in" to conversations online to better understand how people feel about Jamba in today's climate and ensure that we're moving our net positive sentiment forward.

When it comes to our email distributions, we're specifically looking at click-through and open rates. We have a great team in place, constantly working to improve these metrics and ensuring that the content we're creating is engaging and relevant to our guests. And finally, we look at redemptions to help measure our loyalty program success.

Generally, we'll include an offer in any communication we send to our loyalty members. We're very segmented and lean heavily on data to understand which markets we should talk to, relevant messaging, and to ensure we're segmenting the right groups in terms of recency, frequency, and spend. Each campaign might have a different goal in mind, but at the end of the day we're specifically looking at our percentage of redemption, how we're able to drive those guests back to the brand, and finally, how are we moving them down the funnel in terms of recency, frequency, and spend.

As we navigate our new normal, it's important that we be flexible and that our marketing strategy remains fluid, while continuing to focus on the value and accessibility we bring to our guests. ■

“What we’re seeing now is that our model seems to be coming out strong on the other side of this with demand being incredibly high for private salon studios.



## JENNIE WOLFF

Chief Marketing Officer  
Sola Salon Studios

Sola Salon Studios’ business is unique in that our customers are hairstylists, estheticians, nail technicians, or massage therapists who rent out space in our locations. Each Sola location features a collective of 20 to 40 boutique, move-in-ready salon studios where independent beauty professionals can each individually operate their own businesses without the risk and overhead of traditional salon ownership.

Typically in the past, many of our customers came to us because they dreamed of opening their own salon business within a studio environment. We now know that there’s a different type of demand coming. The salon industry was tremendously affected by mandated closures associated with Covid-19. For Sola specifically, the majority of our 500-plus locations were closed for at least 2 months, some even longer.

However, what we’re seeing now is that our model seems to be coming out strong on the other side of this with demand being incredibly high for private salon studios. The primary reason is that traditional salons with an open concept footprint and stylists working just a few feet from one another are having a hard time figuring out how to adhere to ongoing social distancing measures.

Sadly, we’re also seeing that many beauty professionals have been displaced because the salon they were working at closed permanently; or that seasoned, successful traditional salon owners weren’t able to make it work in the space they had before and are now looking to downsize. There may still be those who have been dreaming about Sola, but we know there also are those who are looking for a backup plan and need support to make that transition easier.

As we experience this increased demand and understand the types of leads we are receiving, we are working to maximize our exposure through marketing to ensure that beauty professionals know that while there are many other salon studio models to choose from, at Sola

they are going to get the support they need to make a seamless and successful transition—whatever that transition looks like for them. The worst thing that can happen in the beauty industry is that people leave the profession altogether believing they can’t make it any more. This is why it’s so important for us to let them know they can start over and find success again, continuing to do what they love, in an environment like ours where they’ll get the support they need.

Over the past few months, we’ve created a plethora of blogs specific to helping beauty professionals transition from a traditional salon to an independent salon studio. Having an existing high-support business model in place where we continuously provide marketing resources, technology, education, business tools, community, and more, we already had all the support tools ready and accessible to new beauty professionals joining Sola. Feeling an immediate sense of community and support is so important during a transitional time like so many in the industry are facing, and it helps them realize that it’s not so cumbersome to start over again. Whatever the circumstance, we have the opportunity to help people get back on their feet, which is ultimately a win for us.

In terms of our more traditional marketing channels (Instagram, Facebook, Google), we’re continuing to adjust to all that’s happening in the world, but we’re still reaching people on those platforms as we were before.

We understand there is going to continue to be a recovery period, but we are a strong brand, and the incredible demand we’re currently experiencing has been helping our franchisees as they continue to recover. From a franchise sales perspective, we’ve been seeing a steady flow of prospects coming through our pipeline since March, and in June we signed four new development agreements for 10 new locations. The next 90 days look really good for us, and we feel so fortunate. ■

# Influencer Marketing

What Millennials look for in influencers

Written By  
**ANDREA BRANDON**

They'd rather watch online influencers like PewDiePie and Jen Selter or micro-influencer Zoe Amira than see your ads. They're annoyed by advertising they find interruptive. They want to control their interactions with brands, including franchises. They are Millennials.

Aged 24 to 39, Millennials represent 25 percent of Americans and are overtaking Baby Boomers as the largest adult population. Their buying power is essential to franchises as they purchase for themselves and their households, while also influencing purchase decisions for their aging parents. So to increase brand awareness, then move them down-funnel to an ultimate sale, brands need to continuously adapt to Millennials' preferences for media consumption.

Two primary areas Millennials focus their brand attention on are 1) content they find entertaining or useful, and 2) content that speaks to causes they believe in. Brand influencers often ring the bell

for both. While it's still a newer digital strategy, influencer marketing has been around long enough now to have quantifiable results in many industry categories, with a variety of communication messages and tones.

Although 84 percent of Millennials don't like, or even trust, more-traditional advertising approaches, 58 percent said they're okay watching ads "to support their favorite digital personalities," according to a study from Defy.

If you're considering influencer marketing for your franchise brand, you have to understand what resonates with these consumers, determine how your products or services fit with them, and know how influencers can best engage on your behalf. Here's what Millennials are looking for in influencers.

- **Connection and trust.** Forty percent of Millennials say their favorite influencers understand them better than their friends do. The desire to share interests and to belong makes consumers loyal to influencers and, by extension, the brands they represent. This is an area where niche creators can excel. They often come across to audiences as more genuine and more accessible than mega-influencers.
- **Entertainment.** Sites like Instagram, Facebook, and TikTok (which is rapidly picking up U.S. followers) excel in providing short bursts of entertaining content to users. Not only is this content of interest as it amuses and occupies, it also is shareable and can

quickly reach others. (A note about TikTok: In the U.S., the platform is being investigated for brand safety, data security, and other issues, raising flags to brands looking to use it for any type of marketing.)

- **Educational value.** YouTube influencers use the platform for DIY content, tutorials, and reviews, as well as to provide entertainment. According to eMarketer's "Influencer Marketing and the Path to Purchase" report, released in May, more than one-third of those who engage with influencers on social accounts do so on YouTube. Easy access to products an influencer is using to educate audiences, such as home fitness equipment, cosmetics, tools, and auto parts, is appreciated—and used—by consumers. Instagram allows some accounts to tag products and link to Instagram Checkout for purchase.

## CONCLUSION

When considering your influencer strategy for Millennial consumers, recognize their human interests and desire for engagement, instead of imposition. Depending on your product or service, the influencer will have to take on the role of advisor, teacher, entertainer, or friend. The more in tune your franchise brand is, the more likely Millennials will follow and ultimately purchase. ■

**Andrea Brandon** is Vice President of Marketing & Creative Services at Mindstream Media Group. She works across the organization and its client base to build awareness and generate leads for both the agency and its franchise brands.



# Is Your Brand Recession-Proofed?

Now is the perfect time to plan for a downturn

Written By  
**JOHN DIJULIUS**

I am probably one of the few business owners who actually likes a recession, in some cases, preferring it over a booming economy. I know that may sound crazy, but when you really consider the advantages and disadvantages of both a great and poor economy, a poor economy can be extremely advantageous to a strong company. The coronavirus and the recent impact it's had on the stock market is not what has me thinking about the potential of a recession. Nor am I predicting we are about to be in one. However, a good company should always be ready and prepared. Is your business recession-proofed?

There are hidden opportunities in preparing for a recession. The success stories of the past decade were born from the Great Recession of 2007–2009. Companies were forced to reinvent themselves out of desperation for survival, and creatively found new revenue streams and opportunities by revisiting what they had focused so heavily on during their early years.

**Reinvent yourself.** We all enjoy it when the economy is booming, which I like to call the “busy bus.” At times it seemed like new business would just fall into our lap, with very little effort. This made many companies content and overconfident. They lost focus on the fundamentals of their business, such as their culture, employees, customers, and the experience they should consistently provide.

**Work harder.** Success should be hard. It should require long hours, creativity, and

sleepless nights. Obtaining new business should be about researching the company and the decision-maker's hobbies and interests. Keeping existing customers should require touching your customers on a regular basis, obsessing about their satisfaction level, and genuinely thanking them for their business.

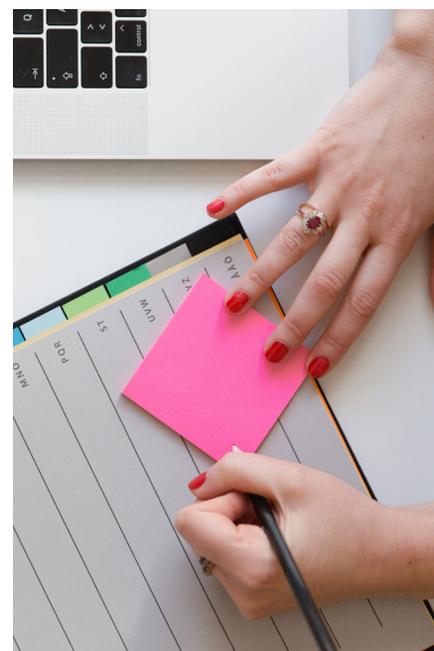
**Create new revenue streams.** This is where the biggest opportunities have been reported. Businesses having difficulty selling their stale products and services have invented new revenue streams with price points many times lower, but many times more profitable. Companies have been able to go deeper with existing customers and acquire new business. More importantly, they provided solutions to customers' changing needs. These new revenue streams, which would have never been created in normal economic conditions, now represent a larger percentage of their revenues.

**Fish when the fish are biting.** Good times camouflage poor strategies until it is too late. Examine your staple products, services, and peak times to ensure you are positioned to take full advantage when the fish (your customers) are biting.

**Experience is your marketing.** Providing an experience, versus making a sale, means quit going after new business and focus on the customers who are trying to give you more of their business. Go deeper with them, build stronger relationships, anticipate their needs, follow up, say thank-you spontaneously, and if there's a problem—fix it! Fight for every customer.

**Get staff buy-in.** When there is speculation about an economy turning, this is the best time to act and make the necessary changes. Educate and remind your employees about what happens during a down economy. They may have been a victim of the last recession or definitely knew someone who lost a job or had to take a significant pay cut. Employees become more willing to cooperate, band together, and make sacrifices to step up and fight if the future of their company or their career is on the line.

**Reduced competition.** “Even a turkey can fly in a tornado.” When demand is up, leadership becomes more focused on optimizing sales and can become careless about details. Even poorly run businesses will flourish in a great economy. The American Customer Satisfaction



Index reported that consumer happiness dropped in 2017 and has not risen since. When the economy softens, the tornado stops, and a lot of turkeys start falling. Poorly run businesses are exposed and eventually go away—which means significantly less competition for the businesses that survive, and an opportunity for them to gain market share.

**Employer market.** Though the pandemic has upended business as usual, when the economy slows, the pendulum swings from an employee market to an employer market. More talent becomes available for existing businesses to choose from, and they can build their culture on purpose, versus adding warm bodies, like many did pre-Covid as they expanded.

**Efficiency becomes back in style.** If you act as if a recession is coming, you start finding more cost-effective ways of trimming fat, reducing downtime, increasing staff productivity, and eliminating positions and people who you were compromising on. These are things we all should have been doing all along.

So whether a future recession is far or near, it's best to be prepared and benefit either way. ■

**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).

# Brick-and-Mortar Isn't Dead

Gen Z consumers might be just the ticket

Written By  
**TIM LINDERMAN**

As Millennials begin to grow older and mature as consumers, retailers must now shift their focus to the next generation: Gen Z. Those who fall in the Gen Z category are born after 1997 and are just now starting to come into their own as consumers.

While they may share similarities with Millennials, individuals of Gen Z exemplify many behaviors that set them apart from other generations. If you're looking to adjust your real estate strategy to attract this new generation of consumers, here's what to keep in mind.

Because of their young age, Gen Zers are beginning to form their own spending habits that will influence their habits later in life. They also make up the largest demographic in the United States at 27.7 percent, positioning the generation as a



prominent target audience. And while technology is almost an accessory to Millennials, it's more like a necessity to Gen Z. They were born into an age with more technological revolution than any other generation and are very tech-savvy.

## BRICK-AND-MORTAR ISN'T DEAD

If it's believed that Millennials were killing physical retail stores, shouldn't it be assumed that the generation after would deliver the final blow? Truth is, this probably isn't the case. In fact, Gen Z might be the saving grace for brick-and-mortar.

Despite their tech savvy, 73 percent of this generation prefer discovering new products and 81 percent prefer making purchases in stores, something that might be attributed to "retail therapy." Gen Z takes the opportunity to go shopping to disconnect from browsing online and social media. Because of their preference for in-store shopping, Gen Z may be an important generation for your brand to zero in on for a trusted brick-and-mortar experience.

## PRIORITIZE FULFILLMENT

Gen Zers are thought to show more impulsive behavior than Millennials, meaning they might make a purchase just because they saw something that caught their attention or simply because they felt like it. This can also signify the importance of a speedy checkout process or fast delivery for Gen Z individuals. Time is of the essence when it comes to making quick consumer decisions.

You may want to focus on developing locations that will be able to fulfill customers' requests quickly, whether that be an in-store purchase or delivery. Focus your location search on areas that are close enough to heavily populated areas of Gen Zers. The layout of your location factors into this as well. It's critical to make sure your store is using space efficiently to minimize wait times and potential errors.

## IT'S ALL ABOUT THE EXPERIENCE

Brick-and-mortar should experience a serious comeback as Gen Z's purchasing behavior matures. However, this does not mean things can remain status quo. As Gen Z customers enter a store to buy a product or service, the risk of boring them or failing to catch their eye right away is more of a risk than you might think. According to a report from IBM, 56 percent of Gen Z customers want a fun in-store experience.

Now, a great in-store experience doesn't mean having a fireworks display and rolling out the red carpet for every guest who walks through your door. Restaurants, for example, can host customer appreciation events or tastings to bring guests in the door for a casual, yet memorable get-together. More often than not, Gen Z consumers will want to share these experiences with friends and family, which means store layout is a key factor in this as well. To use the restaurant example again, consider creating seating and private rooms large enough to accommodate larger groups.

## CONSCIOUSNESS IS KEY

One similarity Gen Z shares with Millennials is their propensity to gravitate toward businesses that share the same conscious mindset as them. Your real estate decisions can be affected by this, too.

Consumers today can look up nearly anything and everything they want to know about your company, including what kinds of materials are used and what environmental certifications your physical stores have, if any. If you're not making environmentally sustainable real estate decisions, these customers will know and will be less likely to do business with you.

Take the lifestyles and habits of residents in the area into consideration as you hone in on your target real estate site. Before beginning construction, are you getting feedback from nearby residents on what they're looking for in a new business? Could the location of a new store have a negative impact on the local residents? Will your business be located in an area where you can make a positive contribution to the local area? Does your location offer spaces where different members of the community can meet and get to know each other? These are just a few of the questions to ask when selecting a new site for a brick-and-mortar location.

As younger generations continue to grow and make their own decisions as consumers, it's imperative for brands seeking to attract them as customers that all aspects of your business adapt to fit their needs, wants, and consciousness. Even real estate decisions can have a serious impact on whether a business will boom or bust with new consumers. ■

**Tim Linderman** is Chief Development Officer for Huddle House and Perkins.

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# Q How has Covid-19 changed your franchise development strategy?



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## MIKE PEARCE

Chief Development Officer  
Authority Brands

Covid-19 has been an important factor in changing our strategy for franchise development. The extraordinary time we are living through has created a unique circumstance that opens up opportunities for the dream of business ownership. Essential services have taken on a new meaning as a result of the pandemic, especially as businesses were forced to temporarily shut their doors for the safety of their employees, customers, and communities. Tens of millions of Americans are out of work, which has created an environment where people are asking themselves the question, “Should I consider doing something different?” For companies like Authority Brands, with a portfolio of seven home service brands, the field looks ready to harvest. We essentially have an opportunity for anyone.

Our services have been deemed essential and, for the most part, our brands and franchisees have remained open and operating the entire duration of the pandemic. Our trade brands are essential: people will not hesitate to call a plumber or an electrician if they need one. If your air conditioning is not functional, you will get that fixed as well. Mosquito Squad and America’s Swimming Pool Co. are focused on outdoor service and have minimal customer interaction. With people staying at home, their desire to use their outdoor living space is greater than before. And Covid-19 has completely changed the perception of assisted living facilities, which makes in-home care a more likely solution.

I was asked by our board of directors if we should pull back on investment in franchise development or move forward, and what strategy would we take if we moved forward. The strategy I pitched was to move forward in a bold way. This is a point in time when many are considering a change in their professional lives, and we needed to take advantage of that. We updated our messaging, invested in marketing, and created a prospecting outreach program to invite people to consider the opportunities of a low-cost investment in an essential service business.

We also undertook a franchise broker outreach program. Our goal was to speak with as many franchise brokers as possible (on the phone!) and let them know that our brands were open and operating.

Our franchise development process had to change as well. We developed virtual “Meet Your Team” days for each brand and sought out new lending sources that understood the new environment. The franchise development team also took the lead in providing essential information to our franchisees and prospects on the SBA lending environment, including individual phone consultations and daily communication on PPP loan acquisition and forgiveness, and capital availability through other programs and new loans.

The outcome: Lead flow is strong, we have a growing pipeline, and we are closing on new franchise license agreements each week. We are on track to grow a number of our brands at a pace not previously met. ■

“We envisioned 2020 as an opportunity to execute new avenues that would fuel our franchise development momentum, including launching a new prototype and bringing on board a new addition to our franchise development team.



## MIKE BORDEN

CEO and Co-Founder  
TruFusion

As we prepared for 2020, like most companies across the globe, there was no way we could have predicted what was to come. As a fitness and yoga concept that offers an extensive variety of boutique-style classes all under one roof, TruFusion was designed to provide an in-person experience. But once Covid-19 forced the fitness industry to temporarily close locations, we needed to take immediate action to support our franchisees. First, we created online resources to help franchisees maintain member engagement. And then, to prepare for reopening, we implemented new protocols and procedures systemwide so each location could safely reopen.

We're extremely grateful that our franchise development strategy is one component of our business that has been able to remain consistent amid the pandemic. We have dozens of locations currently in development across the United States and many additional agreements currently in the site selection process. With a strong pipeline already in place, we envisioned 2020 as an opportunity to execute new avenues that would fuel our franchise development momentum, including launching a new prototype and bringing on board a new addition to our franchise development team.

TruFusion's flagship studios are between 10,000 and 14,000 square feet, which includes

4 to 5 state-of-the-art fitness and yoga rooms. The site selection process for such a large footprint takes some time. The new prototype we recently rolled out consists of 2 to 3 rooms and totals of 4,500 to 7,500 square feet. With a smaller footprint, the new studios will provide the same offerings as traditional locations, but with the flexibility of additional real estate options for new and existing franchisees to explore. This new option allows us to grow more rapidly.

In alignment with the smaller prototype, we recently tapped seasoned industry expert Brandon Campbell to spearhead the brand's franchise efforts as the director of franchise development. Having a new dedicated and experienced individual on our executive team to focus on our franchise development growth will be an asset as we continue to forge ahead.

By executing these initiatives and being an ideal option for consumers looking to experience a variety of boutique fitness classes for one cost under one roof, we're primed to continue on the path we planned for 2020. As we look toward Q3 and Q4 with new openings on the horizon in key markets—including Denver, West Hollywood, San Francisco, Houston, San Antonio, and Ballard, Washington—we're optimistic about the future and are looking forward to having our members back in the studio at full capacity when the time is right. ■

# Now What?

Greetings from a  
better future

Written By  
**EVAN HACKEL**

Please save this column for when the worst of the pandemic has passed and you are ready to get back to business.

For businesses that made it through this very tough time, much opportunity awaits. It is likely that many of your competitors did not make it. If so, your opportunity to grow market share will be unparalleled. The country will likely be in recession, but your larger slice of the market pie should more than make up for that.

The opportunity to sell franchises may never be better. Why will it be a great time?

- Real estate will be abundant and cheap, unlike before the crisis, when good locations were hard to find and expensive.
- Displaced senior executives with capital will be looking for opportunities (and there will be more of these people than ever).
- Finding qualified talent will be easier than it was before the crisis, when the labor market was so tight.

- You will have less competition because some of your competitors will have closed.
- There will be pent-up customer demand.

## WHERE TO START

You need to be ready, though. This is a challenge because, before the crisis, we didn't realize things were about to break, and now many brands are simply scrambling to survive. Looking to a better future, here are some new realities to think about:

- Get your onboarding systems ready, because now is the time to think through the process and revamp.
- Create a powerful online franchise university. Online universities have been growing in importance and there will be greater interest and willingness to use them.
- Encourage your stronger franchisees to buy or take over weaker ones, as they are capable of restarting those weaker locations. In addition, the presence of more strong multi-unit franchisees will encourage more growth system-wide.
- Look at upgrading your staff. You will find that experienced people will be available who worked in other franchises. Look to begin hiring and training them now.
- Also train your franchisees and their staff. Doing so will give you a competitive advantage when you need it the most.
- Look to help your more successful franchisees grow. Support your known top performers as they add units or buy up weaker players.

- Make sure your supply chain is in place. Not all your suppliers will be recovering or coming back strong from the crisis.
- Develop new marketing. Focus on making people aware that you're back in business, better than ever, and ready to do business.
- Look for new efficiencies. During the crisis, you might have found that working remotely works. This may be a chance for you to reduce overhead and enable more staff to work from home. Offering good employees the option of working from home can help improve employee satisfaction and retention.

## A NEW BEGINNING...

Planning is key. Start with the end in mind and focus on where you want your franchise to go. Now is a great time to be bold, because people will be more open to new ideas than ever before. Tap into the collective knowledge of the whole system.

No one wished for this pandemic. But there is light at the other end of the tunnel. It's called opportunity, for those nimble and courageous enough to capitalize on it. ■

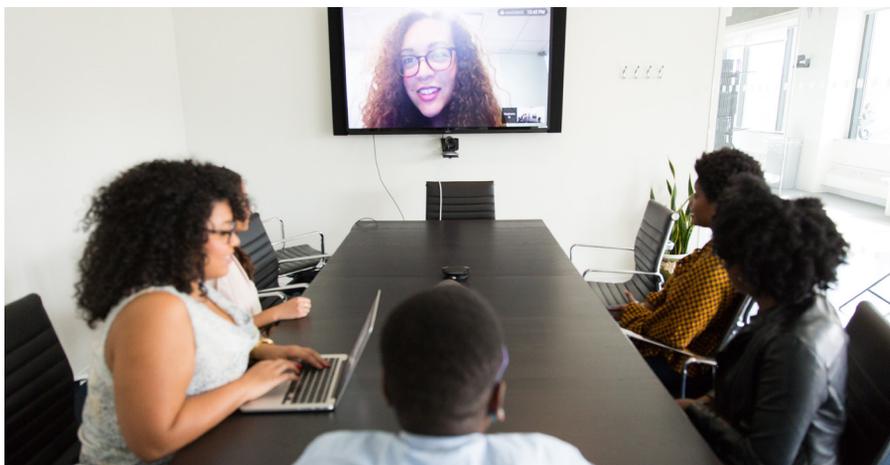
**Evan Hackel**, a 35-year franchising veteran, is CEO of Tortal Training, a leading training development company, and principal and founder of Ingage Consulting. He is a speaker, author of *Ingaging Leadership*, and host of "Training Unleashed," a podcast covering training for business. Contact him at [evanspeaksfranchising.com](http://evanspeaksfranchising.com), follow him at @ehackel, or call 781-820-7609.



# Permanent Change

Learning management systems—has their time come?

Written By  
**DARRELL JOHNSON**



Now that franchise businesses have adjusted and the paths through the crisis have been determined, it's time to give some thought to what the post-recovery landscape will look like.

For most of the franchise community, that conversation is about the post-crisis consumer. However, I think we should be giving equal thought to another issue: *How has the franchise business model itself been permanently changed?*

If a franchisor is merely adjusting to the new consumer and using its old approaches to executing the business model, I think that system will be left behind. Franchisors are responsible for the execution of 11 functional areas. I'll give an example of how a functional area probably will not change, and another of how one already is.

For the former, let's look at franchise development: a franchisor makes a connection with a prospect. This functional responsibility has evolved greatly over the past couple of decades. The central part of the development process is a mutual evaluation by franchisor and prospect. Until March of this year, this mutual evaluation was largely anchored in face-to-face interaction at some point in the development process, frequently with discovery day visits. While prospecting has evolved a lot over the decades, the mutual evaluation process almost always involved judging each other through personal contact before a final commitment was made by both parties.

Will that change? Perhaps, but I don't think hours-long Zoom calls will substitute for physically spending many hours together to truly assess each other and address the emotional factors that lead

to career-changing decisions. To draw an analogy, online dating works to connect two people and can go on for a long time. But actually spending physical time together seems to be the best way to determine the likely long-term success of two people.

On-screen interplay and pretend elbow bumps are not as comforting as hugs—or, for franchise prospects, firm handshakes. For this functional responsibility, online dating might be the only way to get back in the game today, but it's likely to be an inferior way to bring new prospects into the fold, and I would expect a return to in-person discovery days.

The same will not be true for other functional responsibilities, in my opinion, as they are likely to be permanently affected. I'll use the example of franchisee onboarding. Most franchisors required onsite training at corporate locations right up to the start of the crisis. Online guides and manuals have been a part of many franchise programs for some time, but franchisee onboarding has not relied on them exclusively. Yet, learning management systems (LMS) have made major training leaps in the past decade. From a technology standpoint, an LMS seems specifically designed for the conditions the pandemic has created: distance learning.

The challenges our educational system is confronting actually make the adoption of LMS into the onboarding process easier to embrace. I would go further and say it will become a competitive advantage for franchisors that offer it. Think about it from a prospect's standpoint. Many new franchisees are seeing their children take online courses. Why shouldn't a franchisee be able to learn at their own pace, under

your watchful eyes? Even if post-Covid onboarding includes on-site interaction, it's not hard to see how the efficiency and lower per-unit cost of using an LMS will become appealing to franchisors.

The reason we haven't already seen it more frequently in franchising simply is the set-up cost. The platform can run \$50,000 to \$100,000 to implement. While some franchisors can make that type of investment, most can't, especially with their budgets under pressure these days. If cost is the challenge, scale is the answer, and franchising has historical experience on its side to solve this: shared platform costs. The franchising business model is built around consistency and uniformity, characteristics well-suited for an LMS. Franchising also has a cooperative mindset built right into other functions, such as marketing.

I believe one of the outcomes of this crisis will be a broader application of LMS for franchising. It's what the franchisee already has a preference for, and on a delivery basis with scale it is more efficient and cost-effective for franchisors. That's a winning combination. The IFA recognizes this and has pushed for tax credits to ease the cost of implementation as part of federal fiscal recovery policy.

Of course, once an LMS is embraced, it is relatively easy to envision applications in other franchisor functional responsibilities, such as compliance—which may be another franchisor functional responsibility permanently altered by this crisis. ■

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

# COPING WITH COVID

## WHAT GLOBAL BRANDS ARE DOING TO SURVIVE

Written By **BILL EDWARDS**

In 46 years of doing international business and living in 7 countries, I have seen numerous wars, natural disasters, political meltdowns, and trade disputes. But nothing prepared us for the 2020 Covid-19 global disaster. I have been monitoring what franchisors have done from February to July to manage their international operations. Restaurant, retail, and fitness franchisors have seen their units shut down worldwide, resulting in drastically lower sales and royalties. Unit revenues often fell to zero for several months, as they did in the U.S.

What follows are best practice examples of what top international franchisors have done to save their international business and prepare for a better future. The U.S. franchisors mentioned here all have significant international operations, and each is present in more than 20 countries. Part of this column comes from international operations and development webinars done since April for the IFA and the Titus Center for Franchising at Palm Beach Atlantic University.

### The primary issues these franchisors focused on included:

- Communication: frequent, centralized, specific, consistent
- Operations: push standards, manage specific country challenges
- Supply chain: manage ingredient inventory and simplify menus
- Marketing: manage marketing calendar changes, consumer social media programs
- Development: market-by-market discussions related to royalty and development commitments
- Remote support and monitoring: Zoom sessions, phone photos, online checklists
- Reopening: cleanliness standards, restarting supply chains, consumer messaging

### They also took this time to:

- Clearly understand country-by-country situations, as they varied widely
- Share Covid-19 best practices in both directions
- Reduce nonessential expenses
- Reevaluate development schedules, royalty reductions
- Prepare in detail for reopening
- Look at innovation to cut costs and fine-tune their operating models





## FRANCHISOR POLICIES

Franchisors put in place “no over water” travel policies, and international travel is at a standstill. In-person franchise expos have been postponed until at least late 2020, more probably until 2021. As in the U.S., their international licensees laid off or terminated their employees and suppliers. Support and monitoring are more difficult for international operations because of time zone differences. For example, there is a 12-hour time difference between China and the east coasts of Canada and the U.S., which make real-time video calls difficult on at least one end. Another challenge for franchisors has been getting up-to-date and correct financial information from international licensees. Some franchisors have engaged in-country franchise consultants to monitor their local units.

### Some of the policies these franchisors put in place during the Covid-19 crisis are:

- Brand directives on cleaning, employee personal hygiene, reduced operations, store closures, etc.
- Allowances for deferred maintenance and repair
- Renegotiation of development schedules
- Providing information on government policies and available resources
- Supporting negotiation with landlords for rent relief

## GOVERNMENT POLICIES

In addition, some governments have put in place business support programs similar to those in the U.S.

-  • **Australia:** Low-interest loans up to A\$250,000 with an initial 12-month interest-free period for businesses to retain staff.
-  • **New Zealand:** Wage-subsidy extension and leave support; business cash flow and tax measures; business finance support loan, including for self-employed; mortgage holidays for employers struggling to retain employees.
-  • **United Kingdom:** Tax payments deferred to January 2021 for the self-employed; job retention scheme to cover up to 80 percent of wage costs for 3 months or longer; and new business loans to be interest-free for 12 months.
-  • **South Korea:** US\$9.8 billion stimulus package that includes subsidies for small and medium-sized business to help companies pay their workers.

## FRANCHISOR SUPPORT

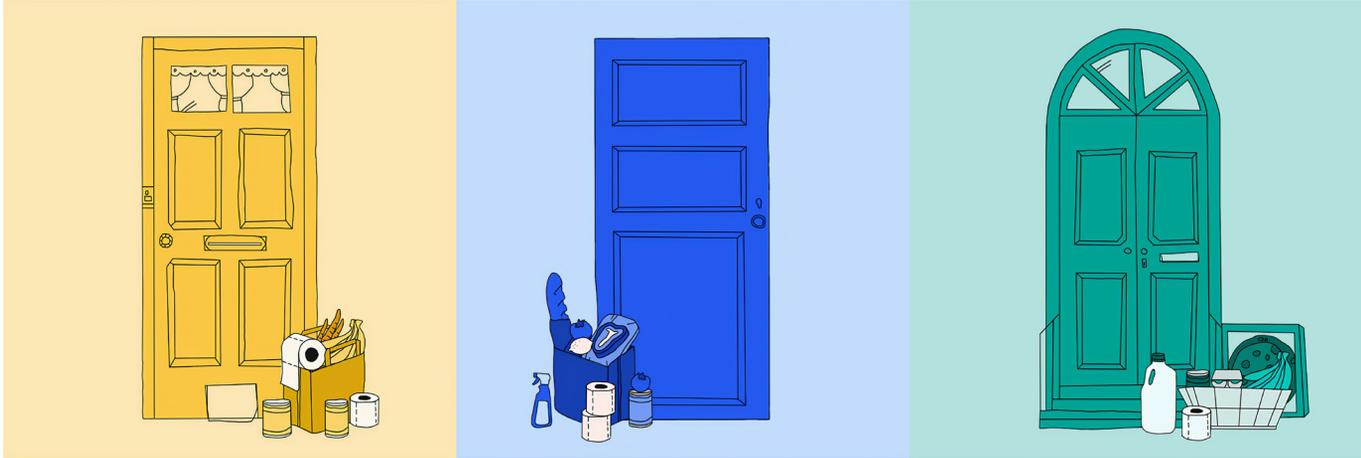
What follows are examples of what some very international franchisors have done to support their international operations during this crisis.

**Rod Young**, *Executive Director*, Cartridge World; *Chairman*, DC Strategy Group (Australia)

- Increased frequency of webinars and Google Hangouts and Zoom meetings with all the masters and area developers (or regions if many masters) together to have each master share their experience and ideas
- From food to printer cartridges, franchisors are going online and home delivery is now king in locked-down or work-from-home countries
- Franchisors are developing apps and protocols to facilitate both marketing of the home delivery service and operational modifications to focus outlets on hygienic delivery of products
- Tailored responses—not all masters or regions are affected or reacting the same, so no simple cookie-cutter solutions.

**Marc Mushkin**, *Vice President*, International Franchise Sales & Development, CKE Restaurants (Carl’s Jr. and Hardees)

- Daily updates from the field to leadership on the operating situation (closed units, limited operations, limited hours) from the franchise business consultants, country directors and regional general managers
- Daily updates on supply chain management from regional supply chain managers and quality assurance managers
- Regular video “town hall” communications to team members and franchisees



- Corporate and regional staff and leadership engaging in Microsoft Teams and Zoom meetings to facilitate regular, and even enhanced, communication

**Brad Houser**, *Executive Vice President*, International Dairy Queen

- Focus on ensuring that communication is centralized, specific, and consistent
- Three international communication buckets—for ADQ staff, ADQ franchisees, and DQ consumers
- Deciphering relevant communication as each region has different business models and stages in the crisis
- Updates are sent regionally for managing unit closures/openings and about specific government legislation affecting local market activity
- Crisis management conference calls with franchisees and staff by region
- Centralized PR management on a global basis and dealing with issues as they come up

**Alison McElroy**, *Chief Global Development Officer & Chief Legal Officer*, Lift Brands (Snap Fitness)

Lift Brands focused on their guiding policies during the Covid-19 crisis to respond as quickly as possible to the ever-changing environment, and to make decisions based on the well-being of employees, franchisees, and their gym members worldwide.

- Internal Covid Response Team: Twice-daily meetings and 24/7 action through leveraging global offices across three continents
- Daily licensee communications with resources and updates
- Town halls and webinars
- Financial support: waivers and deferrals
- Alternative revenue opportunities

**Ray Titus**, *CEO*, United Franchise Group (7 different franchise brands outside the U.S.)

- Frequent personal phone calls to each master license partner
- Personal video messages
- Offering discounts on royalties
- Continuing to evaluate international candidates and to even award new licenses throughout the Covid-19 crisis

## NEW INTERNATIONAL DEVELOPMENT

While most new franchise and licensee development initially dropped sharply after the start of the crisis, by late May franchisors were again looking at international candidates and taking into account the inability to travel to other countries.

- Evaluating the economy of target countries to confirm people are still interested in making investments in new businesses
- Conducting enhanced, detailed due diligence on all candidates to ensure they still have the funds for their franchise license post-Covid
- Very frequent international candidate video and email communications
- Video franchise expos are being conducted in the U.S., Canada, U.K., and Asia
- Video discovery days to initiate candidates to the brand before a face-to-face meeting

## CONCLUSION

Will U.S. franchisors keep developing in other countries? Ninety-five percent of the world's consumers are based outside the U.S. and Canada, and two-thirds of the world's new middle-class consumers will be in Asia. In addition, international franchise brands are still highly sought after by consumers in other countries. Catherine Monson, CEO of Fastsigns International and current IFA chair, sums it up best:

“As globalization has taken hold over the last 20 years, international growth has become a ‘must’ for any company seeking high rates of sustained future growth.”

Best wishes to all for a better and even more profitable global future. ■

**William Edwards** is CEO of Edwards Global Services (EGS) and a global advisor to CEOs. From initial global market research and country prioritization to developing new international markets and providing operational support around the world, EGS offers a complete international operations and development solution for franchisors based on experience, knowledge, a team on the ground in more than 40 countries, and trademarked processes based on decades of problem-solving. Contact him at [bedwards@edwardsglobal.com](mailto:bedwards@edwardsglobal.com) or +1-949-224-3896. Read his latest biweekly global business newsletter at [www.geowizard.biz](http://www.geowizard.biz).



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# Commit to Success

Managing franchise recruitment like it's Covid-19

Written By  
**ART COLEY**

**F**ranchising is global. Thousands of franchisors on almost every continent go to work each day trying to grow their brands. No franchise brand can be successful without recruiting new franchisees. And, based on current data, we know that most franchise companies are not winning at recruitment.

Covid-19 is global, too. It doesn't care about boundaries, politics, race, gender, etc. With no mass-produced treatment or vaccine, the definition of success is to prevent the spread of the virus. Prevent the spread and you prevent infections, hospitalizations, and deaths. Again, based on

the data, some countries are having more success preventing its spread while others are failing badly.

What does it take to win at franchise recruitment these days? Some of the same things it takes to beat Covid-19, including: **Leadership.** Winning always starts with effective leadership. The root cause of excellent business performance is the drive, desire, and vision of its leaders. Whether Covid-19 or franchise recruitment, there should be a true commitment to the following components.

**First step.** Admit you have a problem. Before you can change the trajectory of a virus outbreak or recruitment results, you must accept the current reality before you can change it. Denial of a problem or a poor result is a guaranteed approach for continued failure.

**Plan/strategy.** No company or country has infinite resources. This means leaders must figure out how to win with the resources available. Sure, it would be great if we had a Covid-19 vaccine today, but we don't. Experts tell us it could be many months for a vaccine, or possibly a few years. Franchise executives need to approach recruitment the same way. If

they wait until they have all the resources and the timing is "right," they'll be waiting a long time.

**Trust the data.** Metrics and analytics won't always give us the right decision, but they sure help. Said another way, if you're leading and guiding without considering what the data is telling you, good luck on success. Most franchise companies don't have the right data they need for key recruitment decisions—and the ones that do often don't know how to properly use it. Much of the continued spread of Covid-19 is due to not having, ignoring, or not trusting the data.

**Only one agenda.** The only agenda for fighting Covid-19 should be the one that will reduce the spread and buy time until treatments are developed. The only agenda for successful recruitment should be to find and sign more quality new franchisees. That's it. Period. Any other agenda will compromise success.

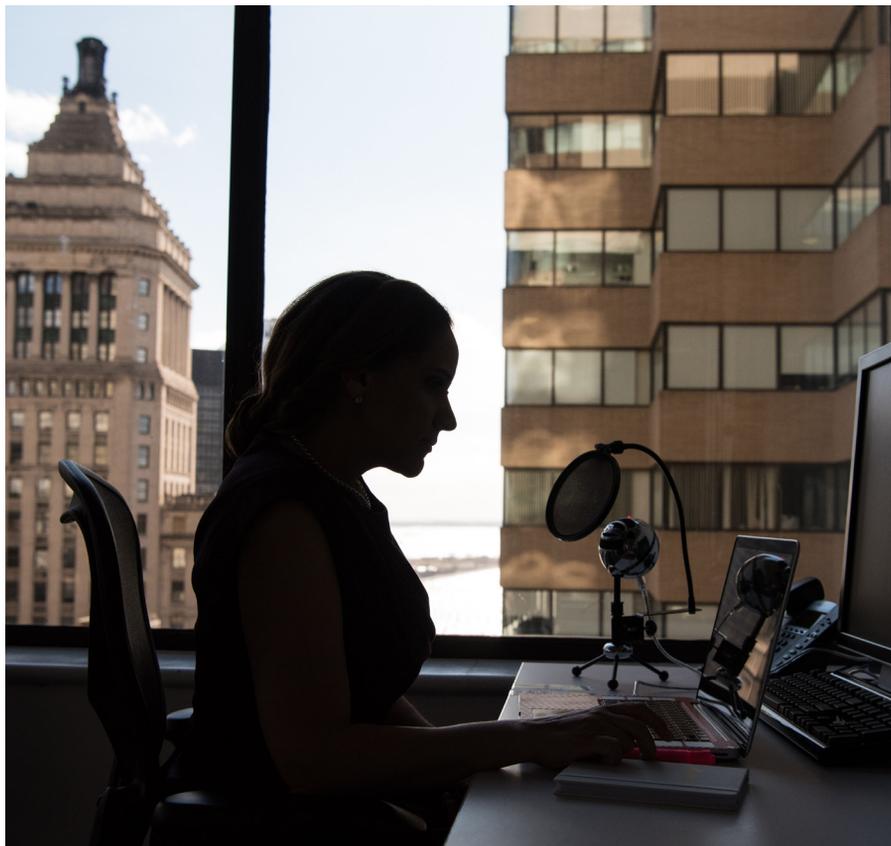
**Real passion and commitment.** Every franchise leader will say they want to increase recruitment of new franchisees, but most never do. Small-business owners will say they want to grow sales, but most never do. Why is this? Well we're back to where we started: *leadership*. Countries with leaders who have been the most passionate and committed to reducing the spread of the coronavirus are getting the best results.

I realize franchise recruitment isn't life-and-death. Covid-19 is. How many franchise brands with a proven business model, strong Item 19, experienced support team, solid financial resources, and more are losing at recruitment? It doesn't make sense. Effectively, a brand is dying when it can't recruit new franchisees.

So what does all the above mean? Why does it matter? Nearly 50 million U.S. citizens have lost their jobs. This is unprecedented. And while tragic, we must ask ourselves how many are going to look at small-business ownership for the next chapter of their life? *A lot!* Is your recruitment program ready?

Let's go to work! ■

**Art Coley** leads CGI Franchise. CGIF has been helping franchise companies implement and execute repeatable and sustainable recruitment systems for more than two decades through the Recruitment Operating System. Based in Temple, Texas, CGIF works with brands worldwide. Contact him at 281-658-9409 or [acoley@cgifranchise.com](mailto:acoley@cgifranchise.com).



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