FRANCHISE Update

Business Intelligence for Growing Franchisors

Q2 | 2021

TECHNOLOGY ISSUE

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EDITOR'S NOTE

Technology to the Rescue

Turns out advancing technology is not so scary after all. In fact, for many brands this past year it's been a lifesaver.

After more than a year of the "once-in-a-lifetime" pandemic, more and more signs are springing up that life is returning to some semblance of normal. Consumers are spending, vaccinations are increasing, businesses are hiring (if they can find employees!), and economic indicator lights are turning from red to green.

Many of the technologies introduced during Covid appear to be here to stay—and that's a good thing. Perhaps nowhere is this more visible than in franchise recruitment. Brands had to rework discovery days to fit the new reality of a remote world. Unable to meet face-to-face with prospects, they turned to videoconferencing (Zoom, Google Meets, etc.) and were able to meet with *more* candidates.

These virtual discovery days also allowed more brand executives to meet one-on-one with candidates. After all, it's a lot easier to walk down the hall to a conference room or connect from a home office for a video chat than to deal with the time sink and aggravation of planes, trains, and automobiles.

That's just the tip of the iceberg. There are many other ways the accelerated adoption of various technologies is changing not only franchise recruitment, but operations, marketing, strategy, and more at brands across all industries. Examples abound in Helen Bond's stories on how technology is affecting recruitment and changing consumer marketing. Art Coley's regular column offers 9 ways technology can help with franchise recruitment. And Sara Wykes takes a deep dive into how brands are dealing with the shakeup—and shakeout—in real estate.

On the consumer side, the role of social media and digital marketing took on an even greater role during the pandemic than it already had—not only for pumping out messages ("Hey, we now offer delivery and pickup services for our new selection of takeout food!"), but also through online engagement with consumers and for gathering real-time data to better understand what they wanted in the new environment.

Covid-19 demanded innovations and created opportunities to refine and improve these processes. It will be interesting to see which innovations and adjustments become permanent. I'm betting quite a few.

Elsewhere in this issue you'll find C-suite profiles with 1-800-JunkPro founder and CEO Mike Davis and TruBlue Total House Care President Sean Fitzgerald. Both shared their leadership and management styles and their vision for their brands. We also spoke with Checkers & Rally's CMO Dwayne Chambers, who offered some great insights into the role of data in the marketing department.

Whether you're talking about franchisee recruitment, operations, support, consumer marketing, or any other aspect of franchising, it's important to continue to evaluate and measure the role of technology, what's working, what's not, and how to make improvements at all levels. It shouldn't take a pandemic to remind us of that—it just made it all happen faster.

From Humble Beginnings

Mr. Rooter Plumbing continues to thrive after 50+ years

Written By
DOYLE JAMES

Mr. Rooter Plumbing is one of the largest and fastest-growing full-service plumbing and drainage companies in the world. The secret to achieving this is more than providing service excellence. Our success is a direct result of the expertise and longevity of our franchise owner base over the past 50 years. These hardworking professionals share their collective expertise with the network to benefit other franchise owners, creating iterative learning and best practices that have led to rock-solid brand loyalty.

The franchise business model has empowered our franchise owners to create a company that has stood the test of time—and a customer portfolio that other brands aspire to have.

THE EARLY DAYS

Mr. Rooter Plumbing was founded in 1968 as a sole proprietorship by the father-and-son team of Lee and Ira Russell. The company started out with two locations: one in Oklahoma City and one in Austin, Texas. In 1972, as the business gained momentum, the Russells decided to incorporate, opening the door to unprecedented growth in the professional plumbing industry.

Even in those early days, the Russells knew that franchising offered the ability to scale up a business quickly, and that it provided opportunities for independent owners to build businesses *for* themselves, but not *by* themselves. Like many early startups, some of the inaugural franchise owners were family members, but it didn't take long for others to want a piece of the action. David Duck, who took over the Oklahoma City franchise location in 1975, is still operating that location today. By 1986, Mr. Rooter Plumbing had 44 franchise locations.

In 1989, Neighborly founder Don Dwyer acquired the majority stake, and the company has been a brand staple ever since. Since inception, Mr. Rooter Plumbing has experienced consistent growth in year-over-year sales—including 2020, which saw more than $360 million in gross sales. Today, our independent franchise owners employ more than 3,000 individuals across North America. We don't expect the pace to slow any time soon, particularly because premium plumbing service providers are an essential workforce.

WHY FRANCHISE?

Plumbers who own an existing business usually choose to convert to Mr. Rooter Plumbing franchise ownership for one of two main reasons. The first is that our company offers strong brand recognition with a long track record of solid business success. The second is that we offer vendor programs through our ProTradeNet division, a resource that can help take a business to the next level. After all, while plumbing business owners are experts at performing plumbing work, many aren't experts in the logistical and distribution skills needed to operate a successful plumbing business.

2020 LESSONS

If 2020 taught us anything about business, it's that technology can play an essential role in customer service. The pandemic forced us to evolve our processes and accommodate the need for contactless customer interaction, including signatures and payment. Going forward, we'll still practice electronic interactions, including online scheduling. But as we implement systems that may remove personal touchpoints, our franchise owners remind us that the customer experience is far more critical than the transaction.

FRANCHISE OWNER FEEDBACK WELCOMED

Mr. Rooter Plumbing treats franchise owners like family. We operate by a Code of Values predicated on respect, integrity, customer focus, and having fun in the process. As a company, we pride ourselves on business transparency and constant communication through meetings, webinars, newsletters, emails, and texts. We believe in continuous improvement, so we encourage feedback. We survey our franchise owners to understand the areas we can improve—and we act on what we learn. And we use the Franchise Satisfaction Survey from Franchise Business Review.

THE FORECAST: MORE GROWTH AHEAD

The home service industry is still very fragmented, and no single major household name dominates this space. Mr. Rooter Plumbing is one of 28 home service brands under the Neighborly umbrella, which creates a unique market position for us. Neighborly's brands are in millions of homes each year. The customer who needs an electrician will also need a plumber, and vice versa. We continue to invest in systems and processes that help our franchise owners share these customers locally.

Our franchise owners are located all across North America, with some markets completely sold out. We recently conducted a study to determine available markets and found that we have as many as 300 territories available. We expect to see substantial growth from our existing franchise owners, but we're also excited at the opportunity to bring in new owners who will be a perfect fit with the Mr. Rooter Plumbing family. ■

Doyle James is President of Mr. Rooter Plumbing.

HOUSEHOLD BRAND

TruBlue Total House Care is in a thriving market

Written by **KERRY PIPES**

Sean Fitzgerald had been on the job only a short time when Covid-19 struck last year. The seasoned franchise executive had just been hired as president of TruBlue Total House Care, which provides home care services both inside and outside the home for seniors and busy families.

"Joining an organization during such a difficult time was challenging. However, it drove unity and helped us improve processes and create efficiencies," says Fitzgerald. One process that changed immediately was a shift in his leadership focus from long-term to short-term goals and objectives. "I went from leading with a telescope to leading with a microscope, concentrating on the present and what I could control." The result was a team that pulled together to increase revenue by 94%.

Agile management was not new to him. For the past 25 years he has worked with franchise brands large and small, emerging to legacy, bringing his insights and expertise to leadership roles to develop, operate, and grow successful franchise businesses. His background includes leading the growth of brands including BrightStar Senior Care, Wireless Zone, and Fyzical Therapy & Balance Centers.

Today, more than a year into his role as TruBlue president, he has continued to employ his "team coach" leadership style. "I approach leading a business the same way I coached football," he says. "You must figure out what motivates each individual, identify their strengths, and bring that all together to achieve your goals."

Fitzgerald says he's on a mission to make TruBlue a widely recognized name in the industry. "We are the only national franchise provider that specializes in total house care for seniors and busy families," he says. The brand, already operating in 50 markets, has set a goal of more than 200 franchisees in the next 5 years.

LEADERSHIP

What is your role as president? I was appointed president in January 2020, just before the Covid-19 pandemic began. Joining an organization during such a difficult time was challenging. However, it drove unity and helped us improve processes and create efficiencies. Since I joined the TruBlue team, we have relaunched the brand's mission to become a nationally recognized full-service house care company dedicated to helping seniors age in place safely. I am responsible for the brand's strategic vision, organizational excellence, and franchise development.

How has Covid-19 affected the way you have led your brand? Pre-pandemic, I led with a telescope. I focused on setting long-term goals and objectives for the organization. When the Covid-19 pandemic started two months after started, I quickly realized that I needed to switch my lens to a microscope and concentrate on the present and what we could control. It was my responsibility to stay positive, provide solutions, and support our franchisees. By shifting my attention to the short term and focusing on what was right in front of us, we were able to create an incredible synergy throughout the entire system. Everyone was working together to overcome the challenges of 2020, and because of the incredible teamwork we increased our revenue 94%.

SEAN FITZGERALD, 50

President

Company: TruBlue Total House Care

Units: 50-plus

Years in franchising: 25

Years in current position: 1.5

Describe your leadership style. I have always been heavily focused on developing a team culture that is positive and results-driven. I would describe my leadership style as more of a team coach than a manager. I provide my team with a clear vision and goals so everyone is on the same page, and then I lead by motivating, challenging, guiding, and supporting my team to reach their individual goals, which ultimately contributes to the success of the entire franchise organization. I coached football for many years and that is where I first developed my leadership skills. When people really feel they are part of a team and understand they are being counted on to contribute to the success of something much larger, they will give so much more and exceed expectations. They do not want to let the team down. When this happens, teams will accomplish amazing things.

What has inspired your leadership style? It was inspired by several outstanding coaches, teachers, and professors I encountered during high school and college. The coaches and teachers who affected me most were able to identify my strengths and nurture them. Great teachers and coaches motivate and inspire their students and athletes by leading with compassion and enthusiasm. This always encouraged me to do my best and work even harder. I have applied the same principles to my own leadership style, which I learned from my mentors over the years.

What is your biggest leadership challenge? Managing difficult or unmotivated people. Not everyone is going to be as passionate as I am about growing the business or reaching specific goals. It is my role as a leader to determine what drives and motivates different individuals and set clear expectations. If I am able to identify what inspires them, I can determine a solution.

How do you transmit your culture from your office to front-line employees? Our culture at TruBlue is amazing. The desire to help people is in our DNA and we make sure we are supporting everyone in the organization. From day one, whether someone is in the home office or a thousand miles away at one of our franchise locations, we begin educating them about our mission, who we are, what we do, and why we do it. Communication is the key to transmitting our culture down the ladder. We currently host virtual meetings and send email correspondence to share system updates, best practices, and other information on a regular basis. We make sure our front-line employees know the value they bring to the seniors whose homes they are improving, and ultimately the value they bring to our organization's mission of helping people.

Where is the best place to prepare for leadership: an MBA school or OTJ? I think on-the-job training is the best place to prepare for leadership. While there is great value in an MBA or business program, you cannot learn leadership skills through books or in a classroom. Some of the greatest leadership lessons I have learned were on the job, and I was able to immediately apply my learning to relevant situations. Leadership is inherently in you, and as your career evolves so do your leadership skills.

Are tough decisions best taken by one person? How do you make tough decisions? I always seek counsel for really tough decisions. TruBlue is part of Strategic Franchising Systems, which is composed of five unique franchise brands. Because of the organizational structure I am able to seek counsel and expertise from the other brand presidents and leaders within the organization.

Do you want to be liked or respected? Certainly, you wish you could have both. But if I had to choose, I prefer to be respected. Effective leaders have to make tough decisions for the business, and not everyone always agrees with those decisions. If you have earned the trust and respect of your team, they will know that you had the best intentions for the organization.

Advice to CEO wannabes: As a CEO, you always need to look at the bigger picture. Know that the decisions you make will have a profound impact on the entire system. Do not forget to delegate. You cannot do everything yourself, so make sure you have a solid team you can rely on. Also, you cannot do enough communicating. Communicate regularly and openly to keep everyone going in the same direction. It is essential that everyone knows they are critical to the plan.

MANAGEMENT

Describe your management style: Collaborative, motivating, inspiring, and inclusive.

What does your management team look like? I am lucky to have a very experienced management team working with me at TruBlue. It includes a vice president of marketing, director of operations, franchise business coach, the sales team, accounting team, and franchise development support team.

How does your management team help you lead? They provide me with honest and open communication, which gives me the ability to make the right decisions. They do not placate me and tell me what I want to hear. Filtered information is bad information. My team also is not afraid to push back on subjects. They are empowered to ask tough questions to get to the core of an issue.

What makes you say, "Yes, now that's why I do what I do!"? We recently welcomed new owners into the system. They had an amazing attitude and vision. Thanks to our strong franchise model, training, and onboarding process, the franchisees set a record for first-month sales in the shortest month of the year—and during a pandemic. They reached out to me recently and said everything that I told them would happen did happen, and even better than they expected. When I help someone fulfill their dream of owning a successful business, that is when I'm reminded why I do what I do. The growing interest in and success of the TruBlue brand provide constant reminders of my "why."

OPERATIONS

What trends are you seeing with consumer spending habits? We are seeing a new era in homeownership, with people taking a more proactive role in protecting what is likely their largest financial asset. One of the trends we are seeing involves preventive maintenance for the home. A big part of this focus is older homes, especially for senior homeowners who want to age in place. The Covid-19 crisis uncovered major flaws in long-term care facilities. As a result, no one wants to go into a nursing home. It is true there are thousands of in-home care providers taking care of seniors in their homes, but they cannot age in place successfully if the home itself is unsafe. As a result, the demand for affordably priced home repair and maintenance services, house cleaning, yard work, emergency repairs, and seasonal work is growing. Regular care and repair will also help a senior's home retain, or possibly increase, its value when families do eventually have to sell the property. This ties back into the main reason people are willing to spend more on the preservation of their homes.

Are your franchisees bullish or bearish about growth and adding more units? We are absolutely bullish on growth. Knowing there is a huge demand for what we offer, and knowing we have the opportunity to expand our coverage across the U.S., we have created a strategic partnership agreement with Right at Home, one of the largest in-home care providers in the nation. The new partnership will increase each company's client base and allow TruBlue franchisees opening in new territories an immediate referral source.

Are commodity/supplies costs any cause for concern in your system? There are certainly some supplies, such as timber and drywall, that are more challenging to acquire now. Fortunately, the services our franchises provide are more labor-driven and not always reliant on supplies.

In what ways are political/global issues affecting the market and your brand? As more people choose to age in place, we will see more programs such as Medicare and Medicaid begin to subsidize the costs of repairs designed to make the home environment safer for seniors. National and state government officials are beginning to recognize the long-term, cost-saving benefits of safer homes. It will become more affordable for seniors to age safely at home—with help—rather than enter a state-run nursing home.

PERSONAL

What time do you like to be at your desk? While my in-office hours are very fluid, I am always available. My workspace is fluid, too. I do not really have a desk. Sometimes my desk is in my car, my kitchen table, or my couch.

Do you socialize with your team after work/outside the office? I am very social during work hours, but not as much outside the office. For me, it helps maintain a higher level of professionalism in the office since I am in a leadership role.

Last two books read: I am a U.S. history enthusiast. Two books I recently read are *Team of Rivals: The Political Genius of Abraham Lincoln* by Doris Kearns Goodwin, and *The Pillars of the Earth* by Ken Follet.

What technology do you take on the road? I never leave home without my cell phone and my laptop.

How do you relax/balance life and work? I play video games to help me relax. When I am at work my mind is always engaged. Video games provide me with the distraction I need to turn off my work brain.

Favorite vacation destination: Anywhere there is a beach. My family and I usually go to Destin, Florida, every year.

Favorite occasions to send employees notes: I absolutely love sending congratulatory notes to employees when they achieve a goal or exceed expectations. And thanks to the incredible success of so many of our TruBlue franchise owners, I have had the opportunity to send many more of these types of messages.

Favorite company product/service: I am an admitted Apple addict. After years of working on a PC, I was forced to make the switch to a Mac when I signed on with a

previous company. Now I cannot go back. I have the Apple Watch, the iPhone, the iPad. If Apple makes it, I own it.

BOTTOM LINE

What are your long-term goals for the company? We are on a mission to make TruBlue a household name. We are the only national franchise provider that specializes in total house care, both inside and outside the home, for seniors and busy families. In fact, we complete the continuum of care circle in the in-home senior care industry—something that had not existed before on a national scale. We have a goal of being a national franchise (we are already in 50 markets), if not international, with more than 200 franchisees in the next 5 years.

Where can capital be found these days? TruBlue is a low-cost investment and far more affordable than other franchise concepts in the senior care and home services industries. This makes it easier for franchisees to acquire capital, although the vast majority of our owners are self-funded, with many of them using home equity loans or 401(k) rollovers as business startups (ROBS) plans for financing.

How do you measure success? I am completely invested in the individuals who trust us enough to join our organization as franchise owners. Changing lives by giving people the opportunity to own their own business and take control of their financial future is something I am extremely passionate about. I measure success by how well we help these franchisees meet their business goals, and hopefully exceed them. If we can help every single franchise owner prosper, then the brand flourishes.

Any regrets? No. By nature, I do not dwell on the past. I channel my mistakes into helping me move forward and do better from the experience.

What can we expect from your company in the next 12 to 18 months? The next 12 to 18 months and beyond will be full of strong growth and expansion as we add franchises to meet the demand for our services across the country. ■

CLEANING UP!

1-800-JunkPro continues to prosper

Written by **KERRY PIPES**

In 1999, Mike and Misty Davis launched a simple family business with just a truck and a trailer as a way for the husband-and-wife team to make a little extra money on the side. In 2016, the company turned to franchising to spur growth.

Today their company, Wichita-based 1-800-JunkPro, offers both junk removal and dumpster rentals through locations in Kansas, Illinois, Mississippi, Missouri, Oklahoma, Texas, North Carolina, and Georgia.

Junk removal is a lucrative field, part of a $50 billion industry fueled primarily by homeowners moving or remodeling, but also by the needs of offices and commercial businesses. To put it in perspective, 1-800-JunkPro removes more than 22 million pounds of junk through its franchised locations each year (that's 11,000 *tons!*). Not all of it goes into landfills: the company tries to donate or recycle as much of the collected materials as it can.

"We have become a throwaway society; people have more and more to dispose of," says CEO Mike Davis. "We want to meet those needs better than anybody else."

Homeowners are the company's bread and butter. That's why Davis says the company puts such an emphasis on customer service. "If we take care of our customers and we take care of our franchise partners, the growth of our company will take care of itself."

Davis says that despite the adjustments and safety restrictions resulting from the Covid pandemic, the company grew by 14%. This year's goal is even bigger, he says. "I expect to grow by over 40%."

Bring on the junk!

LEADERSHIP

What is your role as CEO? To find ways to create breakthrough ideas that get results and continue to build our brand value. I'm constantly curious about all aspects of our business and focus heavily on the overall development of our company. I help make sure that people are put in the right seats to ensure that the operational details are executed at our best-in-the-business standards, including hospitality, service, and overall value.

How has Covid-19 affected the way you have led your brand? It hasn't changed how I lead the team. Covid was just another hurdle for us to get through. It was a big hurdle to be sure, but we treat it just like any other obstacle placed in our path. We quickly assessed what was needed to keep our business moving forward and then we pivoted, adapted, and made the changes required to lose as little momentum as possible. As always, we expected to win, together.

Describe your leadership style. Half company visionary, half servant. I think for a company to succeed, it's important to have both. You need to be able to see the big picture and develop grand plans to help lead your team forward, and you also need to listen, help, and be aware of what is going on at the day-to-day level.

What has inspired your leadership style?

MIKE DAVIS, 41

CEO, Founder

Company: 1-800-JunkPro

Units: 6

Years in franchising: 5

Years in current position: 21

I love seeing our team members and our customers happy. It's as simple as that.

What is your biggest leadership challenge? I have always struggled with patience, especially as it relates to change management. If I see something that I think can improve the business for our customers or our team members, I want to start putting the actions in place 60 seconds ago.

How do you transmit your culture from your office to front-line employees? Our management team leads by example. We rely heavily on our Core Values to guide our decisions. Years ago, we put our Core Values on the walls in every meeting space we have. Now it's second nature to refer to them with every decision. We also meet with our front-line team members on a daily basis.

How can a CEO help their CMO develop and grow? We don't have a CMO yet. We have another stage of growth before we begin to hire for that role. That job is currently shared by several people in the company. When it comes to marketing, leadership has to give whoever is doing the marketing the okay to fail. You obviously can't fail all the time, but if you're so careful to ensure that you never fail, you'll never find new ideas that work.

Where is the best place to prepare for leadership: an MBA school or OTJ? In my opinion, experience in the military or being a part of a sports team is more valuable than either of those options. Both of those scenarios offer countless opportunities for someone to develop the skills necessary to be an effective leader.

Are tough decisions best taken by one person? How do you make tough decisions? Regardless of their industry or profession, everyone has tough decisions they need to make every day. I make mine quickly; analysis-paralysis is not something that I have ever been accused of.

Do you want to be liked or respected? When possible, I strive to be both. But if I had to choose one, I would choose to be respected, as long as it was because I had done things to earn someone's respect.

Advice to CEO wannabes: First of all, don't think of yourself as a wannabe. Second, put your team and your customers first, always. And finally, *know your numbers* and what factors affect them. Numbers are key and you can't succeed without fully understanding them and what they mean for your business.

MANAGEMENT

Describe your management style: See my response to leadership style.

Favorite management gurus: Do you read management books? My favorite management gurus are Tilman Fertitta, Grant Cardone, and Michael Gerber.

What makes you say, "Yes, now that's why I do what I do!"? Happy people over everything. Happy customers. Happy team members. It's the most important thing.

PERSONAL

What time do you like to be at your desk? I'm an early bird. I like to be at my desk and starting to tackle the day by 6 a.m.

Exercise in the morning? Wine with lunch? No and no.

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

Last two books read: I recently read *Built to Last* by Jim Collins and Jerry I. Porras and re-read *Shut Up and Listen* by Tilman Fertitta.

What technology do you take on the road? I leave no technology behind while traveling.

How do you relax/balance life and work? Integration is key.

Favorite vacation destination: I'm still searching for my favorite destination since I have enjoyed every vacation I've ever been on.

Favorite occasions to send employees notes: I believe that today is as good an occasion as any to send a note to a team member and show them that you value them.

Favorite company product/service: Our Medium dumpster.

BOTTOM LINE

What are your long-term goals for the company? I want 1-800-JunkPro to be a household name in every state.

How has the economy changed your goals for your company? It hasn't. We won't move the target and we won't accept a participation trophy. We had to pivot and change a lot as a company last year, but we still grew by 14%. This year, I expect to grow by over 40%. That being said, we're fortunate to have been an essential business. I feel terrible for the companies who have been struggling to get by with their hands tied behind their back.

How do you measure success? For me, it's all about customer and team member happiness. If you get that right, everything else falls into place.

What has been your greatest success? I make it a point to surround myself with great people. I think I have been able to find the right people to work with, and that is a huge reason our business has been able to grow and thrive as much as it has.

Any regrets? No.

What can we expect from your company in the next 12 to 18 months? To put it simply, you can expect more. More happy customers being served by more happy team members at more 1-800-JunkPro locations in more states. The sky is the limit. ■

READING THE FDD

The argument against simplification

Written by **ROCHELLE SPANDORF**

In this first of a special 2-part series, a veteran franchise attorney looks at franchisee complaints that FDDs are too complicated to be understandable. Part 2, in the next issue of this magazine, offers 10 tips on how to read an FDD critically.

No smart franchisor wants to sign up a new franchisee who has not read the franchise disclosure document (FDD). The FDD (franchising's equivalent to a public company's Form 10-K) is a government-mandated pre-sale disclosure document that franchisors must deliver to a prospective franchisee at least 14 days before the franchisee signs any binding agreement or pays any money to the franchisor, even a refundable deposit.

The FDD must contain the franchisor's answers to 23 distinct categories (Items) of questions about the franchisor, the franchisor's management, and the franchise program, as well as the franchisor's audited financial statements and a complete copy of all contracts that a franchisee must sign.

Answering questions with brevity is not necessarily the best practice for franchisors. Most franchisors write their FDDs defensively to protect themselves against future claims by franchisees over business losses that they allege are due to FDD misstatements or omissions.

A prospect who is told by a franchisor or business broker that FDD delivery is a mere formality because everything they need to know about the franchise program can be found on the franchisor's website or learned during a discovery day visit—should reject that franchise program and find a reputable one. There are a few thousand active franchise concepts in the U.S. across all industry sectors, including some run by Fortune 500 companies. Smart franchisors want franchise buyers to understand the deal they are getting into before signing a long-term contract allowing use of the franchisor's most valuable asset, the franchise brand.

THE FRANCHISEE'S LAMENT

A September 2019 *New York Law Journal* article written by a highly regarded franchisee attorney and friend of mine describes franchising from the perspective of representing franchisee owners who have failed in business. These are franchisees who seek legal help to extricate themselves from an unsuccessful franchise investment after a few years of operation; they are losing money and, notwithstanding their contractual commitment to operate for a longer period, continuing in business makes no financial sense.

The classic franchise agreement, the article critiques, lacks an "out clause" allowing a franchisee to terminate the arrangement absent proof of the franchisor's material breach, an observation that is unremarkable if only because it is entirely consistent with basic contract law. It also claims that franchise agreements give the franchisor too much control over basic aspects of the franchisee's business, allowing the franchisor to dictate uniform standards for trade dress, operating protocols, authorized goods and services, hours of operation, and suppliers.

However, the fact a franchisor dictates these things is explainable by well-settled trademark law: a franchisor—as brand owner—must establish rules for all franchisees to follow to ensure that the licensed brand stands for the same thing in the minds of consumers who engage in transactions across branded outlets owned by different franchisees.

Omitted from the article is any mention of whether the franchisees who seek to escape from a franchise deal gone bad—a painful outcome that no one may trivialize—bothered to read the FDD or franchise contracts before signing them. Nor does the article mention if the franchisees engaged legal counsel to help them evaluate the franchise opportunity or conducted due diligence to validate the franchise program (e.g., interviewing existing franchisees) before leaping in.

Franchise agreements are, by necessity, *incomplete contracts:* they require mutual performance over a relatively long term, on average 10 years. As a result, they expressly vest franchisors with discretion to adjust the franchise program to keep the brand relevant as consumer preferences, technology, and competition inevitably change over the contract's long term. This is not to say that all franchisors use their contract power benevolently or fairly; some do not. But, the fact that the franchise contract gives the franchisor control in the first place to dictate operating requirements and lacks an "out clause" for franchisees are risks that can readily be identified before buying a franchise by carefully reading the FDD, engaging counsel to read it, and interviewing existing and former franchisees whose contact information is in the FDD.

The Federal Trade Commission (FTC), which has administered a federal franchise sales law (the Franchise Rule) since 1979, requires franchisors to disclose on the very first page of the FDD in no-nonsense terms three basic warnings: 1) *"Buying a franchise is a complex investment"*; 2) *"Read all of your contract carefully"*; and 3) *"Show your contract and this disclosure document to an advisor, like a lawyer or an accountant."*

Yet, despite these clear admonitions, research shows that most franchisees buying their first franchise neither read the FDD nor consult with a qualified franchise attorney before signing a franchise agreement. Instead, researchers say that most franchisees base their buying decision on "relatively shallow" less informative sources, such as statements in franchise advertisements, newspaper articles, or franchise prices.

It is textbook law that a party cannot evade the consequences of a contract that the party signed without reading. While people are free to sign legal documents without reading them, the documents are still binding. This truism applies to all contracts, not just franchise contracts. The principle is rooted in the *"sanctity of contracts,"* a doctrine that recognizes that contract-making benefits the general public and depends on parties being able to rely on their contracts being enforced as written. Courts advance this public policy by limiting their role to enforcing contracts and rarely creating, dissolving, or changing contracts.

If a majority of franchisees sign franchise agreements without reading them, it is fair to say that, despite their efforts, franchise regulators and franchisee advocates have done a poor job in educating franchisees about the blunt consequences of blindly signing franchise contracts. When unsuccessful franchisees seek legal help for rescue from a deal gone bad, they learn the sobering lesson that the law strictly limits the circumstances in which a court will unwind a contract. If only these franchisees had sought the advice of experienced franchise counsel before buying the franchise.

THE FDD READABILITY PROBLEM

The FTC recently invited the public to comment on several proposed adjustments to the 41-year-old Franchise Rule. One proposal advanced by franchisee advocates would upend the longstanding pre-sale disclosure process. Proponents maintain that the FDD has grown so complicated and voluminous that it is *"intimidating"* to the average prospective franchisee, so much so that the FTC should no longer expect franchisees to read the FDD before buying a franchise. They urge the FTC to fix the "readability" problem by requiring franchisors to prepare and deliver a summary FDD containing just specific highlights, something short and straightforward enough that franchisees will read. Proponents of changing the pre-sale disclosure process also assert that prospective franchisees cannot afford *and should not be expected* to hire an attorney to digest the "big" FDD for them.

Franchising *is* a complex investment. It is the wrong business opportunity for someone unwilling to invest the time and resources to read the contracts or have them explained before signing them. I say this having written and reviewed hundreds of FDDs during my 40-year career as a franchise attorney representing mostly startup franchisors—but also having helped scores of prospective franchisees analyze the FDD and contracts to ensure that they appreciate what is expected of them, what they can expect from the franchisor, and to identify atypical contract provisions and red flags that could spell trouble ahead.

While I appreciate that parsing through long contracts written in legalese (the universal language of all contracts) is challenging for non-lawyers, it is difficult to understand why franchise buyers are apparently unwilling to invest in legal counsel. If franchise buyers find the "big" FDD and its many exhibits so confounding, why would they invest what often is their life savings in a binding agreement without hiring legal counsel to advise them about what they are getting into?

Furthermore, it is difficult to accept the affordability excuse for not hiring legal counsel. Compared to the amount of money that franchisees will invest to buy and start up a franchise business, the cost to hire an experienced franchise attorney to wade through the FDD and contracts is nominal. Once the franchisee signs on the dotted line, they will face far greater expenses opening and operating the franchise business—just to break even—than the up-front investment in good legal representation. Hiring an experienced franchise counsel before buying a franchise is the ounce of prevention hailed by Benjamin Franklin.

DEBUNKING THE READABILITY PROBLEM

There are numerous articles written by franchise consultants offering different perspectives for how a franchise buyer should critically read the FDD or find the right franchise. Some of these articles are extraordinarily basic, written so simplistically that they leave the impression that selecting a franchise and digesting the legal documents are tasks that are easy to do. Add to this the fundamental attraction of franchising—being one's own boss in control of one's own destiny —and the sheer number of franchised businesses represented in the U.S. economy, and it may seem to a first-time franchise buyer that anyone can find financial success by investing in a franchise. Buying a franchise is a complex investment, and performing appropriate due diligence and engaging legal counsel before signing a franchise contract will *not* eliminate the risk embedded in every business investment, franchise or not.

It is important to debunk the notion that FDDs today are so complicated that franchisees may rightfully not read them. Anyone who buys a franchise will have to sign other contracts to get their franchised business open—leases, bank loans, supplier agreements, and more—for which the law does not provide a plain language, pre-signing disclosure like the FDD.

While the FDD's plain-English disclosures cannot change the relational dynamics or level the playing field between franchise parties as a whole, the FDD does a good job of comprehensively explaining the parties' mutual rights and duties in what may fairly be described as a lopsided power arrangement. Franchisees lose sight of the forest for the trees by blaming the FDD's girth as a reason for signing franchise contracts without reading them. Proper due diligence of a complex investment is *not* something that can or should be abbreviated, condensed, or hastened. ■

Part 2, "Ten Tips for Reading an FDD," will appear in the next issue.

Rochelle Spandorf is a partner with Davis Wright Tremaine and chairs the firm's franchise practice. She is a nationally recognized business franchise and distribution attorney representing franchisors, manufacturers, licensors, suppliers, franchisees, and distributors in their domestic and international expansion and strategic development. She has the distinction of being the first woman to chair the ABA Forum on Franchising, the nation's preeminent association of franchise attorneys, and is recognized by her peers as a Global Elite Thought Leader in franchise law. Contact her at rochellespandorf@dwt.com or 213-633-6898.

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Scorpion is Headquartered in the Salt Lake City area, with offices in California, Texas, and New York. For more information, please visit scorpion.co/about-us.

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A recent study showed that 70% of consumers prefer to call your business for an appointment after researching online. Armed with insights, data and strategic recommendations based on actual phone calls, your brand can achieve breakthrough results in driving revenue, profitability and an outstanding customer experience.

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Silvercrest passes an impressive milestone, celebrating 10 years in business this year. Silvercrest was founded in 2011 by William Rodriguez and Ryan Gesler, who designed their proprietary software out of the recognition that there was a paucity of comprehensive technology solutions for multi-unit brands, specifically in the franchise space.

"We are dedicated to using and developing technology to solve our clients' impossible problems," says Rodriguez. "We look forward to breaking more new boundaries in the next ten years, and we will stay focused on our mission to be the single solution for executing brands' national and local marketing and media needs, delivering excellence every time."

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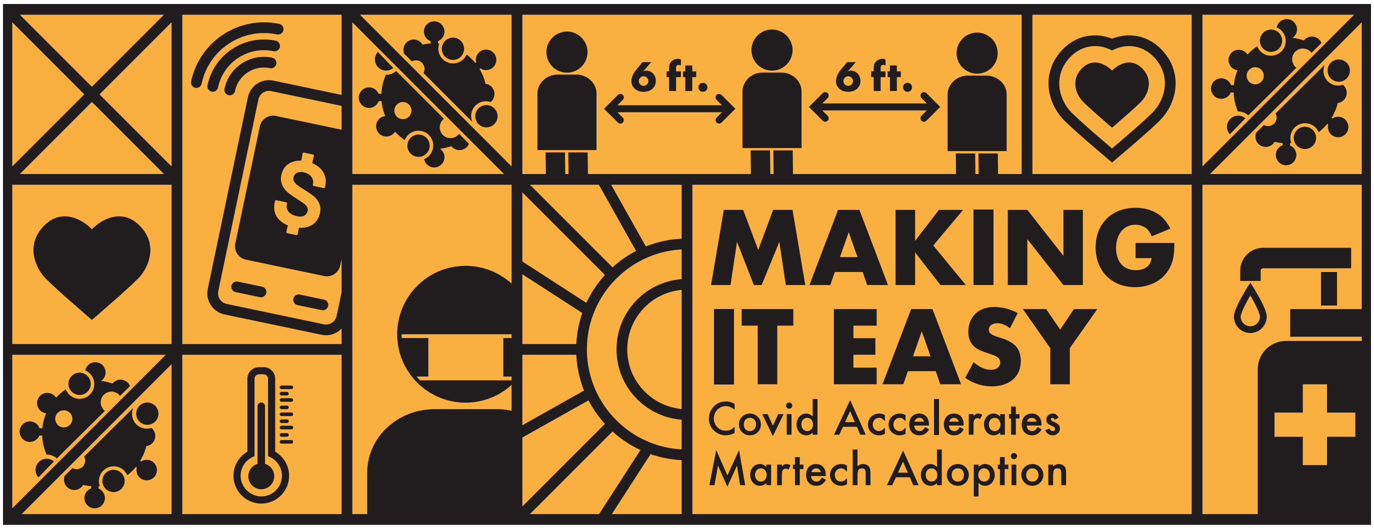

Written by **HELEN BOND**

Del Taco was hard at work on a new future-focused restaurant prototype and drive-thru-only model to modernize the guest experience and maximize operational efficiency when the pandemic hit. Customers arriving at locked doors were forced to adopt technology for access to their favorite foods at the brand or go without.

It quickly became clear that the customer's hunger for convenience (as well as for its food) was here to stay. The Mexican-American fast food chain, founded in 1964, returned to the drawing board to integrate customer-facing technology as "a real part of the functionality of the prototype," says John Cappasola, president and CEO of Del Taco, which today has 600 restaurants across 16 states.

"I think brands, including Del Taco, needed to think about the likely points of access with the consumer and make sure that we make the avenues to achieve that access as seamless and easy for them as possible," he says. "Clearly, technology was the place we needed to start."

Along with a reimagined interior and exterior, the brand's new Fresh Flex prototype, announced in January, reflects the multiple ways guests can experience Del Taco. It includes third-party delivery pickup stations, a dedicated lane for mobile orders or delivery driver pickups, and parking lot areas for people who want to park and eat on the go.

"Customers can sit in their car under a shaded canopy and get away from the world for a few minutes and enjoy Del Taco, much like they did before in our dining room—and they can do that in the comfort of the parking lot without having to get out of their car—all enabled by technology," says Cappasola. "Your ability to order from our app, identify that you are in your car in the parking lot, and have one of our team members bring your order out to your car was not something we were thinking about before the pandemic."

Del Taco's strategic push for "ultimate convenience" also can be found in its continued digital transformation, with enhanced mobile app upgrades and plans in the months ahead for a new CRM platform and loyalty program rollout designed to enable a data-driven, personalized approach to sales growth.

TECH INTEGRATION

Capriotti's Sandwich Shop, founded in 1976, built its brand on handcrafted sandwiches and developed a cult-like following over the following decades. These days the fast-casual brand considers itself a technology-enabled service company.

"The way we think about technology today is that it is the pillar that runs through branding, through operations, and through marketing and innovation," says David Bloom, chief development and operations officer for the Las Vegas-based franchisor. "It connects everything, it integrates everything, and it has to be integrated into everything."

After accelerating the adoption of digital technologies in response to Covid-19, franchisors are crafting strategies to engage and efficiently build multi-channel loyalty in a post-pandemic world. With convenience expectations forever reset, the path to sustained success means keeping pace with where and what customers value most.

"In other words, where's the consumer demand?" says Bloom. "The question is 'Who is going to meet the demand best?' That is the prism we look through to make sure we meet that demand and where that demand is going to be, versus just doing what we think works best for us."

Capriotti's road map of current and future technologies continues to pay off. With the infrastructure in place, the chain swiftly adapted its operations at the start of the pandemic to give it a marketing head start and boost the bottom line for its franchisees and system. The introduction of virtual brands, a ghost kitchen franchise opportunity, and the recent acquisition of Wing Zone highlight the flurry of initiatives over the past year for Capriotti's, which has 115 shops, more than 200 in development, and is targeting 500 by 2025.

8,000 SOLUTIONS

Franchisors have turned to integrated marketing and operations technology to rethink their business model in big and small ways. They have plenty of help: at last count, there were 8,000 online tools and technologies, according to ChiefMartec.com's 2020 edition of the Marketing Technology Landscape.

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Pizza Inn, known for its dine-in pizza buffet, used social media and public relations as early as March 2020 to introduce its contactless Buffet To-Go for customers to enjoy in the comfort and safety of their homes. The online program, the brand's #1 redeemed offer at launch, was so popular that Pizza Inn brought it back last fall with expanded options as part of the chain's New Right-Way Buffet, says Douglas Kwong, Rave Restaurant Group's vice president of marketing.

Kwong, who previously served as director of e-commerce and digital media at Pei Wei Asian Kitchen, oversees marketing and IT strategies for both of Rave's brands: Pizza Inn and Pie Five. Under his watch, Rave is rebuilding the entire training platform and rolling out Pizza Inn's new POS system to simplify operations. And both Pizza and Pie Five have benefited from expanding its delivery and e-commerce platform.

"All of our initiatives that involve technology are centered around our goal to make the franchisee role more efficient and effective so they can take care of their guests and provide the best experience," says Kwong. "From a marketing perspective, we are continuing to push our efforts around digital media to help increase brand awareness and sales."

AUTO-MARKETING

As franchisees seek more support for marketing to drive ROI on the local level, martech solutions provide both abundant opportunities and challenges.

"When you are interacting with consumers where they are, which is all-digital now, the emphasis on consistency and brand support gets bigger, but our budgets don't," says Katherine LeBlanc, chief marketing officer at Twist Brands, parent of Painting with a Twist—as well as the 140-unit Color Me Mine brand and supplier Chesapeake Ceramics, both acquired in November 2020.

Painting with a Twist, with nearly 300 studios open or in development, was built primarily through grassroots marketing, but has shifted its focus to a primarily digital approach. Customers already comfortable making studio reservations online quickly embraced the brand's rollout of Twist at Home kits, which are available for pickup or shipping through a newly launched e-commerce site from the paint-and-sip franchise.

"For us, it's all about automation," says LeBlanc. "How do we create more automation for franchisees to be streamlined and run their business on the technology side, and how do we create a more streamlined and friction-free experience for consumers on the marketing side?"

Consistency and frequency are everything, she says. Along with a traditional enterprise email marketing system and new strategies to efficiently boost its media mix, the addition of Canva, a graphic design platform, has been a difference-maker. Using Canva, franchisees can create and customize marketing for a local feel that remains brand consistent.

LOCALIZED APPROACH

Multi-location businesses with an optimized localized marketing strategy grew revenue at a rate up to three times that of their peers, even during the pandemic, according to the newly released 3rd annual Localized Marketing Benchmark Report. The study, from Localogy and SOCi, reported that businesses that "fully leveraged their localized business presence across top social and search sites experienced higher levels of visibility and performance compared to the average multi-location business."

The Moran Family of Brands moved to a digital local advertising approach a few years ago, which has helped franchisees stretch their marketing budgets. The automotive franchisor recently switched over to SOCi's all-in-one marketing platform to manage social media, ratings, and reviews and keep tabs on competitors of its seven brands.

Using data to personalize, tailor, and adjust local advertising is bolstering franchisee buy-in, says Amanda Maquet, director of marketing for the company.

"The biggest result is that we've had franchisees stay consistently on a marketing program because they're able to see the return on their investment," she says. "They're happy because they know it's working, whereas before a lot of franchisees were left in the dark. They only got to see the data up to two clicks or up to two leads, and they never were able to see beyond that. So whenever they had a slow period or a slow week, they blamed it on marketing."

FUTURE FORWARD

After months of operating in survival mode, marketing leaders in 2021 expect to focus on online growth and making the most of existing martech solutions to drive traffic, engage customers, and optimize their online experience.

Capriotti's uses EOS's Traction business system to strategically develop, organize, and prioritize resources and short- and long-term plans. The next 5 to 10 years will be "super interesting, and our mission is to be on the forward edge of it," says Bloom. "We are living in the age of convergence."

With the arrival of 5G, existing technologies such as robotics, artificial intelligence, big data, and embedded sensors will have the potential to be integrated into game-changing technologies that can provide a clear ROI and add value to any brand.

"While there's been a crazy amount of destruction and disruption going on, it's also creating a tremendous amount of opportunity," says Bloom. "I don't think there has ever been a more exciting—and maybe scary—time, but there's never been a bigger inflection point. I think the gap between the haves and the have-nots is going to get bigger and bigger." ■

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CREATIVE MARKETING PRO

Dwayne Chambers' "internal agency" approach pays dividends

Written by **KERRY PIPES**

When it comes to what he thinks about marketing data, Dwayne Chambers doesn't mince words.

"Simply having massive amounts of information and data is useless unless you have the tools and smart people who can translate facts into actionable truth," says Chambers, CMO for Checkers & Rally's. Actionable truth, he says, is what leads to learning and continuing to improve.

Chambers arrived at Checkers & Rally's in the summer of 2019 with a rich history in restaurant marketing with brands that include Sonic Drive-In, Red Robin, P.F. Chang's, Krispy Kreme, Noodles & Company, and Fuddruckers and Koo Koo Roo. After more than three decades in marketing leadership, he understands how to create and implement strategic brand-building efforts that produce sales growth.

Under his leadership at Checkers & Rally's during Covid-19, the in-house marketing team quickly adapted to capitalize on the brand's famous double drive-thrus and played a pivotal role in the brand finishing 2020 in a strong financial position.

Over the course of his career, Chambers has found an internal agency approach to marketing has allowed brands he's been with to be "nimbler, faster, more effective, and way more efficient." At Checkers & Rally's the in-house marketing team consists of a creative team, field marketing team, consumer insights team, guest engagement team, e-commerce team, brand development team, and R&D team.

One of the marketing moves he and his team rolled out in 2020 include a new social media push centered around the brand's Famous Seasoned Fries. "We were recognized as having the #1 most craveable fries in the restaurant industry," he says. "We registered Black FRYday, adopted every FRYday, and pushed engaging content to celebrate 52 individual FRYdays."

Then there was the brand's unique promotion with Michael Vaters, a nationally recognized monster truck driver, who agreed to wrap his truck as the "Mother Cruncher" to promote the brand's new Mother Cruncher chicken sandwich. Customers were encouraged to name things from 2020 that frustrated them that they would like to "crunch." Some of the top Covid-related frustrations were toilet paper shortages, virtual schools, overeating, video chats, and being quarantined at home—plus a couple of non-Covid items such as hurricanes and killer bees. The crunching took place at Vaters' farm in Pennsylvania and the campaign was a social media hit.

Marketing for Checkers & Rally's more than 800 units is off to a quick start in 2021 with the launch of a new TV ad campaign, part of an effort to hone their marketing to better reach key demographics. Stay tuned for more creative, results-oriented marketing campaigns from Chambers and team in 2021.

Describe your role as CMO. It starts with aligning the company objectives, the consumer desires, and the brand's DNA. There is a delicate balance of inspiration and just plain heavy lifting. The driving force is a sense of service to the brand, the company, our franchisees, and our teams.

What's the most challenging part of being a CMO today? Digging through massive amounts of information and data in an effort to find truth, rather than just an aggregation of facts.

How has Covid-19 affected the way you have led your brand's marketing efforts? We are fortunate to have a drive-thru-only concept that works exceptionally well in today's environment. The initiatives and objectives we set in motion in 2019, such as investments in delivery and menu innovations, ended up being exactly what we needed in 2020. As a result, we met our plans and financial goals, which has allowed us to fast forward things that may have been planned for later.

What are the 3 most important keys to being an effective CMO leader today? 1) Ability to truly understand how the brand is different and go that way as fast as possible. 2) Deciphering truth from an endless string of facts. 3) Assembling the right people and empowering them to do things you could never do alone.

How do you prepare a marketing plan and execute the strategies? I am blessed to work with a great executive leadership team, so it starts there. We align ourselves on our shared objectives, and then the "marketing plan" becomes just a way to support the bigger company objectives and strategies. From there we collaborate across the organization to see how marketing ideas and strategies engage our guests, inspire our team members, and can help bring that plan to life.

How do you measure marketing results and effectiveness? Individual projects and initiatives have key performance indicators, but we also look at the bigger picture. The most important question we want to answer is not how, what, who, or even how much. The most important question is "why." If we can understand "why," we have a real opportunity for success that comes from constant learning and consistent improvement.

Discuss your core consumer marketing strategies and objectives. We have found that our guests really respond when we do the basics well. We have a solid menu, great offerings, and great value. We have gone back to the basic elements that made the brand successful for more than 30 years: serving better food, faster and more conveniently. Our best marketing plan is to support and encourage our operators and their teams.

How do you go about creating a customer-centric marketing and brand philosophy? We are hyper-focused on our core purpose of "rewarding the hard-working and often underestimated" in our communities. We embrace communities that other concepts overlook. We champion hardworking people who spend their day serving people who work hard. As a result, our strategies are about understanding those folks and finding ways to serve them better.

Describe your marketing team and the role each plays. For the past couple of decades, I have found that building and focusing on an "internal agency" approach has allowed us to be nimbler, faster, more effective, and way more efficient. We have an internal creative team, field marketing team, consumer insights team, guest engagement team, e-commerce team, brand development team, and R&D team. Our primary roles are leading through service; inspiring our guests, team members, and franchisees; and building equity for the company. From there we find the very best external partners to fill the gaps and help us in areas of specific expertise.

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? We are all in this together. As an organization we have a Guest Value Proposition, an Employee Value Proposition, a Community Value Proposition, and a Franchise Value Proposition. Since we also operate about one-third of the system's restaurants, we know what it means to be operators. We have the same concerns, the same challenges, and we share the same victories.

How does this help your franchise sales and development effort? I have been amazed at the continued interest from our existing and new franchisees. Our franchise sales group worked through hundreds of prospects, and we approved 40 new franchisees in 2020 in the midst of Covid and at a time when most were predicting the end of the restaurant industry as we know it. Our partnership with the sales and development team is critical to help prospective franchisees not only see the success in the brand, but a true partnership with them.

What ways/tools do you rely on to do this? One thing I have learned about franchisees over the past 32 years is that they don't just want to hear about success—they want to see it. We work to be very transparent in the business and our efforts so they can see that we have the right vision, the right people, the right tools, the right support, and the right model for them to have the best chance of success.

Do today's prospects expect more from the franchise marketing department? What, and how do you provide it? I am not sure if it is more or just different. There are some core things they want to make sure are in place: digital efforts, robust e-commerce, strong menu offerings, and solid marketing plans. Interestingly enough, the recent industry changes have caused a significant resurgence in local restaurant marketing (LRM). LRM used to be a staple in the industry, and then it evolved to just having strong social channels and national programs. We are seeing LRM as an increasingly important ingredient to our restaurants' success and are fortunate to have a full complement of LRM specialists on our team.

How is today's consumer and marketing data helping you fine-tune your marketing initiatives? I am probably in the minority when I say that simply having "data" is useless and can often send you down a path of destruction. What is important is having the tools and smart people who can translate facts into actionable truth. From there, it is about what you can learn and how you can keep improving.

Describe the evolving role of social media in your brand's marketing efforts. While built for strong organic social media, the brand hasn't historically been focused on it until the past year. Recently we were recognized as having the #1 most craveable fries in the entire restaurant industry. Immediately the team registered Black FRYday, we adopted every FRYday, pushed engaging content to celebrate 52 individual FRYdays in 2020, and recently we partnered with a nationally recognized monster truck driver and wrapped his truck as the "Mother Cruncher" in honor of our new Mother Cruncher Chicken Sandwich. We asked guests to tell us what they wanted to crunch based on the things that frustrated them in 2020 and we set up an arena to do just that.

How do you work with other internal departments and does technology help? The past year has certainly brought us together. Our new CEO Frances Allen also championed the importance of our organizational health, which resulted in cross-collaboration and alignment to a level I'd not personally seen before. This has not only aligned the senior staff, but also all of our team members behind the same purpose, objectives, values, and key initiatives.

How do you manage costs and budgets for the marketing department? Because of the diligence of the team, strong sales results of the restaurants, and great partnerships with our vendors and franchisees, we actually came in well under budget for 2020. When the organization is aligned and the teams are focused, it is amazing how you can also focus your resources.

Do you see vendors as business partners? Why/why not? Absolutely. We all have the same objectives, so partnership and transparency are critical for us to have collective success.

How have marketing strategies/tools changed over the past decade? How have you adapted? It is easy for any of us to get excited and distracted by the next shiny thing that promises to give us all the predictive insights and answers. Just put the data in the machine and it will tell you what to do. While I think there are amazing tools out there, none of them can rise to the level of importance of the talented people it takes to ultimately layer on qualitative humanity, intuition, experience, and personal commitment. I look for the right people first and then help empower them with technology—not the other way around.

How is your marketing/branding strategy developed, and how does it flow through the system? In partnership. Marketing isn't the keeper of all knowledge and strategy. We just completed a process to define our brand DNA that started with some really smart people in marketing but engaged the entire organization: all cross-functional teams, franchisees, vendors, operators, and team members. Together we uncovered strong truths that embraced the brand, aligned with our guests, and inspired our team members. No way to do that alone and be effective.

What advice would you offer to aspiring CMO executives? Find what inspires you, search for truth, and focus on serving others. ■

Q What technologies are you finding most effective for reaching consumers during Covid?

STEVE SCHULZE

Co-Founder & CEO
Nékter Juice Bar

The secret to success in reaching customers during the Covid-era lies in your ability to meet them where they are. You must create innovative digital models that bring comfort and convenience to interacting with your brand. For Nékter, this included curbside delivery, delivery through third parties, ordering ahead, and promotions for our rewards members through the app.

With this foundation rooted in technology and innovation, we saw sales across both digital and delivery platforms increase 200% year-over-year amid the pandemic (2019 compared with 2020); and now, same store sales continue to rise, up 11% year-over-year (2020 compared with 2021).

With this multi-tiered approach, we're able to gather complex customer data and deliver customized offers and messaging based on individual purchase history and preferences. This strategy has driven customer engagement, loyalty, and frequency. It all comes down to the simplistic marketing formula: right time, right location, right reward.

Covid-19 has also significantly affected the importance of social media marketing. Traffic has spiked exponentially because of consumers spending more time on their phones and scrolling through social platforms. It's become imperative to engage with your audience in a way that is authentic, honest, and empathetic. But how do you inform this strategic approach? It begins with social listening and community engagement. Use real-time data to better understand the customer's current situation and needs. Engaging with your customers across social media platforms and using contact forms such as surveys and reviews on Yelp, Facebook, and Google becomes a vital element of your marketing mix.

Other effective, low-cost technology solutions include email content, social influencers, and simple signage. When combining these efforts, you're able to increase brand engagement and begin driving foot traffic back to your locations as we inch closer to pre-pandemic consumer behavior. ■

> "We have found that digital and paid social ads have proven to be an effective strategy in garnering attention and delivering a brand message. When paired with a call to action, it has been successful in driving online and third-party delivery orders.

BRUCE SKALA

Vice President, Marketing
Hoots Wings

Our brand, Hoots Wings—and its parent company HOA Brands and brother brand Hooters—has taken a multi-tiered approach to reach consumers during the Covid crisis, especially when raising awareness for a new concept. While Hooters has name recognition, Hoots Wings is an emerging concept that was founded in 2017 and just started franchising in 2020.

Our first step in reaching customers is finding where they are spending their time. This has changed since the start of the pandemic. We have found that digital and paid social ads have proven to be an effective strategy in garnering attention and delivering a brand message. When paired with a call to action, it has been successful in driving online and third-party delivery orders.

We have also incorporated traditional media such as digital billboards and radio. Both have been effective tools for delivering multiple messages. These options give us the opportunity to change and update our messaging by the day, and even hour, to deliver a targeted message. This has been incredibly beneficial as we continue to pivot to the changing business and consumer landscape in the Covid era.

While it may not be new technology, traditional direct mail campaigns that reach people at their residence and within proximity of our stores have had much higher redemption figures during the Covid crisis. Consumers are spending more time at home and, in turn, looking through their mail more frequently. They are also looking for a reason to mix up their daily routine, and a compelling offer delivered to their residence has resonated with them.

Last, we have worked to create unconventional opportunities as we continue to prioritize innovation post-Covid. With the strong uptick in home delivery, we have branded the vehicles used by our delivery service partners. This achieves two important goals: providing 1) a brand message in the neighborhood where a competitor's food is being delivered; and 2) useful data on where the delivery providers are spending their time. This has allowed Hoots Wings to use this data to better dial in our direct mail and other marketing initiatives to a more targeted group of consumers. ■

Balancing Act

How much control do you give franchisees?

Written By
LIANE CARUSO

Should franchisors keep a tight leash on the social media activity of their franchisees? And what is the right amount of monitoring and oversight? Or should franchisees, many of whom operate in areas and territories quite different from one another, have a say in the content meant to drive local awareness in their own backyard? And how much?

To achieve mutually beneficial success, both sides must develop social media usage guidelines that strike the right balance of appropriateness, relevance, and effectiveness.

By now most, if not all, franchisors know and understand the power, reach, and value of social media channels. Working with social media platforms is akin to working with radioactive material: they are extremely powerful and efficient, but if something goes wrong the initial damage and resulting fallout can produce the same damage to a brand as a nuclear incident.

In keeping with the standards of the franchise business model, franchisors should expect franchisees to follow the brand's established guidelines and policies for social media usage. As part of their ongoing training and support, franchisees should be educated and familiar with the specific channels the corporate office uses, as well as with the type of content, messaging, and frequency used to drive brand authority and awareness.

At the same time, franchisors should consider how centralized messaging may not be ideal for franchisees at the local level. Direct competitors with more edgy social media strategies unconstrained by an overly watchful corporate eye can run circles around a franchisee's local operation. While franchisees need the power and reach of social media, they also need the freedom to tailor content that levels the local playing field—within limits, of course, but what limits, and who sets them? How best to connect the two objectives? Through planning, communication, and collaboration.

CREATING AN ADVANCE CALENDAR

For franchisors to maintain the brand's social media standards while allowing enough leeway for local franchisees, a mutually beneficial plan is necessary. The franchisor should outline the common goals, KPIs, and strategies for social media outreach. Franchisees should set goals specific to their location, while providing insight and recommendations on what's working in their specific areas. And both sides should work closely together to build out a social media content calendar one month in advance that identifies corporate messaging and includes the tailored approach of individual franchisees. Armed with social media content approved a month in advance eliminates the possibility of a misstep and manages the expectations of franchisor and franchisee alike.

"HALL MONITORS"

To maintain the harmony necessary to ensure the ongoing success of a mutually beneficial social media campaign strategy, franchisors are best served by establishing a dedicated social media strategist. Ideally, the person in this role would maintain oversight of the brand's standards for content, messaging, and strategy—but also provide an ombudsperson-style concern for addressing the needs, concerns, and requests of franchisees at the local level. Additionally, to get a full grasp of what's being said about the brand online it's critical to incorporate social listening into your social media strategy.

WHAT'S AT STAKE

For franchisors and franchisees alike, the lack of a clearly defined approach to social media usage can be extremely risky. And the outcome of a negative incident has added a new term to our lexicon: the phenomenon known as "cancel culture." Franchisors and franchisees are very much aware that edgy or misguided social media content can result in an instant withdrawal of support, adverse publicity, and a steep decline in revenue. Even though this risk is clear, these incidents keep happening on a near-daily basis, with headlines trumpeting the fate of the latest victim facing a cultural boycott because of a perceived slight or blatant gaffe. For some, the episode may blow over in one 24-hour news cycle; for others, it can blow up on social media for weeks or more.

CONCLUSION

The success of a franchise's social media strategy requires a mutually beneficial plan that balances the expectations of the centralized brand and the decentralized franchisees, as well as oversight that provides a thoughtful approach to balancing the needs of both sides—with most of the control of brand management and reputation in the hands of the franchisor. ■

Liane Caruso is a franchise marketing professional specializing in digital marketing, social media, sales and marketing alignment, and strategy. She launched helloCMO, a franchise marketing consultancy dedicated to fractional CMO or outsourced CMO engagements for franchise brands and suppliers. Find her on LinkedIn or contact her at 312-526-3996 or liane@lianecaruso.com.

6 Areas of Customer Experience

How do you stack up among these crucial categories?

Written By
JOHN DIJULIUS

To create brand loyalty and customer evangelists, you must 1) operate at a high level in six distinct areas of business, and 2) constantly evaluate your company's customer service across each category, separately and as categories overlap.

Physical. The actual brick-and-mortar component of your operation; the physical elements that are more permanent or long term that cannot be changed daily.

Atmosphere. The controllable setting you create daily. Everything speaks in your business: your cleanliness, tone of your voice, the positivity (or lack of) in your signage. The setting communicates a message about what you can provide your customers. This isn't always visual. It may be the music your customers hear when they call and are placed on hold, or the mood your website creates. The setting reveals the characteristics of your business as they appeal to all five senses of your customer.

Functional. The ease of doing business with you: return policies, hours of operation, and other factors. Functionality has nothing to do with human interactions such as being pleasant or saying please or thank-you.

Technical. Your staff's level of expertise in their particular skills and in the company's systems and equipment, such as product and job knowledge. Again, this has nothing to do with whether they are nice.

Operational. The actions team members must execute behind the scenes before, during, and after a customer's experience. These actions assist in the day-to-day transactions with customers, tasks, compliances, and job duties.

Engagement. The actions team members execute to build rapport, personalize the customer's experience, show empathy, and make a brilliant comeback when they drop the ball.

Let's take a look at some real-life examples of these components:

- Your server is the most incompetent waiter you have ever met (technical).
- The place needs a good paint job (physical).
- The store is always out of what you want (operational).
- Your favorite store is difficult to get to and barely has any parking (physical).
- This salon has high energy and always smells great (atmosphere).
- The quality of the food is unfit for human consumption (technical).
- An associate overheard that you wanted a specific diet drink and ran across the street to buy it for you (engagement).
- At the diner, everything is themed 1950s-style (atmosphere).
- It is impossible to get a human being on the phone no matter what you try and you can't get out of the company's voicemail jail (functionality).
- The company has a 24-hour answering service and guarantees a callback within 60 minutes (functionality).
- My sales rep always screws up my order (technical).

CONCLUSION

Are any of the components more important than another? No. All are critical and all must be reviewed and tweaked on a regular basis. The components differ significantly in terms of required people skills training. The physical, atmosphere, and functional components have little to do with training or people skills; the other three absolutely do.

There is a difference, however, in the training required for each component. It is much easier to train employees on technical and operational skills; they are job-specific, and they include easy-to-train subjects such as product knowledge and checklists. Also, technical and operational skills tend to be present because of previous education, degrees, licensing, certifications, and trade schools. The vast majority of companies are weakest in the experiential category. ■

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

SPECIFIC EXAMPLES OF THE SIX COMPONENTS

PHYSICAL

- Brick-and-mortar
- Building
- Structure
- Architecture
- Location
- Accessibility
- Parking availability
- Design
- Decor
- Public areas
- Floor coverings
- Signage
- Spaciousness
- Handicap accessible

ATMOSPHERE

- Ambience
- Candles
- Theme
- Lighting
- Acoustics
- Grounds
- Furnishings
- Comfort of chairs, etc.
- Mood
- Signage
- Sound system
- TV placement
- Noise level

FUNCTIONAL

- Policies
- Hours of operation
- Ease of doing business
- Accessibility to a human being
- Product selection
- Website design
- How well you are staffed
- Reliability of vendors
- Security
- Payment options
- Phone number on website

TECHNICAL

- Employees' level of expertise
- Speed of technology
- State-of-the-art technology
- Website usability
- Equipment
- Phone system
- Software
- Product knowledge
- Quality of product
- Timeliness
- Knowledge

OPERATIONAL

- Daily tasks
- Cleaning
- Dress code
- Preparation
- Answering the phone
- Duties
- Checking people out
- Processing orders
- Functions of the job
- Compliances
- Paperwork

EXPERIENTIAL

- Hospitality
- Customer engagement
- Personalization
- Above and beyond
- Using customer's name
- Remembering preferences
- Presentation of food
- Staff verbiage/vocabulary
- Congeniality
- Willingness to help
- Anticipating needs
- Service recovery
- Soft skills

Real Estate Realities

Covid shakes up and shakes out the market

Written by **SARA WYKES**

The Covid pandemic has proven itself a mixed bag of worst, best, and in-between. Its impact on the real estate market is no different. Some franchisors put massive energy into supporting franchisees facing rent they couldn't cover. Others worked overtime to take advantage of expansion opportunities driven by booming business. In some cases, survival was all about being declared an essential business or not. In others, holding on to existing leases meant adopting new technologies or reconfiguring their physical space. No one had it easy. Even franchises with substantial financial backing operated in a changed and uncertain environment. But even in the most challenging times, optimism—and innovation—can be found.

URBAN AIR PARK PRESERVATION

When March 2020 and Covid rolled around, Josh Wall had been chief franchise officer at Urban Air Adventure Parks for less than a year. Spring was in the air and the brand's 129 parks across 30 states were about to enter their traditional busy time of year. The large-scale parks offer a long, family-friendly list of indoor recreational options including skydiving, go-karts, laser tag, bowling, climbing walls, trampolines, and food service.

In the previous month, the company had built out a wide-ranging Covid action plan to cover possible impacts and solutions, he recalls. "We put it in front of the franchisees and said, 'This is a just-in-case plan.' Then the closures happened and we immediately started talking to our system on a daily basis."

Each park is a $3 million to $4 million investment and the average franchise group is 1.7 parks, says Wall. "A bit more than half our franchisees are multi-units, and our largest franchisee owns nine. We started to hear a rising concern from them about what was going to happen."

Franchisees went into preservation mode, he says. The biggest impacts were in labor, insurance, and occupancy costs. "Most franchisees had already paid rent for March. In the first 30 days after the closures, we did well over 100 calls between franchisees and landlords. Most landlords had a certain level of empathy about what the closure was doing to their tenants. We saw some real humanity on the part of landlords," he says.

Wall thinks those feelings stemmed from the role Urban Air parks play in the shopping centers where they're located. "Our parks are stalwarts that generate traffic, and landlords rely on that.

They are not anxious to kick us out." Sometimes negotiations with landlords were made by the franchisees after coaching from Urban Air. Other times, says Wall, "We got on the Zoom or phone call and talked with them as well."

The first ask was typically for abatement, followed by a deferred payment schedule. "We were trying to minimize the impact," he says, adding that no franchisees were asking not to pay rent. "What they wanted was flexibility."

Before reopening, Urban Air sent a survey to its customers asking what would make them feel safe about returning to its parks and received more than 2 million responses, Wall says. Combining those responses with scientific data and recommendations from the CDC, Urban Air crafted a 106-page health and safety protocol to address masks, cleaning protocols, and occupancy levels for the parks, which average 47,000 square feet.

One new element suggested by the survey responses was a touchless purchase system for tickets and food. The brand also introduced new technology for its employee scheduling, smoothing management of the parks' many part-time employees. "Our franchisees and their teams all did an amazing job," says Wall. "It was an amazing effort."

It was also successful. Urban Air now has more than 150 parks in operation with another 60 agreements either signed or in development. "We could have easily doubled without Covid," Wall says, "but are we better for it? Yes. I think it made us safer and more efficient about how we support our franchisees." One-third of the revenue from the parks now flows through e-commerce tools, he says, something that was not in place a year ago.

As the general economy recovers, says Wall, "We are aggressively seeking the best real estate opportunities for our franchisees. We realize that we're in a battle for those prime position parks, but we're very excited about what the future holds for our brand."

HEAVY METAL

Metal Supermarkets, the 35-year-old brand supplying small quantities of metals through more than 100 stores in the U.S., Canada, and the U.K., had one big advantage during Covid. It was deemed an essential business, which kept its business growth, already substantial, on a steady upward climb throughout the pandemic.

"We are the convenience store of metal," says Stephen Schober, president and CEO since 2006. Nonetheless, Schober took nothing for granted. "When the pandemic started, we anticipated our business would slow down. But for the most part the industrial economy has been rolling through this. At the beginning, we had some phone calls from franchisees, but they stopped because people got so busy." In fact, when we spoke with him recently, Schober said Metal Supermarkets would be setting sales records as a total system that month.

With a view to continue expanding, however, came an unexpected challenge: new competition for the spaces in the industrial subdivisions where the brand typically finds a home. As many retailers moved to e-commerce they found space in those industrial areas. So did the restaurateurs and chefs operating out of ghost kitchens.

"Industrial space is now in high demand," Schober says. "In the U.S., we're seeing rents go up by 10 to 15 percent and higher in some markets."

Even when a new space is secured, its journey from empty space to fully stocked and operational is now taking more time. "Landlords take longer," says Schober. "They have more offers and it takes longer to get documents reviewed."

It's not just the paperwork. "There's a slowdown on the government side, like getting someone to do a fire inspection," he says. "We are lucky to be growing as an essential business, but the time frame and anguish is a challenge—even though we have a good, long track record, a national brokerage firm, and we don't waste people's time. I love Zoom, but it doesn't solve all problems."

Despite these obstacles, Schober says he is seeing more franchisees looking to buy property instead of leasing it, an option more appealing with today's lower mortgage rates.

ESSENTIAL AUTOMOTIVE

Christian Brothers Automotive also benefited from its position as an essential business. In 2020, systemwide sales grew by 10.5 percent, new locations expanded the system to 237, and its net owner benefits were the highest ever, says Michael Suttle, chief development officer. While this has increased interest from prospective franchisees, it has also stressed the supply chain for certain materials required to build out new locations, he says, such as rafters and shingles and certain kinds of equipment.

"It's nothing that's kept us from opening," he says, "it's just taking longer." Before his most recent job at Christian Brothers, Suttle was its master real estate agent, responsible for site identification and selection in 19 states. With the franchise's continuing health, he says, "We've been exploring different ways to expand our market opportunities."

In December, for the first time the brand bought an existing automotive location and repurposed it as a Christian Brothers location. The move made financial sense: the site was already zoned for such a purpose and was in an area the franchise had established an economy of scale. The brand also was able to add a new service motivated by the pandemic: a pickup and drop-off repair service.

VIRTUAL ASSIST

Dog Haus, known for its gourmet hot dogs, sausages, burgers, and more, opened in 2010 and today has 50 locations. Unsurprisingly, Covid altered the normal process of rent renegotiations for its franchisees. But with some assistance from the franchisor, "We have seen rent abatement or relief in nearly every market Dog Haus is in," says co-founder Quasim Riaz.

In a major move in March 2020, the franchisor added The Absolute Brands offering "off-premise dining experiences." Also known as ghost kitchens, its virtual brands include Bad-Ass Breakfast Burritos, Bad Mutha Clucka, Plant B, Huevos Dias, and in April 2021 added two more virtual brands: Jailbird (wings) and Big Belly Burgers.

While the new offerings, prepared in both Dog Haus and ghost kitchens, provided a possibly lifesaving new revenue stream for franchisees and the brand alike, it also raised a new, unexpected complication, says Riaz.

"We've been working with franchisees to overcome the challenge with landlords in serving The Absolute Brands out of our Dog Haus brick-and-mortar restaurants. For some landlords, offering a brand that was not initially within the established contract can be an issue." But the effort has worked, he says.

At first, says Riaz, it seemed there might be some opportunities in the pandemic-influenced real estate market. However, that changed as the initial Covid-induced confusion and uncertainty settled down. "From a leasing point of view, at the onset it certainly appeared to be a great time to capitalize on deals. Now landlords and developers have regained their footing and are less open to negotiations. They've gone back to 2019 market rates, which we are continuously pushing back on," says Riaz. However, he adds, "There are still deals to be had. We haven't seen the fallout of every unsuccessful restaurant yet, but we are aware that is on the horizon."

On the brighter side, the shakeup in the real estate market has appeared to attract a higher number of franchisee candidates, he says, many with a background in restaurant operations. "They see an opportunity in their markets and want to seize it by buying into a brand they feel passionate about."

SAVED BY THE DRIVE-THRU

Given Zaxby's 30-year history and its more than 900 sites in 17 states, it's hard to imagine its leadership team would not have been thinking hard and early about how to survive the pandemic.

"The biggest thing that came out of the pandemic was how important our drive-thru business was," says Dan Pellissier, the brand's senior director of real estate. "It shined a light on what we did really well and showed us where our opportunities were—and we started to make changes." One was to evaluate each location for how to maximize the efficiency of its drive-thru.

"That led us to take a look at layout and different aspects of a double drive-thru. Should it be two lanes merging into one? Should it wrap around the building? We had to drain every efficiency we could, and we are exploring the future potential of a drive-thru walk-up only," he says.

Pellissier says Zaxby's also is exploring drive-thru-only locations and how to apply that model to different sites. "If you have a location off an interstate, for instance, the last thing people want to do is eat in their car," he says. Nevertheless, he says, the majority of franchisees maintain they value the dining room environment they provide because it's a much more personal touchpoint and opportunity for greater customer interaction.

Zaxby's hasn't done any retrofits yet, he says, but that and other changes may be coming soon—driven by another major development for the brand. In November 2020, the Goldman Sachs Merchant Banking Division bought a major stake in the company, which will enable Zaxby's to expand beyond its core market in the Southeast and onto the national stage.

"We are definitely in growth mode," says Pellissier, "but the market is more competitive. Values are going through the roof in a lot of markets. At the end of the day, the corner sites where you can construct a drive-thru will still command a premium."

No sites were lost during the pandemic, he says, and the goal for 2021 is to open 25 new locations.

EDIBLE INNOVATIONS

Edible Brands, parent of Edible, which offers fruit snacks and fresh fruit arrangements, recognized the many unknowns to come as states decided how to respond to the pandemic. "We had a lot of conversations about how we could support our franchisees," says Patricia Perry, vice president of franchise development.

Would they have the technology needed to remain open and provide contactless delivery? What could the brand do to ensure its stores would be considered essential? What innovations would be required? The franchisor also began to hear from franchisees with questions about leases and the various federal government loans that were part of the first pandemic-related economic recovery plan.

The real estate team, says Perry, rallied to answer those questions and assist franchisees in discussions with landlords. "Across the board, all of the landlords we spoke with wanted to help," she says. "Some provided rent abatement, some offered deferrals, and some lowered the rent for a period of time. There was a genuine desire to figure out what could be done on behalf of the franchisees, and we didn't lose any as a result of Covid." Some stores did close temporarily and some franchisees came to the natural end of a franchise agreement and chose not to renew.

Edible also looked at expanded menu offerings including boxes of fruit and vegetables from produce providers who had extra inventory. "We also looked at products that people could use at home for entertainment, like dipping kits," says Perry. And the technology for delivery and curbside pickup was rolled out earlier than had been planned.

All in all, Edible did well in 2020, increasing the number of franchise agreements over the previous year, says Perry, and the brand is on track to meet its goal of 160 this year, focusing on the Northwest, the Midwest, and some parts of Texas.

INTO—AND OUT OF—CH. 11

Despite being declared an essential business, GNC, the 85-year-old nutrition supplement brand, filed for Chapter 11 bankruptcy protection in June 2020. Covid forced that move, but by October the franchise found a solution through a sale to its largest shareholder, keeping many of its 1,400 stores open.

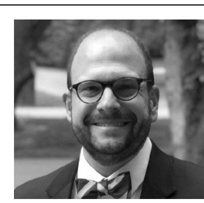
"We went through a process of losing stores and looking at real estate, and we had a lot of corporate stores close," says Maureen DiStefano, vice president of franchise operations. "Our franchisee stores were more likely to have employees comfortable with coming in. They got personal protective clothing, sanitizer, and masks almost instantly and banded together for mega-buys."

Of course the franchisor did receive calls from the franchisees. "We needed to put into writing what we could provide if they chose to remain open," she says. About 20 locations didn't renew for a variety of reasons, but working with the brand's franchisee advisory council, GNC was able to offer opportunities to multi-unit operators interested in expansion.

"In the end," says DiStefano, "our fleet has ended up stronger as a result of these headwinds. We're all stepping up a little bit to make sure it's realistic to have all these sites. Everyone has been forced to think differently and to think like a community." ■

IN THIS ARTICLE


Maureen DiStefano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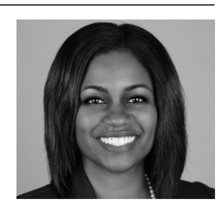
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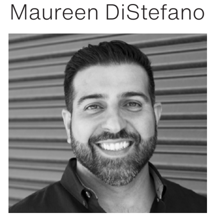
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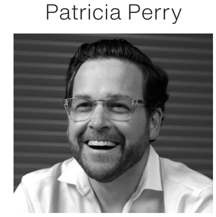
Stephen Schober


Josh Wall

NEED FOR LEAD

Tech shakes up franchise recruitment

Written by **HELEN BOND**

The same technology-driven analytics and targeting tactics that are changing consumer marketing are helping franchisors with recruitment and development approaches like never before.

"For us, it's not about the number of inquiries, it's about the number of qualified candidates," says Barbara Moran, co-founder and CEO of Illinois-based The Moran Family of Brands, franchisor of seven automotive brands. "We can move people who want to be part of our system through the process much quicker—and we are able to move people out of the process much quicker when we know they're not going to be a good franchise candidate."

For Moran, whose automotive aftermarket repair and maintenance brands include Mr. Transmission and Milex Complete Auto Care, finding the right fit goes well beyond meeting financial qualifications to include the ability to understand and follow processes. For instance, the brand can track whether or not a prospect has read through the FDD and other sales material.

"Before we'd have to ask them lots of questions to figure out if they actually read the material," says Moran. "We feel it has helped us hone in on a better-qualified person to be our franchisee, because it's really important to make sure the people who are coming into your system are going to be part of your family and able to have success."

"The entire digital footprint of people enables us to be really targeted about who we want to talk to and get in front of our brand," agrees David Bloom, chief development and operating officer at Capriotti's, which kicked off 2021 with the acquisition of Wing Zone.

Technology has revolutionized franchise recruitment and development, allowing today's franchise prospects to evaluate a brand long before they make their presence known to a franchisor. The explosion of this early digital due diligence is another reason that maintaining a stellar social media presence and having a prospect-friendly and focused website for opportunity seekers are vital to franchise successful recruitment. But it's just the start.

TWO BRANDS, ONE PROCESS

A high-functioning recruitment website, omnichannel communication, financial and operational transparency, and fresh, relevant content-rich storytelling tailored to today's candidates have become technology-driven best practices. Automation and analytics help franchisors reach and nurture prospects with the right message at the right time.

Brands must also continually evaluate and measure what's working to keep those qualified inquiries coming. Douglas Kwong, vice president of marketing at Dallas-based Rave Restaurant Group, which has 275 Pie Five and Pizza Inn restaurants operating in the

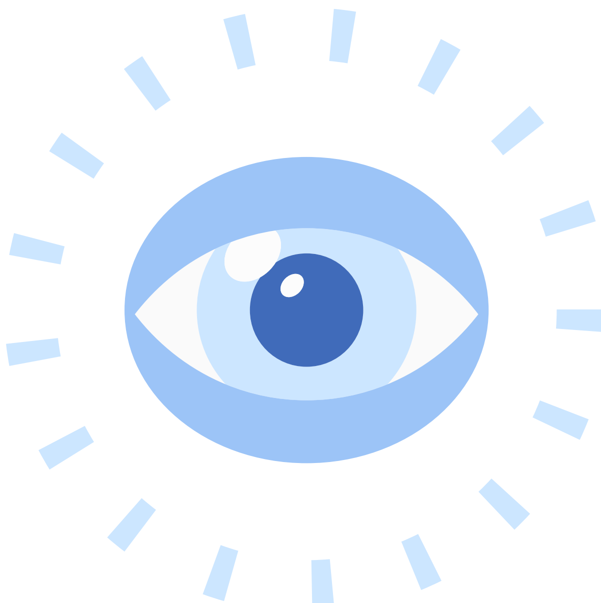
U.S. and internationally, takes advantage of targeting capabilities through digital marketing to zero in on qualified franchisees.

"Our process involves crafting our ideal partner profile and then running advertisements geared toward our target audience," he says. "The traction we've received from our digital marketing efforts has been incredible."

Pizza Inn's digital marketing campaigns resulted in a threefold increase in franchise inquiries through the website. Campaign content is tested to ensure that messages resonate with potential franchisees to optimize media spend and maximize results, says Kwong. "From there, the leads turn into a tailored, one-on-one conversation with potential franchise partners to establish and begin building those relationships."

ROCKING THE TECH!

High-touch franchises like School of Rock have looked for creative uses of technology to adapt throughout the pandemic. Within the first days of lockdowns the performance-based music education brand, with nearly 300 locations in 10 countries, converted its patented teaching method into School of Rock Remote and kept franchise development efforts humming. A new area development agreement in Ireland and a master franchise agreement for 20 schools in Taiwan over the next decade are among the brand's 2020 highlights.



Replicating discovery day at the brand's Chicago-area home required some creative chops. The two-day "Opening Act," designed to occur at the back end of the recruitment process, has historically delivered the franchisor an 80 percent closing rate. The compacted virtual Zoom event, rocking in at just 5 hours, has been continually enhanced throughout the pandemic. Instead of dinner with the leadership team, prospective franchisees took advantage of phone calls to ask questions one-on-one.

"It's all about the personal touch," says Chief Development Officer Tony Padulo. "Everything we do is around creating a relationship. So whether it's a pre-Covid situation or a Covid situation, our techniques haven't changed."

While School of Rock looks to return to an in-person discovery day experience someday, the brand is rethinking its four-day onboarding process, thanks to the overwhelming success of its virtual training. An additional bonus is that existing franchisees and employees have jumped at the expanded chance to take a refresher course—without the travel costs and time.

"It's actually been an opportunity to optimize the number of people coming through our training," says Padulo, whose career includes 22 years in various leadership roles at Dunkin' Brands.

FUTURE TECH

Capriotti's had been sealing most of its franchise deals virtually long before the arrival of Covid-19. Remote meet-and-greets and discovery, along with data-driven, virtual site selection and inspection are routine for the brand.

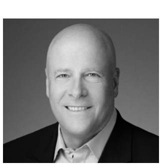
"We continue to push that envelope as far as we can to deliver everything we can digitally or virtually, realizing that getting on a plane and flying 6 hours spending a day or two someplace to look at a few sites and then flying back home is not necessarily the best thing to do, especially early in the process," says Bloom.

Finding system-wide ways to communicate and strategize will remain a priority as brands look to expand their technology to overcome challenges, boost productivity, and seize the opportunity to improve all operations. Among the top trends are the use of artificial intelligence to increase efficiency, and gamification for employee training.

Moran sees the franchisor's role increasingly shifting to a coaching approach to help franchisees keep up with the rapid-fire availability of real-time data. The company counts on "brand ambassadors" to communicate with franchisees daily and troubleshoot questions and concerns with support, which frees up the operations coach to focus on product and lead conversion, she says.

With the launch of Turbo Tint in 2020, the company is also moving into e-commerce. Turbo Tint, developed with a longtime Oklahoma franchisee, specializes in vehicle window tinting services delivered in less than an hour with a customer-centric lounge-like waiting experience. "I love collaboration," Moran says. "And that's what technology is—it's collaboration." ■

IN THIS ARTICLE



David Bloom

John D. Cappasola Jr.

Doug Kwong

Katherine LeBlanc

Amanda Maquet

Barb Moran

Q What technologies are you finding most effective for franchise recruitment during Covid?

D'WAYNE TANNER

Senior Vice President, Franchise Development
N-Hance Wood Refinishing

To have a successful franchise recruitment strategy, especially during a pandemic, among other key factors it's important to understand where people are spending their time and how they're consuming information. Our team at N-Hance did just that. We upped our pay-per-click advertising to target prospects where they're spending most of their time: online. We also worked with our public relations team to share performance metrics as the home service category is currently experiencing a surge in consumer and franchise interest as more people spend time at home. We worked to position our franchisees and members of our leadership team as subject matter experts as part of larger conversations around renovations, successful business operations, innovative new services, and more.

Our team also reworked our discovery days to better fit the remote format. While remote discovery days provide a less hands-on experience and obviously can't replace the value of meeting people face-to-face, using remote technologies helped us host *more* of these meetings. Remote discovery days and the increased use of videoconferencing helped us meet with more interested candidates, as discovery days are easier to conduct and allow us to bring in multiple members of our leadership team for one-on-ones.

It's worth noting that many elements of our recruitment strategy remained unchanged. While the pandemic affected every industry and resulted in many scrambling to pivot in different ways, our team remained grounded in the fact that much of our operations stayed the same, aside from safety protocols and procedures. Instead of pulling our foot off the gas and reallocating precious marketing funds, we chose to stick with our strategy. This helped keep our franchise network calm and focused on providing the same services they've perfected over the years, which ultimately led to a historic year in sales for the brand. ■

> “With regard to identifying leads, our Google pay-per-click and Facebook campaigns have been very strong for connecting with interested potential franchise partners. We are able to geographically target folks in both our emerging and infill markets and touch them where they are searching on the Internet.

PATRICK PANTANO

Vice President, Franchise Development
Blo Blow Dry Bar

Gone are the days of incessant phone calls to prospects following a lead submission. When is the last time any of us answered a call on our cell from an unknown number? That being said, phone calls still have a place in follow-up contact efforts, but technology has pushed forward, and now there are better and more efficient ways to establish that coveted connection.

Texting has pushed ahead of email as the best method for making that first connection with prospects to schedule an initial call. At Blo Blow Dry Bar, we've seen a 26% increase in our connection rate using text when compared with other options. This is followed by email, then phone calls, as the top ways of connecting with our prospects.

With regard to identifying leads, our Google pay-per-click and Facebook campaigns have been very strong for connecting with interested potential franchise partners. We are able to geographically target folks in both our emerging and infill markets and touch them where they are searching on the Internet. Many franchise portals have stepped up their game in recent years as well, adding prospect screening to ensure that leads are real people who are qualified financially to develop a franchise location. These portals typically have had a bad rap (well-earned in some cases) over the years. However, the smart groups have adjusted their systems to improve the quality of tangible lead generation.

As always, a healthy mix of all the resources above is critical to finding the right volume of quality and qualified leads. ■

Tech Tactics

Making the most of a limited budget

Written By
ANDREW SEID

Possibly the biggest issue emerging franchisors face is how to allocate limited resources in strategizing, building, and supporting their young system. Typically their main or sole source of funding is the profits from a small number of corporate locations. Most of our emerging clients begin their franchise journey with fewer than five people dedicated to the franchise process—and they almost always have major roles supporting the existing corporate operations. Technology can be critical in maximizing those limited resources.

What areas should an emerging franchisor focus on first? It depends on the brand, the structure of the system, and the makeup and capabilities of the team. One of the earliest discussions we have with emerging clients surrounds the growing number of what we refer to as "franchise life cycle products" (FranConnect, FRM Solutions, FranchiseSoft, and Naranga, among many others). The general capabilities across most of these systems are fairly fungible; some have longer track records, some are more user-friendly, and each offers varying levels of support.

The main benefit of these systems is that they take each level of the franchise process (recruitment, onboarding, opening, training, support) and connect them all in one central system. This can be valuable for an emerging franchisor with limited time, personnel, and understanding of how to build and support a franchise system. Properly used, these systems can help a franchisor prepare the variety of support elements they will need. Interconnecting the individual modules can help guide a new franchisor through an otherwise unfamiliar support process.

These products typically don't come cheap. And less-expensive options often have limited capabilities or require greater technological capabilities from the user. Sometimes it will make more sense for an emerging franchisor to identify the specific processes within these larger systems that they can manage without a more robust system, and determine which modules can be addressed through cheaper or simpler options.

The franchise development process (finding and evaluating candidates and awarding franchise opportunities) requires some form of a CRM system. Many simple email marketing systems are free or extremely inexpensive up to a certain number of emails or targets. For emerging franchisors with a limited budget, these systems can be effective to start with. Responsive and effective communication is the baseline expectation of franchisee candidates these days, so this is certainly something an emerging franchisor must prioritize. And it can often be accomplished at the initial and basic levels without a major expense. As is often the case, the cheaper the tool, the more time and effort it will likely take to maximize its effectiveness.

Other elements of these franchise life cycle products can be somewhat approximated through basic tools we have become accustomed to over the past 20 years. A robust project management tool can help a franchisor onboard and build out its franchise locations most efficiently, but when you are onboarding only a few franchisees at a time simple checklists and timelines can suffice.

Simple document-sharing systems like Dropbox or Google Docs are used in franchise systems of all sizes to effectively house manuals and training information. An ever-growing number of options will help build out training material, game-based testing and certification, and video content to your franchisees. But when resources are limited, simply recording a training module from your smartphone and hosting it on your private YouTube channel can be sufficient.

The key for any emerging franchisor is determining where and how to spend their limited resources in ways that allow them to compete without crippling their ability to effectively build and support their system. To do that, the leadership team must fully evaluate and identify their core capabilities and brand identity. If your major leadership positions come from the operations side (e.g., a CEO or founder who developed all of your recipes from scratch over a lifetime career in the kitchen), they may lack experience in sales and project management. That brand might want to invest more in CRM and onboarding tools and technology and hold back on expensive training modules or mechanisms they can build more effectively on the cheap.

Many of our clients come from a sales and marketing background and can effectively communicate a variety of messages to multiple groups using nothing more than a Gmail account and an Excel spreadsheet. But they could not develop an inventory management system to save their life. Knowing your capabilities is of chief importance in being an efficient and effective emerging franchisor.

Last, understanding the limitations—and benefits—of being a small or emerging franchisor is imperative. When you are onboarding only 10 franchisees a year, there is less need for the automation and efficiency technology can provide. At a certain point, most franchisors will need to level up to effectively manage a growing system. It's important to prioritize where and when certain investments will need to be made, and conduct economic analyses to determine when and whether those investments will be possible.

What functions can you approximate manually, for how long, and at what number of units will you need to upgrade? At what point will avoiding the investment in a particular technology become more costly than the investment itself? Will the time, costs, and effort required to train yourself and your staff to use a certain technology outweigh its benefits? Is the technology far enough along in its development that it won't require constant updating and training?

There is no silver bullet when it comes to how to use your limited resources as an emerging franchisor. Technology can help you level up and compete with your more established competitors. But be sure to do your due diligence and thoroughly evaluate your strengths and weaknesses so you can spend your technology dollars as efficiently as possible. ■

Andrew Seid is a senior consultant at MSA Worldwide. Contact him at aseid@msaworldwide.com or 860-523-4257.

The Four P's

Are you covering all four?

Written By
EVAN HACKEL

If you are reading this, you likely have a lot of experience selling your brand to prospective franchisees. Here is an approach to selling that has proven extremely effective for me over the years in selling more than 2,000 franchises in the brands I managed. I call it "The Four P's." Each P is important. You cannot complete the sale until you've successfully completed each of them. What are these four powerful P's?

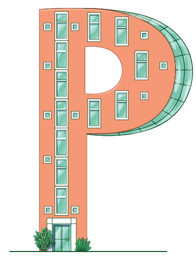
THE FIRST P IS *PERSON*

You must sell yourself as a *person*, an experienced, honorable, credible, honest, trustworthy, relatable, and resourceful person your prospect doesn't just like, but believes in and wants to do business with. Until you have successfully completed this P, the other three won't matter.

Many salespeople think that if they just get people to like them, that is enough. It isn't. You must go deeper and create a connection and sense of trust. How do you do this? You make it the first step in your selling process and invest more time in it than you probably believe is necessary.

Spend a lot of time up front asking high-quality questions. Get to know their background. Have them feel fully heard. This will develop trust and the confidence that you truly understand them and are uniquely capable of helping them learn if your franchise is the right fit. You must be open to the possibility they are not. Only then will you present yourself in a way that truly builds trust. Focusing on the best interests of the prospect is critical. Take the time to share about yourself, your background, and why you do what you do. Let them see you as a person and develop a real bond.

If you're not successful at completing the first P, you will rarely make a sale. This is the foundation. The rest of the sales process is built on it. The more time you spend here, the less you'll need to spend on the other three.



THE SECOND P IS *PLACE*

Does your prospect trust that your place of business is one they want to work with? After the sales process they will not be working with you, they will be working with your place of business. They may love you, but if they don't love your place of business they will not be in the state of trust they need to move forward.

Prospects must feel comfortable they will get the necessary support to be successful. A lot depends on your training systems, marketing tools, operations manual, etc. All of these must be executed well and presented well. Selling a prospect on your place of business is really about selling them on your culture and values.

How do you do this? Talk about the culture and the company values. Have the prospect talk to your franchise business consultant and the people they will be working with. If you have an onboarding team, have the prospect meet with them. Encourage them to take part in the validation process and ask other franchisees what it's like working with your company.

THE THIRD P IS *PRODUCT*

No need to spend a lot of time here. This is something you're likely very good at. To make the sale you must ensure that the prospect feels comfortable and likes the business you're in. If they believe in you and your place of business but don't believe in your product, you will not make the sale.

THE FOURTH P IS *PROFITABILITY*

Your prospect must *believe* they can effectively run your franchise system at a profit. It doesn't matter to them that other people can, it only matters that they believe they can. If your Item 19 is wonderful that certainly works in your favor. But that's not enough. Prospects must believe their skill set and your system will work for them. If your Item 19 isn't perfect but you can show them how they can be successful in your system, you can still make the sale.

How do you do this? Provide *exceptional training* that helps owners apply best practices and avoid mistakes. Let prospects take your training courses before they buy to see how well your training ensures their success. Provide proven *marketing and advertising programs* that bring customers through the door. Don't just talk about these programs, let your prospects see your materials and systems and kick the tires.

Introduce your prospects to current owners who can confirm that your franchise is highly profitable. Look for franchisees who have personality types similar to your prospect's. The closer the match, the more comfortable prospects will feel that they too can be successful. Offer them a chance to spend time in a functioning franchise to see how it is run.

Provide prospects with a spreadsheet template listing the items they should include in their budgeting plans. This will give them the tool they need to think through the budgeting process and help them build confidence. *Be aware that assigning dollar values to each of those items could expose your franchise to legal liabilities.*

Of course, if you don't believe a prospect will be successful, don't sell them a franchise. I know it's tempting, but in the long run it's not good for your system.

The concept of the four P's is very powerful. Every prospective franchisee must feel comfortable with all four, so be conscious that you cover all four in your sales process. Doing this will improve your sales results dramatically. ■

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, follow him at @ehackel, or call 781-820-7609.

Uncertainty, Transparency, and Context

Questions lenders are asking in 2021

Written By
DARRELL JOHNSON

Lending to businesses is a constant battle against *uncertainty*. A loan represents risk. When economic uncertainty rises, lending risk rises. The past 12 months had—and the next 12 months will have—a lot more uncertainty than any period in the past 10 years. And yet, there seem to be a lot of willing franchise lenders out there. How do you explain that?

The answer is not simple, but it is an important one to understand if you expect your brands to continue on (or return to) a growth path. Let's sort it out by starting with government actions. Banks have just reported Q1 earnings and most are near or making records. Thank a very accommodative Fed with close to an $8 trillion balance sheet of bonds flooding the market with dollars. Yet conventional business loan volume is down considerably over the past 12 months.

Some of the decline is attributable to PPP lending programs that provided hundreds of billions of dollars of cash infusions. For franchising, the temporary increase in SBA 7(a) loan guarantees to 90% also helped. Add to that the stimulus programs and that very accommodative Fed, and the government is creating a lot of lending supply.

Whether it's debt capital or equity capital, lots of banks and PE firms are out there looking for ways to put this growing amount of capital into productive use. It seems like we should expect banks to be knocking on your door for lending opportunities with your franchisees.

We talk to lenders every day. They have more questions now about franchise brands than at any time since the Great Recession. Their concerns are justified. A franchise system that went through a difficult 2020 has a management team significantly focused on franchisee economic recovery and the changes necessary to stabilize the system for the next 12 to 24 months. How much of their time and attention will they devote to a new franchisee that a bank just made a loan to?

The greatest risk for a new loan is in the first 36 months. Will the economic recovery come quickly enough to that particular sector and territory? What did the franchisor do to help their system through the crisis? Did the franchisor cut staff and reduce support, which could make it more difficult for the bank's borrower to succeed? How will training and support change going forward? Lots of questions arise that didn't even occur to lenders 2 years ago.

This isn't just an issue for sectors hit hard by the pandemic. Sectors such as residential services that for the most part are going gangbusters generate other questions for lenders. What set of assumptions should a lender use to judge a new borrower's business plan? Lots of consumer and business norms have changed. How do they affect a specific franchise brand, and how sustainable are they?

TRANSPARENCY

Many of the questions that lenders are coming to us for in this environment are centered on another key word: *transparency*. Before lenders commit to a loan that will be outstanding for the next 5 to 10 years, they want to know how strong the brand was going into the crisis, how well it navigated the crisis, and what the next few years are likely to mean for their borrowers. Facing pressure from regulators to not be misleading, franchisors (on the advice of many legal counsels) are inclined to avoid the challenges of trying to explain what the last year looked like inside an FDD. While this issue is exacerbated by the crisis, lenders have long sought another mechanism for transparency. That led to our development of the Brand Credit Report (BCR) years ago, which provides lenders with information not constrained by FDD rules. Based on lender questions and feedback, we are modifying the BCR to address transparency questions arising from the pandemic.

CONTEXT

Finally, *context* is on the mind of lenders. How did a brand adapt, adjust, and perform relative to other brands? Lenders use the FUND scoring model for comparative context because it has a standardized assessment across 12 risk categories. The FUND scoring model will not have significant changes, but may add a feature or two to address lender comparative questions. Many brands will have lower scores this year, but part of what a lender will evaluate is how other brands compared as they all came through the crisis.

TAKEAWAYS

If uncertainty is higher, transparency also needs to be higher. While some of that transparency falls within the framework of an FDD, most of what lenders want to know about your brand and sector don't fit well in an FDD and must be addressed in other ways. Lenders are pushing harder to get to that understanding.

One big takeaway from the recent NAGGL (SBA lender) conference is a warning from the SBA that loan failures from the crisis will start showing up soon. SBA oversight will pressure lenders to be more conservative going forward, which is a predictable cyclical reaction to the crisis. That move to more conservative lending already is showing up in the decline in conventional lending.

As you develop your post-recovery growth plans, make sure you are addressing the three key words capital providers are paying close attention to: uncertainty, transparency, and context. ■

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.

Digital Transformation

Global development adapts to a virtual world

Written By
WILLIAM EDWARDS

The world of global business has been hugely disrupted by the Covid-19 crisis. Countries normally very busy with new franchise development and the opening of new franchise outlets saw many months in 2020 of almost complete shutdown, as well as many permanent closures. Travel between countries to find licensees, start up new license operations, and to support licensees stopped.

As we look ahead to a new world of global business, digital business transformation has accelerated and become the way companies will be successful in 2021 and beyond. Franchisors have increased brand innovation and operational efficiency to meet changing customer expectations, reduced product and service costs, made supply chain changes and improved product and service quality. With all this and more in mind, we asked global franchise leaders to comment on how they see digital transformation affecting their sectors and regions in 2021.

- **Global franchise marketing.** Technology was the driver that allowed many franchise systems to navigate their way successfully through the pandemic, making changes to the way they delivered their goods or services to the consumer. To cite an example from the franchise service sector, fitness brands we work with internationally used technology to develop a "hybrid" model to retain customers while their gyms were closed. "Member experience tools" such as streaming workouts, virtual trainer apps, and wearables allowed a 24/7/365 connection between the member and the brand. While many customers will still want the motivation gained from working out with others, the hybrid model is here to stay.

  —Martin Hancock, Managing Director, World Franchise Associates, Chicago

- **Franchise education.** Before the pandemic, would a franchisor have even thought about leading a discovery day for prospective franchisees, or teaching the brand's operational system to existing franchisees through an online portal? Or participating in a virtual franchise expo? Maybe each of these scenarios would have been a possibility, but most franchisors would have declined. There's nothing like face-to-face meetings! They allow better interaction and provide a more productive environment. But today we're all using portals to keep our businesses in motion. And once the pandemic ends and we return to "normal" we're all going to continue using portals while wondering, "How did we ever do without them?" Suddenly, like everyone else, we were forced to go online or shut down. Speakers used to be mostly local franchisors, franchisees, or suppliers. Now we can virtually bring in experts from around the world. We record the sessions and make them available online 24/7/365.

  —John P. Hayes, Titus Chair for Franchise Leadership, Titus Center for Franchising, West Palm Beach, Florida

- **Canada.** The Covid-19 pandemic in Canada has accelerated the move to more technology in all aspects of franchising, including development, retail, training, support, and marketing. Of particular note is the trend to mobile orders, digital payments, and game-structured training and onboarding. The use of artificial intelligence in franchising is expanding in Canada at a rapid pace to track and replenish inventory and for marketing products and services with rapid and predictive data. In addition, loyalty programs can be more tailored to the customer through the use of AI, and data storage and retrieval technology and are increasingly going digital in Canada.

  —Ned Levitt, Partner, Dickinson Wright LLP, Toronto

- **United Kingdom.** Covid-19 accelerated some trends in the use of technology in franchising, and changed our thinking in others. A very good example of this is franchise recruitment. Historically, great emphasis was placed on face-to-face meetings with candidates before

awarding a franchise. This has not been possible over the past 12 months, and most franchisors have adapted their recruitment systems to incorporate Zoom and other videoconferencing technologies. Interestingly, many find these tools just as effective for assessing candidates and communicating the franchise opportunity—and with some significant advantages: no travel costs, more effective use of time, and environmentally friendly. While this has extended to onboarding franchisees, there are of course aspects that still require hands-on training for many franchises, and those brands have had to dovetail what can be done online with in-person training as permitted. Paper-based operations manuals are rapidly becoming obsolete, with online manuals and video training becoming the norm for many. If franchisors wish to engage effectively with Millennials, and Gen Z, digital technology and marketing techniques are essential.

—Iain Martin, International Franchise Consultant, The Franchising Centre, York, United Kingdom

- **Asia/Pacific.** Throughout Asia many businesses had to adjust their mode of operation not only to survive during Covid, but to thrive when the pandemic subsides as we head further into 2021 and thereafter. For example, some businesses are keen to leverage the fast-growing online ordering and delivery segment, with some looking to purchase outright the recipes of locally made popular dishes and provide royalties to the owners of the recipes. The products are then made in cloud kitchens and marketed through food delivery apps such as Grab Food and hundreds of other similar apps throughout Asia. Some franchisors are beginning to accept leading cryptocurrencies such as Bitcoin for their products. Pizza Hut's customers now have the option to pay for their orders with cryptocurrency. Coffee giant Starbucks is mulling a long-term payment solution that involves Bitcoin and possibly other cryptocurrencies. From a franchise development standpoint, digital marketing continues to be the main focus, and many tools are employed to ensure it is cost-effective. These include but are not limited to franchise webinars, targeted email campaigns, relevant blogs, website content that focuses on keywords that produce the optimal SEO results, podcasts, and many more.

—Sean Ngo, CEO and Co-Founder, VF Franchise Consulting, Ho Chi Minh City, Vietnam

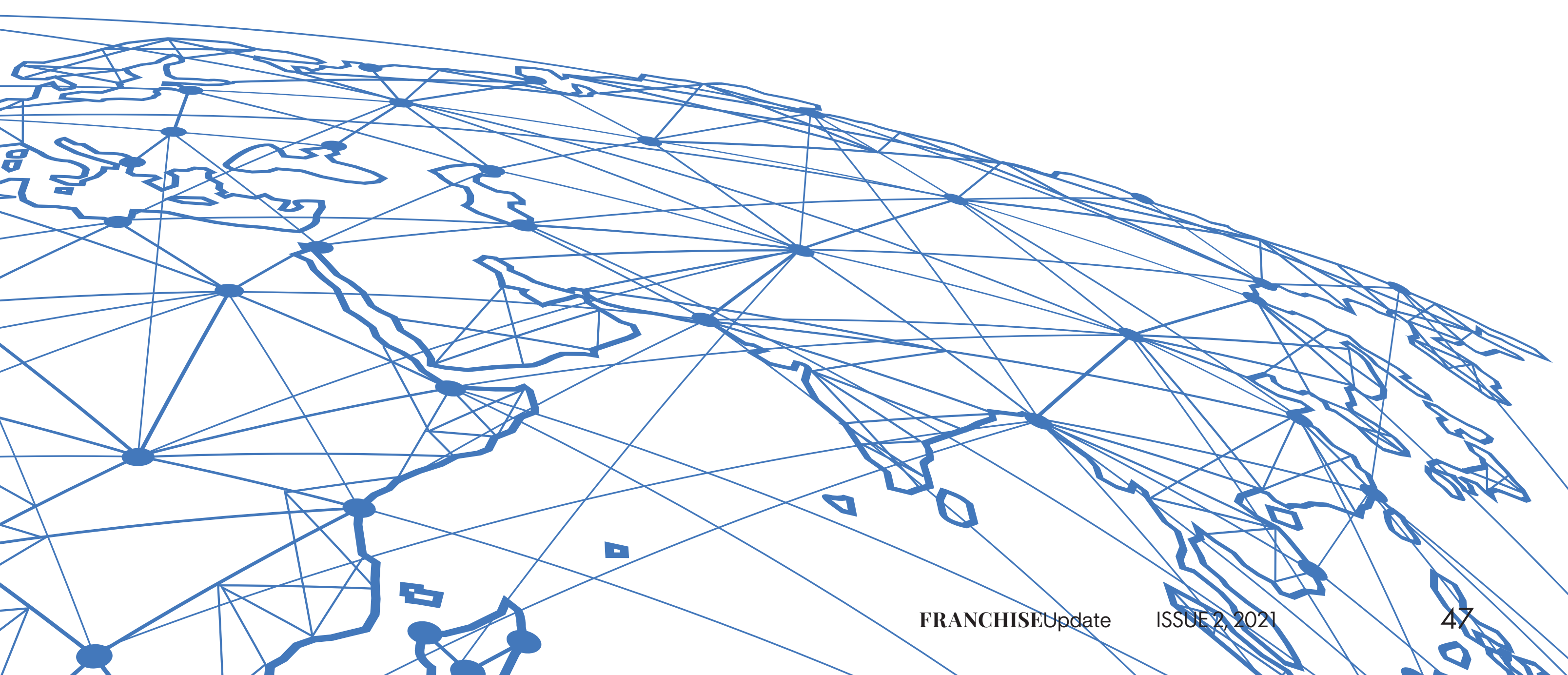
- **United States and Foreign Commercial Service.** The United States and Foreign Commercial Service (USFCS) has witnessed significant pandemic impact to daily franchise operations around the world. With the infeasibility of organizing trade missions, pavilions at expos, and in-person matchmaking, the USFCS saw an immediate need to pivot on how we introduce prospective candidates to franchisors. Franchisor sales and development cycles simply could not stop and wait for the pandemic to cease, and we restructured our trade mission approaches for virtual delivery, enabling us to conduct more programming throughout the year. The first virtual franchise trade missions occurred in September 2020 and continue across all major regions of the world. We are seeing encouraging early outcomes leading to virtual discovery days, signed letters of intent, and even executed agreements. When the pandemic tides change, the USFCS will return to wider scale, in-person approaches and our virtual offerings will continue.

—Eric Johnson, Global Director of Franchise Programs, United States and Foreign Commercial Service, Atlanta, Georgia, USA

THE BOTTOM LINE

Digital transformation is no longer an option in global franchise market research, operations, and development. It is necessary to continue to compete. ■

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 or +1-949-224-3896. Read his latest biweekly global business newsletter at www.geowizard.biz.



Automating Recruitment

9 ways technology can help with franchise sales

Written By
ART COLEY

Technology will not solve all of your recruitment problems, not even close to all. However, it will help. And if you keep it simple and stay focused on specific areas, technology *will* make a difference. Keep reading and go for it!

1. **Private YouTube videos.** Have some special select content that your recruiters can use with candidates in the pipeline. This is *not* about hiding or holding back content… it is about distributing content at the right time. For example, what if you had some existing franchisees record a personal message to candidates about their experience of receiving an award of a franchise? They could both congratulate them and share why they said "Yes" and signed the franchise agreement. That content being public would not make sense. But for a candidate who has attended discovery day and received an award letter…watch out!
2. **Personalized dashboards.** Think Google Docs and Google Data Studio. Imagine the difference it could make for each of your recruiters to have their own charts and graphs showing the last 13, 26, and 52 weeks of results—with actual conversion ratios for each step and how they compare with others on the team and the industry. Game-changing stuff.
3. **Zoom with candidates.** Give candidates a choice on the first call, but after that the rest of the discovery process requires candidates to use virtual meeting tools. This is a positive outcome of Covid-19. Franchise companies doing recruitment using audio only? No way, that's old school for sure. And think about it. Do you really want new franchisees who are not comfortable or sociable enough to use video and engage virtually?
4. **Recruitment learning platform.** You likely already have a learning management system (LMS) for franchisees. Use this same resource to create a section for the recruitment team. You can put up recordings of calls, quizzes on the FDD, education about your brand's value proposition, and so much more. And with the LMS, you can assign team members to complete the module, track results, and see how they scored.
5. **Appointment setting.** There are solutions out there now using artificial intelligence for setting appointments. This is one area to move very cautiously in, but it's real enough to at least explore. And don't forget text messaging—it's now just part of showing up.
6. **CRM—change the "C" word!** For franchise recruitment it is not "customer," it's "candidate." Okay, so maybe this is more of a mindset thing because my guess is you have a CRM, but I am serious. Recruitment is all about building a relationship where trust is strong enough for a candidate to stick with it long enough to determine if your brand is a fit for them. And that happens only when there is a relationship. Let us all change franchise recruitment to where CRM means *Candidate* Relationship Management. (Thanks to my U.K. friend Miles for this simple reminder!)
7. **Use the CRM.** If a team member is not using the CRM at minimum requirement levels, they cannot be on the team. Nothing else to say.
8. **Discovery day.** Whether you have a virtual or in-person experience, most brands I see are not using technology very well to demonstrate the power of their business model and support. Start with getting your franchisee support team together and asking how discovery day could be enhanced with technology tools already being used in supporting franchisees. You will be amazed what comes out of that session!
9. **Automation.** This is the overall disclaimer that could apply to discovery day prep, hand-off to onboarding, FDDs, agreement preparation, etc. The message is to look for simple ways to streamline regular activities to become more efficient. Warning: Trying to fully automate manual or semi-automated processes and systems that are not working successfully rarely results in any pickup of results and/or ROI. ■

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.

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