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# CONTENTS

Franchise Update | Q2, 2022



---

## 04 FROM THE EDITOR'S DESK **DIGITAL DILEMMA: TECHNOLOGY AND PRIVACY**

---

## 06 LEADERSHIP **CEO PROFILE: PACE WEBB** Built from scratch: Daddy's Chicken Shack is primed for growth

---

## 12 LEADERSHIP **CEO PROFILE: BRAD HILLIER** "Policy light" focuses on balancing flexibility with accountability

---

## 18 LEADERSHIP **ANATOMY OF A BRAND: POSTAL CONNECTIONS, ISOLD IT** Keeping pace with the changing times

---

---

## 20 LEADERSHIP **EMERGING BRANDS** The upsides and downsides of getting in on the ground floor

---

## 22 LEADERSHIP **IFA—OPEN FOR OPPORTUNITY** Protecting the franchise business model from legislative challenges

---

## 24 CONSUMER MARKETING **CMO Q&A: KELLY BUERK** Scramblers spreads its wings beyond its Midwest roots

---

## 28 CONSUMER MARKETING **CMO ROUNDTABLE** "What new tech tools are you using to reach prospects and customers?"

---

## 30 CUSTOMERS COUNT **6 STEPS TO A SUCCESSFUL CUSTOMER SERVICE INITIATIVE**

---

## 32 SOCIAL MEDIA **WHAT'S IN YOUR PODCAST STACK? HERE ARE 10 TO CONSIDER**

---

---

34 **CONSUMER MARKETING**  
**2022 RESTAURANT OUTLOOK**

Better days seen ahead as post-Covid comeback continues

---

36 **GROWING YOUR SYSTEM**  
**FEATURE: TECH TOOLS FOR FRANCHISORS**

How 4 franchise brands are leveraging technology

---

42 **GROWING YOUR SYSTEM**  
**FEATURE: DATA PRIVACY**

Think "safety first" in a time of increasing regulation

---

48 **GROWING YOUR SYSTEM**  
**CHALLENGE THE PROS**

"How are new data privacy rules affecting your franchise recruitment strategy and tactics?"

---

60 **MARKET TRENDS**  
**FRANCHISE DEVELOPMENT IS UP, BUT WILL THE GROWTH CAPITAL BE THERE?**

---

62 **SALES SMARTS**  
**WHO ARE YOU? BUILDING AND COMMUNICATING YOUR IDENTITY AND BRAND**

---

64 **INTERNATIONAL**  
**SETTING THE STANDARD: 3 SUPPLIERS THAT KEPT THE WORLD GROWING**

---

68 **IT'S CLOSING TIME**  
**DEAL KILLERS: 5 SIMPLE MISTAKES FRANCHISE RECRUITERS MAKE**

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**Franchise Update Magazine is published four times annually**  
Annual Subscription rate is \$39.95 (U.S.)

**Subscriptions**  
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# DIGITAL DILEMMA:

## Balancing Technology & Data Privacy

Written by **KERRY PIPES**

Technology and data privacy are two of the biggest hot buttons in franchising right now—and for good reason. Not only does the pace of change for digital technologies continue to accelerate every year, privacy laws, both domestically and abroad, continue to grow, continually creating new challenges for brands. To remain competitive in this increasingly digital and online era, franchise executives must stay current or be left behind. So what's an astute franchisor to do?

That's the question we asked two of our writers to tackle for this issue's feature stories. Joe Halpern spoke with representatives from four franchisors about how they are embracing technology to manage and grow their brands. The discussions ranged from staying on top of the newest technologies to the challenges of integrating them into their current tech stack, and the investment and time costs of introducing new tech tools. On the upside, when properly implemented and executed, these tools are benefiting brands—and their franchisees—by providing invaluable marketplace data intelligence and allowing for more friendly and efficient customer services.

One bugaboo tied to technology, affecting all brands in 2022, is the growth of data privacy laws and regulations. Combine this with data security breaches that have created growing distrust among tech-savvy consumers, and you have some real problems.

No national data privacy law is currently in place in the U.S., but numerous state and international data privacy laws are creating a confusing maze of do's and don'ts for brands, complete with serious potential liabilities. Think the EU's GDPR (General Data Protection Regulation) and

the California Consumer Privacy Act and California Privacy Rights Act. In the U.S., Utah joins California, Virginia, and Colorado as the latest state to enact comprehensive consumer data protection laws, set to go into effect in 2023, and other states are lining up to follow suit. This doesn't even factor in international data compliance challenges for brands operating outside their home country.

We had Helen Bond work on sorting this out. She spoke with privacy experts and IT pros who discussed how brands must build a data privacy and protection program around the commonalities of all these regulations, rather than get lost in the weeds of differing state and global privacy laws.

Despite the many technology-related challenges franchise brands face, they are finding new and better ways to leverage technology to build their systems in compliance with privacy regulations. Brett Larimer, executive director of brand development at Skyhawks Sports Academy, told us how the brand is using digital flyers and SMS messaging to better maintain and improve relationships with customers. Jayne Levy, vice president of communications at Unity Rd., described how that brand is using technology to maximize positive customer experiences through guest feedback and reviews. The brand's customer communication platform texts customers after their purchases, sending a link to those who had positive experiences and asking them to post a good review online.

There's no avoiding it. Technology and data privacy laws are creating a new set of challenges for franchise brands. Navigating these changes requires action now to avoid future trouble. Are you up to the challenge?



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# BUILT FROM SCRATCH

## Daddy's Chicken Shack is primed for growth

Written by **KERRY PIPES**



## PACE WEBB

### CEO, Co-founder

Company: **Daddy's Chicken Shack**

Units: **2, 20 in development**

Age: **40**

Years in franchising: **1**

**P**ace Webb's career path has taken her from operating her own catering business to forming startup brand Daddy's Chicken Shack with husband and co-founder Chris Georgalas. "My career choice fulfilled my passion for feeding people from all walks of life," says Webb.

She and her husband shared a love for the restaurant industry. Together, their entrepreneurial spirits ignited and took shape in the form of fried chicken cult favorite Daddy's Chicken Shack. The brand launched in Pasadena, California in 2018. With a couple of units now open and more in the pipeline, Webb is carving out a path for the brand around her own ideas, passion, and culture.

"The brand was thriving with sales growth and attracting investors when the pandemic hit," she says. "We had to rethink our business strategy during an emotionally charged time. Communication with our customers and employees was key, and ultimately helped propel us through this uncertain time."

Part of what steadied the fast-casual brand during Covid was how they built technology into the formula from the beginning. The brand was an early adopter of tech-enabled digital ordering for off-premise dining. This embrace of tech-embedded operations helped sales increase more than 200% during the pandemic.

"Strong leadership was another key component in the early phases of our brand and the pandemic," she says. "I lead with the philosophy that by amplifying the voices of your team members, you create a collaborative environment that helps drive solutions."

Webb encourages team members to contribute to the brand's vision and direction. She says these conversations with team members offer her an opportunity to connect with them and ensure that the brand's values and vision endure as the company expands. "Those who collectively work to improve themselves will help to strengthen your brand," she says.

Daddy's Chicken Shack is primed for growth, with 20 locations planned for Arizona and Colorado. "Our priority will continue to place emphasis on the customer experience, aiming to provide them insight into who Daddy's is: a brand looking to spread sunshine, happiness, and above all else, quality food to enjoy among family and friends."

### LEADERSHIP

**What is your role as CEO?** To keep our brand's vision alive with my co-founder and president husband, Chris Georgalas. Our vision is, "To bring all walks of life together in unity one life-altering fried chicken sandwich at a time." On a more day-to-day brand differentiator, we work backward from the customer to deliver the type of experience they are looking for. Some days you want to relax and dine in with your family in a cheerful environment, and other days you want to order ahead, drive up, and pick up within a minute or less. We stay hyper-focused on customer needs and behaviors, which is a driving force for everything else we do as a company.

On a more micro level, I have the responsibility to oversee all departments in making sure that everything is moving along smoothly. Since there are so many parallels to being a chef, settling



into this role has been natural to me. The principles are very similar: you have a vision, a budget, a timeline, and a specific product to execute. And there is lots and lots of communication, just like in the kitchen. Communication and proper department and personnel traffic channels are crucial to keeping the machine going.

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

While Daddy's Chicken Shack saw a 200% increase in sales amid the pandemic, Covid reminded us that we can't control everything, especially in the restaurant industry. From struggles related to the pandemic, to supply chain issues and labor shortages, our day-to-day is ever-changing. We've learned to accept that and react to situations as they arise. After all, business is really just constant problem-solving. During this time I've learned to handle issues as they come, which has allowed us to prioritize our efforts as we continue building a successful brand. As crazy as it may sound, these major events will change the shape of the way many do business, and that's not necessarily a bad thing. Shake-ups certainly keep things exciting!

**Describe your leadership style.** Leading a team is a collaborative process. As a leader, I work closely with my team to solve problems, working with them, rather than throwing answers at them. I guide the conversation to help them come to a solution and, as a result, they grow as a professional. As CEO, I have the final say, but I find that my collaborative approach and the way I conduct what I call a "self-determined" approach to problem-solving has the biggest impact on my team and certainly the best outcome for the company.

When working with my team, I aim to play off their strengths and help them grow in other areas. I thrive on identifying their talents and knowing the best place or position for them within the company, and then making it a goal to manifest that position for them. Since we are a startup, not all of these positions exist yet, so it's a very exciting game!

**What has inspired your leadership style?** I think people are born leaders. But what has helped me shape my leadership style is, honestly, trial-and-error. As a natural-born leader, I always had an idea or business I was in charge of, and it took making lots of mistakes to get to a place where I consider myself to be a good leader. And believe me, there is always room for improvement! One of the biggest changes in leadership over the years was going from doing everything myself in the early days to learning how to delegate tasks to others (the right people) and how to motivate them to perform at an optimum level. This is a typical entrepreneurial arc. That is pure interpersonal skill that gets honed over time. A good leader doesn't want the accolades for themselves. They drop down into a new project or area that needs to get going, help the team get it all set up, and then step away so the team can shine. I'm just there to oversee and manage when needed. This gets repeated again and again, and this is how I intend to keep building Daddy's.

**How do you transmit your culture from your office to frontline employees?** This is a great question, particularly for a franchisor. Culture starts from the top down, so every manager below me and Chris has to have our cultural values, and everyone under them is more likely to have them as well. Keeping the vision really clearly known and plastered everywhere is super important. For example, ours is one of inclusivity: "... to bring all walks of life together in unity..." So if there is a team member who is exhibiting any type of exclusivity, it is blatantly known that's not the Daddy's way. I'm also really big on accolades, because I think nowadays people are more likely to stay in a job if they like the culture, rather than a little bit more pay for a subpar culture. It is our pleasure that our employees

choose to work at Daddy's corporate or on the unit level. So when people exemplify our vision or mission in any area (inclusivity, mentorship, customer service, etc.), they get recognized by name. I'm sure this will turn into a more formal program as we grow. My point is that we are actively identifying the type of cultural actions that are to the Daddy's standard, and this positive reinforcement helps keep the culture strong.

**Where is the best place to prepare for leadership, an MBA school or OTJ?** I think they both have their own intrinsic benefits. OTJ is perfect for natural entrepreneurs, as they always have a vision. Nothing teaches you more than having your skin in the game. MBA school is best for those who simply need it to get to the next level in their company, or who want more of an intense education on how business works as they explore their own entrepreneurial endeavors.

**Are tough decisions best taken by one person?** How do you make tough decisions? I don't think tough decisions are best taken by one person. It's often best to talk things through and explore other perspectives. When making tough decisions I often go to two or three people I trust for advice on the topic and talk things out to further understand the direction I want to take when solving various issues.

**Do you want to be liked or respected?** Both. I am respected because I keep an eye on the big picture of the company prospering. And (most of the time), when the company wins, the employees win. I want to be liked, certainly, but it comes secondary to being respected.

**Advice to CEO wannabes:** If you've always been that person with a vision and have the ability to run with an idea until it is executed, then the CEO's life is for you. When I was running my catering business, Taste of Pace, I naturally had a drive to make a name for myself. This drive helped me grow in my role, and eventually on a larger level once Daddy's Chicken Shack was born.

## MANAGEMENT

**Describe your management style:** Everyone has something they're good at in our company. Knowing that, we stay in our lanes and respect our team's expertise. I naturally have led with the philosophy of amplifying the voices of our team members to best execute solutions.

**What does your management team look like?** We have a pretty robust management team that helps us identify and capitalize on our goals to promote upward growth. The team includes the chairman, CEO, president, CFO, bookkeeping, public relations, marketing, franchise development, support and training specialists, and analysts.

**How does your management team help you lead?** Having a stake in the business amplifies their seriousness in wanting the brand to succeed. Individually, they have opportunities to mentor our employees to help them grow and guide them as they take their next steps with the company.

**Favorite management gurus: Do you read management books?** I love to read management books! Especially because it allows me to learn various leadership styles, which I can incorporate into my own management techniques. Most recently I've enjoyed *The Compound Effect* by Darren Hardy, referred by our investment team members. When you're in a startup situation with many goals, this book is great because it recommends taking small actions on a daily basis that lead to massive impacts down the line. By doing this you can make sustainable changes over time, allowing for a greater outcome. It helps to manage that feeling of having to climb

Mount Everest in a day, as opposed to focusing on one step at a time to keep a regular pace to make it successfully and safely to the top (or to reach the goal).

**What makes you say, “Yes, now that’s why I do what I do!”?** Seeing people come together in a fun, happy, and inclusive environment while having the opportunity to fuel my passion for feeding people my delicious creations!

## OPERATIONS

**What trends are you seeing with consumer spending habits in your stores?** By leveraging our unique business model, our ticket average has not changed over the last 2 years. Although we don’t have a “typical” customer, we do focus on Millennials as the eyes and ears of the business because of our tech-based initiatives. A new trend we have started to see in our stores—which was a surprise to us—is that a little over half of our demographic is female. However, in terms of consumer spending habits, women are often making all the purchases/decisions in a household.

**How is the economy driving consumer behavior in your system?** My husband Chris Georgalas, who co-founded Daddy’s Chicken Shack with me, is a master at deciphering what consumers want and how they want to consume. When the pandemic hit, Daddy’s was prepared to handle the influx of off-premise dining needs. With the drastic increase of carryout and third-party ordering, our business model was prepared to handle this shift. By being optimized for digital from the start, it allowed our operations to continue to thrive and cemented our concept as pandemic-proof.

Daddy’s small footprint and focus on technology also fueled our development. Since we were early adopters of tech-enabled ordering systems, we saw a 200% sales increase, even amid the pandemic. Consumers, especially Millennials and Gen Z populations, showed us that no matter how you want to order or whatever you’re in the mood for, you can order digitally. Because we have this system in place and seamlessly functioning, we’re set up for continued success in the future.

**What are you expecting from your market in the next 12 months?** We are looking forward to selling sunshine and the Daddy’s experience. I think we’ll continue to see an increase in online ordering and ordering ahead. We’re planning to introduce an online ordering platform that saves customers’ order history, making it easier than ever to order food and drinks whenever and wherever you are.

**Are your franchisees bullish or bearish about growth and adding units?** Currently, we are working on growing our franchisee market. We have successfully secured a regional developer, Dave Liniger, founder of RE/MAX and our sole investor in the company, who will lead growth efforts in the Phoenix and Denver markets. We’re also targeting Houston, Austin, and New York as we look forward to welcoming our founders circle.

**Are commodity/supplies costs any cause for concern in your system?** We pride ourselves on adapting to changes quickly, and that is precisely what we are doing! When times are tough, it is important to remember it is only temporary and that perseverance is key.

## PERSONAL

**What time do you like to be at your desk?** I lead a very modern entrepreneurial schedule, so I don’t have set “desk hours.” But we definitely check emails first thing in the morning so we can get a picture of anything that needs to be handled in addition to our set schedule of meetings or projects for the day. When we travel for work, we work through dinner meetings. When we aren’t traveling,

we stay up late at night solving problems after we put our kids to bed.

**Exercise in the morning? Wine with lunch?** It’s important to ignite my inner “tiger” to get amped up as a leader, so a workout is definitely part of the Monday through Friday routine. I only have 25 minutes, so I make the best of it! Okay, so I *love* wine, but even when I was cooking every day as a chef, the wine waited until I was done. When I’m in the zone, I’m in the zone! The same applies for my workday, but when the work is done I love to unwind, sometimes with wine.

**Do you socialize with your team after work/outside the office?** I genuinely like everyone who works with me. And while socializing outside of the office doesn’t happen super regularly, we have a great time when we do, and there is certainly value to team bonding!

**Last two books read:** *The Seven Husbands of Evelyn Hugo*. I went to Cabo for my 40th and one of my favorite things to do is riffle through a slightly better than average novel on the beach! Our Regional Developer Manual and our Operations Manual. These are the length of a classic novel!

“

Now, as everything has opened back up and with the effects of inflation, it’s created more competition and more customer discretion, so it makes us even more competitive, which I believe makes a business stronger. Never a good thing to rest on your successes of yesterday!

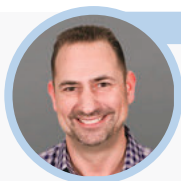




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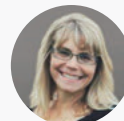
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**What technology do you take on the road?** I always have my laptop and cell phone. You never know when something may come up, even on vacation. Having my resources available makes me feel more successful and confident.

**How do you relax/balance life and work?** Since becoming a parent I find I manage my time more resourcefully. I have a clear to-do list for the week, and I make sure to mark things off every day in order of priority. I find that if you can prioritize, then you can, for the most part, get everything done on a daily basis in a reasonable amount of time so there is time left for family and personal activities. But as an entrepreneur, there are simply just times when there is no balance and you're working around the clock. But I have enough experience to know that it's temporary and all part of the deal.

**Favorite vacation destination:** Anywhere with a beach!

**Favorite occasions to send employees notes:** Since I talk to a majority of our employees daily, I think a great opportunity to send notes is when they are going above and beyond their job description, or when they're going out of their way to help someone else complete their goal. I love to give accolades.

**Favorite company product/service:** Arcona is a skincare product that I have been loyal to for many years. I love that the product is natural and the versatility it brings. I know this is an unpopular opinion for many reasons, but Amazon is another brand that I love since it makes my life so easy. It's their logistics that provide a life-changing experience for a busy working mom.

## BOTTOM LINE

**What are your long-term goals for the company?** To continue to bring sunshine to those who choose to dine with us.

**How has the economy changed your goals for your company?** If anything, the changes in the economy have strengthened our mission "to serve perfectly executed food and warm hug service to as many people as possible." At first during the pandemic, so many restaurants were closed, so people were just grateful we were open. Now, as everything has opened back up and with the effects of inflation, it's created more competition and more customer

discretion, so it makes us even more competitive, which I believe makes a business stronger. Never a good thing to rest on your successes of yesterday!

**Where can capital be found these days?** For the last couple of years, the interest rates have been lowered so much by the Fed that it has been a wonderful time to borrow from traditional lenders (banks, SBA, etc.). Investors have been particularly interested in businesses that have been growing during the pandemic. If you have a flourishing business or even a startup, this has been a great time to find capital.

**How do you measure success?** I have a couple of answers here. I measure my success by how many people I have helped and also by being able to do what I love and being compensated fairly for it. That may sound obvious, but when you can go to "work" and not feel like it's work, and feel like it's a bonus you even get paid to do, that is pretty special!

**What has been your greatest success?** I think I have more than one success. First, meeting my husband Chris so that we could create Daddy's Chicken Shack. I was so excited about this concept and vision I had created that I even brought it up on our first date. To see the brand come this far and to still be growing is inspiring and showcases that we are set up for success thanks to our business model, concept, and resourceful team. The other success in my life has been becoming a mom. There's nothing greater than family, and to be able to grow something so special with someone I love is the best feeling in the world.

**Any regrets?** Life is too short! I'm so competitive that if I feel like I regret something, I do something else bigger and better to overcome the feeling of regret.

**What can we expect from your company in the next 12 to 18 months?** As Daddy's Chicken Shack embarks on this new growth era, the brand will continue to emphasize the customer experience and the feasibility of ordering options. Within the next year we will see more units open in Houston, Colorado, and Arizona. As we work to open these locations, we aim to provide awesome franchise systems that translate into happy customers enjoying tasty food! ■

# Zoom1

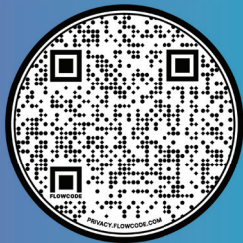
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# POLICY LIGHT

Focusing on outcomes balances flexibility with accountability

Written by **KERRY PIPES**



## BRAD HILLIER

CEO

Company: **Re-Bath**

No. of Units: **110**

Age: **49**

Years in franchising: **12**

Years in current position: **7**

**B**rad Hillier has spent the last 12 years in leadership roles at Re-Bath, which offers bathroom remodeling from simple bathtub replacements to full bathroom redesigns. He came on board in 2010 as chief financial officer and played a significant role in helping Re-Bath recover from the housing market crash, along with developing and implementing strategies to position the brand for growth.

Two years later, when he became COO, he was instrumental in re-creating the company's product offerings to include a variety of traditional, modern, rustic, and transitional bathroom styles not previously offered.

When he became CEO in 2015, he set his sights on three tasks: growing the brand's nationwide presence, providing an unparalleled customer service experience, and attracting entrepreneurial franchisees.

One of the ways he's accomplished this has been through the implementation of what he calls a "policy light" approach. Translation: "Focus on the big picture and outcomes and don't worry about the details," says Hillier.

"With flexibility and creativity reigning supreme, more franchisors are now leaning into a policy-light system as the future of their organization to drive results in the post-Covid era—and that's exactly what we've done."

He says Re-Bath has focused on building a policy-light organization by striking a balance between flexibility and accountability. "By doing so, we're seeing same store sales growth alongside multiple franchise openings."

It's all promising. He says increased demand for bathroom remodeling projects and market share gains drove a nearly 80% year-over-year increase in systemwide sales. Then there's the new partnership with private equity partner TZP Group. Says Hillier, "We will be able to leverage TZP's expertise and resources to further expand our brand to a wider audience and better serve our current customers."

Looking ahead, Hillier sees the company investing in more technology and adding a CTO to the team—and making sure the customer experience remains front and center. "We understand that customers are the lifeblood of our organization and enable our more than 100 franchise locations nationwide the ability to grow and thrive."

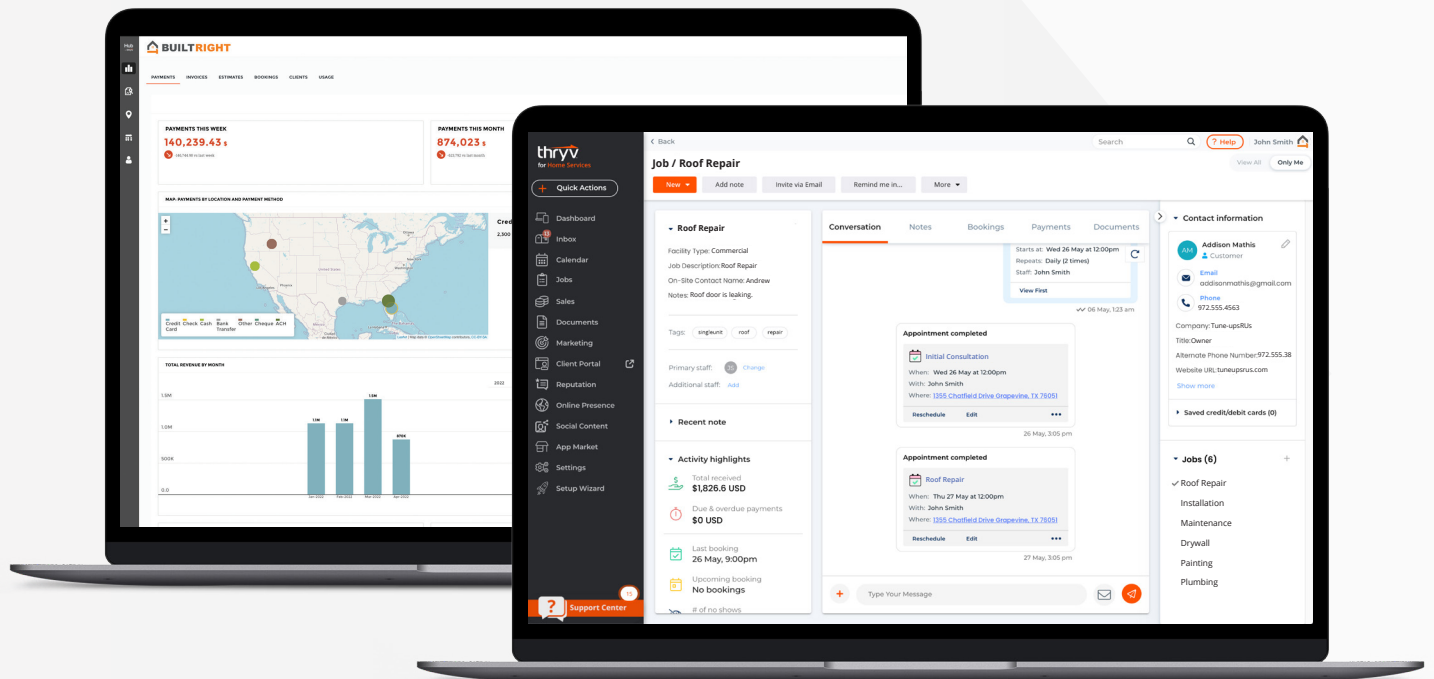
### LEADERSHIP

**What is your role as CEO?** To provide the vision and overall strategy for the organization and the brand. To support our team of executives to ensure they have the resources they need to execute on our strategy.

**How has Covid-19 affected the way you have led your brand?** It has made us more focused on the outcome and less focused on the way to get to the outcome. Franchisors are known for structure,



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rules, playbooks, and policies, but the Covid-19 pandemic completely changed the traditional workplace landscape. The pandemic has also increased the frequency of our communications to our staff and our franchisees. During the height of Covid-19, we were communicating with franchisees more than we ever had before. Feedback was very positive. As a result, we've aimed to strengthen and enhance that level of transparency moving forward, which has proved immensely beneficial.

**Describe your leadership style.** Focused on big-picture items and outcomes. Don't worry about the details. By implementing a flexible, policy-light culture, our brand is able to remain future-focused as team members are held accountable to deliver forward-thinking, creative work.

**What has inspired your leadership style?** I had two notable experiences with two very different managers early in my career that really inspired my leadership style. One manager provided me a lot of flexibility on how to accomplish my tasks. One manager would make me redo work even though we achieved the right outcome, because she didn't like the process or documentation to support it. I found one very rewarding and one very frustrating and inefficient. I made a note to myself then and there on the importance of outcomes and results versus details.

**What is your biggest leadership challenge?** Continuing to find the right balance between flexibility to get to the outcome and ensuring the task is on track while you are in the middle of a project. The key, of course, is enforcing accountability.

**How do you transmit your culture from your office to frontline employees?** It is a mix between appearance, demeanor, relationships, conversations, and more. We understand the power of culture and truly believe we've built a culture that drives results.

**How can a CEO help their CMO develop and grow?** They can help them think about where they want to go in their career, how to manage relationships with peers, how to deal with team member conflicts, and ways for them to mentor their team members.

**Where is the best place to prepare for leadership: an MBA school or OTJ?** I like OTJ. However, you do need to get yourself up to speed on certain business topics. But I feel that can be done by reading books or attending seminars, as opposed to an MBA program. There are specific jobs and roles where I think an MBA is needed, but generally, in my opinion, OTJ is better.

**Are tough decisions best taken by one person? How do you make tough decisions?** No. Tough decisions need a well-rounded view of the situation and risk. That means you need the input, views, and opinions of others. I like to get that feedback through one-on-one conversations, as opposed to a group discussion.

**Do you want to be liked or respected?** Respected. I believe "liked" is a feeling that can be situation-specific, whereas respect comes with time and perspective. I'm not interested in a short-term emotional response to a decision I have to make. However, I would like to think that over time people would see those decisions were made with care for all constituents.

**Advice to CEO wannabes:** Strengthen your skills on how to understand and analyze data. Data will help you cut through personal agendas, including your own, to get to better, more logical decisions.

## MANAGEMENT

**Describe your management style:** Very similar to my leadership style: focused on results and accountability, not the path to get there. Flexible policies allow employees the freedom to do what works best for them to garner results. Place a strong focus on reviewing the execution that comes from this freedom, and whether it's benefiting the business. If something is working, reward that. But if there is room for improvement, give clear feedback that the employee can practice to produce results.

**What does your management team look like?** We have a CFO, a CRO, and a COO. We are also adding a CTO to our team.

**How does your management team help you lead?** They play an essential role in leading our brand. Together, we collaborate on the brand vision and strategy, and they then manage all the execution of said strategy.

**Favorite management gurus: Do you read management books?** Yes. Not sure I have a favorite as there are so many, spanning different topics. There's plenty of management books out there, so be sure to expand your reach into various topics you may not have naturally gravitated toward to make you a more well-rounded leader.

**What makes you say, "Yes, now that's why I do what I do!"?** I help people accomplish their dreams and aspirations. There's no greater feeling than that!



Remember, fit matters, so be selective in your recruiting efforts and make sure your candidates are being selective too.

## OPERATIONS

**What trends are you seeing with consumer spending habits?** People are spending more time in their homes and want to age in their homes longer. As a result, they are spending more money on making the space in their home work for them, not just on making it look nice.

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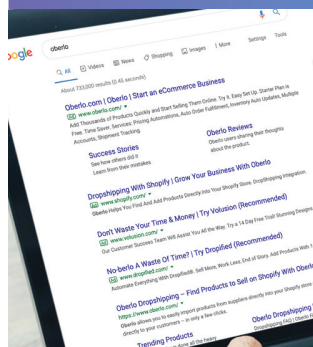
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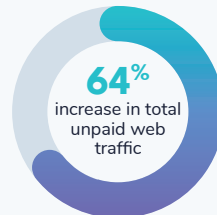
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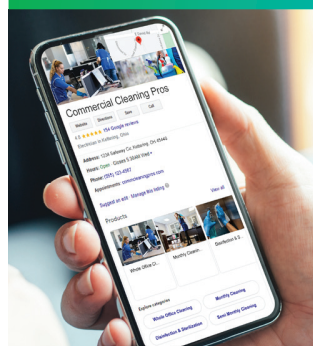


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**How is the economy driving consumer behavior in your system?** Home prices are going up, so consumers are feeling more confident about investing in their homes.

**What are you expecting from your market in the next 12 months?** Capitalizing on unprecedented demand, existing franchises are expanding, and franchise development is on the rise. Our goal is double-digit year-over-year growth.

**Are your franchisees bullish or bearish about growth and adding additional units?** Bullish. Many are seeing now as an opportune time to expand their Re-Bath portfolios. Not only are they are experiencing strong performance, but Re-Bath is embarking on our next chapter of growth with TZP Group. Through this acquisition, we will be able to leverage TZP's expertise and resources to further expand our brand to a wider audience and better serve our current customers. With thoughtful investments in technology and human capital, we'll have a platform positioned for accelerated growth in the coming years.

**Are commodity/supplies costs any cause for concern in your system?** I think inflation is a concern for everyone to some degree. However, inflation in our space on our projects is less than home price increases, so we are seeing less impact.

**In what ways are political or global issues affecting the market and your brand?** They are not yet.

## PERSONAL

**What time do you like to be at your desk?** 9 a.m.

**Exercise in the morning? Wine with lunch?** Yes, sometimes. No wine at lunch, but happy to end the day with a happy hour with the team.

**Do you socialize with your team after work/outside the office?** Yes, we socialize, generally at dinners or sporting events where work is still being discussed to some degree.

**What technology do you take on the road?** My cell phone and Surface Pro.

**How do you relax/balance life and work?** I like to golf and ride a bike.

**Favorite vacation destination:** British Virgin Islands.

**Favorite occasions to send employees notes:** Birthdays and anniversaries.

## BOTTOM LINE

**What are your long-term goals for the company?** We want to double the business in the next 4 years. Re-Bath is riding a wave of momentum as we inch closer to our goal of becoming a billion-dollar company over the next several years. Key to achieving this milestone will be the TZP Group acquisition, a strategic continued focus on partnering with exceptional franchisees, strengthening our world-class corporate support, and enhancing the customer-service experience with new technology and innovation. Combined, these efforts will help propel Re-Bath to a household name across the country.

**How has the economy changed your goals for your company?** It has accelerated them.

**Where can capital be found these days?** Everywhere. There is a lot of money out there looking for good investment options. You just need to be strategic and stand out.

**How do you measure success?** Results and relationships.

**What has been your greatest success?** The cultural change of our staff and our franchisees. It has truly led to remarkable results and strong relationships.

**Any regrets?** Yes, we should have taken some negative franchisees out of the network sooner. Their negativity was a drag on the transformation process that held us back. Sometimes you have to admit when they simply aren't the right fit for your brand. Remember, fit matters, so be selective in your recruiting efforts and make sure your candidates are being selective too.

**What can we expect from your company in the next 12 to 18 months?** A lot of investment in technology adding in the consumer experience. There is immense opportunity to deliver exceptional in-person experiences that in turn establish and build relationships that drive brand value and overall performance, and we're prepared to lean into that. ■



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Updated 11/21. MRI 2021 Spring. AAM 6/21 Statement.

# Changing with the Times

Standing still will get you run over

Written By **FRED MORACHE**

**W**ith more years in franchising than I care to admit, I see one true principle for a franchisor's ongoing success: Listen to franchisees and their customers. They will tell you where to take your concept. Further, there's one common outcome I've noticed for those who stand still while society and commerce evolve: obsolescence. Competitors will sense this condition, customers will quickly leave, and franchisees will become unruly.

I participated in McDonald's amazing progress, which was driven by connecting with customers and franchisees. Franchisees were instrumental in expanding the hamburger menu to all-day offerings and the specialty items customers wanted. They advanced the concept and led the franchise industry from junk food to fast food.

At Mail Boxes Etc., we started as "The Post Office Alternative," taking and holding people's mail and arranging shipments to anywhere in the world. Listening to customers and franchisees, we learned that time-saving convenience and satisfying service were the key to selling more, including printing, notary services, passport photos, and numerous other things. The retail concept expanded to more than 3,500 U.S. retail locations, and today is known as The UPS Store.

Postal Connections began as a pack-and-ship retail franchise. The concept was young, and many available marketplaces remained where residents and small businesses were underserved with convenient retail services locations. My business partner, Andy Thompson, and I purchased Postal Connections in 2007. We expanded across the country from small towns to midtown Manhattan. We soon learned that to engage with the competition our concept had to adapt. We strategized a new opportunity to expand the concept to account for our evolving society and budding e-commerce. Here are some of the forces of change we encountered.

## E-commerce and online sales

To keep pace with the changing times and provide new revenue opportunities for franchisees, we purchased iSOLD It on eBay, an eBay sales assistance program. E-commerce reaches into homes not only for buying things, but also for selling things. An assistance program to sell on eBay and other platforms is appealing and hard to find. Interested customers are frequently the same people who come to us for other services, including small businesses that find it difficult to hire back-office staff. We're expanding the business where we can deliver service and convenience, and the benefits are plentiful: free valuations of customer items, security from hacking, convenience, and turning unwanted items into cash. We continue

to innovate with iSOLD It by developing a proprietary operating system so our staff can make transactions profitable using a straightforward system.

## Shifts in customer behavior

Online service delivery and e-commerce adoption have rapidly changed customer behavior, driven by several factors: the pandemic isolation and desire for in-person help with tasks, working from home, small businesses unable to hire back-office staff, e-commerce "last mile" logistics local support, e-commerce taking over the way people buy things, savvy knowledge of online services to do things for customers, etc.

We have learned many things from this shift: medical and insurance reports must be physically mailed or faxed to comply with HIPAA regulations; digital fingerprinting is frequently required by school districts, companies, and government positions; virtual mail replaces physical mailbox service where the customer gets the address but receives the mail online; and the value of providing shipping choices with all carriers for selling, shipping, and packaging, plus participating in pickup and drop-off return. Each carrier, including USPS, has made alliances with clients for customer drop-offs and does so with an exclusive QR code on return labels. Typically, these codes are good only at local designated retail locations. To keep customers coming to Postal Connections, a unique co-branding arrangement was made with a larger franchise network to make all carriers available to franchisees.

The Postal Connections franchise has been around for 26 years because we have actively found ways to advance the concept. Our best resource for change continues to be listening to franchisees and their customers. We show our support through actions like frequent visits to franchisee service centers and rapid response to requests for help. This support is followed from the startup of a new franchise and remains ongoing throughout the 10-year franchise agreement.

Our approach has proven successful and is evident in the nearly 23 renewals out of 25 expirations in the past 5 years. Our site selection and financial guidance for new franchisees is done face-to-face. Our training is done by current "champion franchisees" in their service centers with follow-up to support them when their service center opens. Andy has organized training into two sessions: first, a "live action" training session in the champion's location by serving customers, and then a shakedown session in the new service center to be sure it's ready for business.

We train with a focus on our operating values: Trustworthy, Friendly, Savvy, and Leading-Edge Service. As franchisors, we follow these values wholeheartedly in dealings with our franchisees and customers to ensure that the Postal Connections franchise experience remains a positive and profitable one. ■



**Fred Morache** has been in the franchise industry for four decades as an executive, advisor, and franchisor. He has extensive experience working with franchisees and is well known for working on a personal level to provide effective business solutions for owner-operators. He and Andy Thompson purchased Postal Connections in 2007 and later bought iSOLD It. He and Thompson are managing partners and sole owners of Postal Connections of America and are based in Frisco, Texas.





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# In on the Ground Floor?

## Evaluating an emerging franchisor's potential

Written By  
**ANDREW SEID**

**W**hen most people think of a franchise, they tend to think of McDonald's, Subway, Marriott, and other brands that have a long, established history. This history and established "brand equity" are major factors in why becoming a franchisee can be a smart investment.

However, brands must start somewhere. Many of today's most successful franchise systems are less than 20 years old. With the right concept, franchise growth can be quick, particularly when the concept is satisfying a new or developing consumer market need. A lack of history does not always mean a long climb to regional or national brand relevance, but getting into a newer franchise system on the ground floor can be an extremely exciting and valuable experience. Just understand there may be certain risks.

### What is an emerging brand?

There are many definitions of what should be considered an "emerging" franchise brand. They range from brands that have not yet begun franchising to established brands making a significant change in their system because of major growth. When I refer to an emerging brand, I am typically talking about a brand in the first few years of its franchise journey, typically with fewer than 20 locations.

### Advantages

Just as many new franchisees have done, an emerging franchisor has likely invested their own life's savings into developing and growing their business. Because of this, an emerging franchisor will be motivated to make their system and their franchisees successful and sustainable. The success of those early franchisees often will dictate

the fate of the franchised brand as a whole, so an emerging franchisor will often do more—whatever they can—to ensure the success of those early adopters.

This initial group of franchisees not only serves as a "proof of concept" (in terms of the brand's ability to succeed outside of a corporate-owned location), they also are often the most important element of the brand's franchisee recruitment process as they can validate the system for future candidates. Ensuring that the experience of these initial franchisees is positive is the most powerful franchisee recruitment tool an emerging franchisor has in its quiver.

### Franchisee support

Great franchise systems recognize that not every franchisee needs or should get the same level of support from their franchisor. Well-run franchisors often will exceed the level of franchisee support stipulated in the franchise agreement in a variety of circumstances, including for that first batch of franchisees. This is especially true for well-managed emerging franchisors where franchisee support often comes directly from the founders. This direct interaction with a founder often gives these initial franchisees a special relationship throughout their time in the system. They often have an increased sense of ownership of the entire brand and increased influence in the brand's growth.

### Market availability

Emerging brands have more markets available than established brands do. There may be greater opportunity to select specific or more desirable territories. And a multi-unit developer may have an opportunity to acquire entire regions or larger geographic areas than they would if they had signed with a more-established system. Additionally, as franchisors move into new territories, they often will look to their earliest franchisees to develop those new territories and provide them with more time to develop larger areas than future franchisees may be given.

### Greater negotiability

As they begin to offer franchises, emerging franchisors may be less averse to negotiating some of the terms of their franchise agreement, simply because many potential franchisees will see their offering as more risky than signing with a more-established brand. While each candidate is considered individually, care still must be taken in

what negotiated changes will be made, as some of those changes will have to be disclosed in future FDDs, and often become the floor for discussions with future franchisees.

Don't expect every new franchisor to be willing to negotiate major terms of their franchise offering with you. But don't be trapped into thinking they won't. In advising emerging franchisors, we counsel them to treat similarly situated franchisees similarly, which often can mean offering the "Founders Club" franchisees a variety of discounts and incentives to be the first handful of franchisees to commit to the brand.

### Disadvantages

The first risk to consider is that the brand you are investing in has little existing brand equity or cultural awareness that you can leverage for your success. You will be contributing to building the franchise's brand equity through the success of your own business. This means it may take a franchisee of an emerging brand longer to become established in a new market, which could mean a longer period before achieving the revenue levels you could in areas where the brand is better known.

Second, because the emerging franchisor may lack an established business record, it may be harder for potential franchisees to obtain funding. Lenders to the franchise marketplace typically base their decisions partly on the record of how well the existing franchisees in any system have performed. Even though there are many sources of lending available to new franchisees, without that record of success it can be difficult for some franchisees (particularly those with no previous business record of their own) to obtain the funding they will require directly from lenders.

Last, while an emerging franchisor likely has a great deal of experience in their specific industry, they likely have little experience as a franchisor, specifically in how to effectively support franchisees and identify how franchisees can be successful. Make sure the management team can fully explain what they do to help their franchisee network succeed, and learn whether or not they are relying on any experts in the field (consultants, experienced mentors, etc.) to ensure they know how to be successful at franchising their brand. ■

**Andrew Seid** is senior consultant at MSA Worldwide. Contact him at [aseid@msaworldwide.com](mailto:aseid@msaworldwide.com) or 860-604-9189.

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# Open for Opportunity

Protecting the franchise business model

Written By  
**MATT HALLER**

As multi-unit franchisees look at opportunities in 2022, it's important to assess the preceding legislative environment to understand what might be coming to a legislature near you in the year to come.

Legislative challenges to the franchise business model are a standard occurrence—one that the team here at the IFA is well-equipped to address on your behalf. But as we look to the future, every franchisee of every size—whether a single-shingle or a multi-unit regional franchisee—needs to engage and share why franchising is one of the most dynamic and widely used business growth strategies in the modern era.

Throughout 2021, the IFA fought hard for the franchise business model, developing a first-ever “Franchise Coalition” composed of numerous brands and trades to fight franchise-specific battles in Washington, D.C., and around the country, including the Protect the Right to Organize (PRO) Act, wage issues, vaccine requirements, and more.

Across the states, the IFA addressed a variety of policy proposals broadly related to worker classification and franchise relationships. Public policy that would harm franchising if turned into law was seen across California, Illinois, New Jersey, New

York, and Oregon. And, as is often the case in state policy, when a bad idea is turned into law in one state, copycat versions of bad bills quickly appear in other states. Such was the case in 2021 when derivatives of California Assembly Bill 5 related to worker classification and joint employer issues were introduced—and defeated—in New York, New Jersey, and Illinois.

Recent public opinion and empirical research on the value of franchising fielded by the IFA highlights the need for franchisees to get involved and share their stories and community commitments more broadly. Franchising is an important aspect of the U.S. economy. In 2019, the economic output of franchise establishments in the U.S. reached nearly \$787.5 billion and represented 3% of the country's total GDP. Contributing to this activity were about 8.4 million people who worked for a franchise business.

Franchising is an enabler of entrepreneurship for anyone with the grit and determination to succeed. Research indicates that in the small-business ownership realm, franchisees of color and female owners are represented at disproportionately high rates, thanks to the assistance the franchise business format affords. Team member wages and benefits at franchised establishments also exceed those offered by non-franchise businesses. Additionally, it is common in our circles for entry-level associates to work their way up to management and become franchisees themselves—creating generational wealth and positively affecting the communities they serve.

But there's a disconnect.

Among the general public, trust in franchise businesses is slightly lower than for non-franchise businesses. However, favorability toward franchise businesses increases dramatically when people learn more. The reality is most people's understanding of

a franchise is at the point where service is rendered. They don't know what goes into making the local business work, or how opportunity is achieved by having a good job with benefits and upward mobility.

Public perception has an impact on public policy, and it's likely that the raft of bills challenging the franchise business model in recent years is directly related to the public's lack of knowledge on the industry as a whole.

As an entrepreneurial movement, we can seize this public education opportunity. We can share our story through the eyes of opportunity seekers and achievers across franchising. In September 2021, the IFA launched Open for Opportunity—a campaign to highlight the benefits found and opportunities achieved through the eyes and in the voices of franchisees themselves. Open for Opportunity highlights franchising's many benefits for the workforce generally, for multicultural and veteran communities specifically, and for the communities they serve.

In 2022 and beyond, the Open for Opportunity road show will be coming to a town near you to engage the public, influencers, decision-makers, and elected officials to make sure they know what you and I have known for a very long time: Franchising opens doors to opportunity. And I want you to be involved. You can put Open for Opportunity stickers in your franchise windows to signal your community commitment to your customers, attend or host a road show event, or—most importantly—share your story at [OpenforOpportunity.com](https://OpenforOpportunity.com).

With more than 8 million Americans engaged in franchising, we have quite a story to tell. In 2022, are you open for opportunity? ■

**Matt Haller** is president and CEO of the International Franchise Association.



# 2022

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June 21-23 | Atlanta, GA

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September 9-10 | Ft. Lauderdale, FL

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## **IFA LEADERSHIP SUMMIT & FRANCHISE ACTION NETWORK ANNUAL MEETING**

September 19-21 | Washington, DC

## **MFV FRANCHISE EXPO HOUSTON**

October 14-15 | Houston, TX

*Partnership event with MFV Expositions/Comexposium*

## **FRANCHISE LEADERSHIP & DEVELOPMENT CONFERENCE**

October 17-20 | Atlanta, GA

*Partnership event with Franchise Update Media*

## **EMERGING FRANCHISOR CONFERENCE**

November 2-4, 2022 | Nashville, TN

*ICFE Special Sessions: November 2*

# 2023

## **2023 IFA ANNUAL CONVENTION**

February 26-March 1 | Las Vegas, NV

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# Eggsperts!

## Scramblers spreads its wings

Written by **KERRY PIPES**



**O**hio-based Scramblers is transitioning from a mom-and-pop family business launched in the late 1980s into a growing franchise brand carving out its niche and crafting a new, complementary brand. Behind the wheel of the brand's marketing efforts is Kelly Buerk, director of franchising and marketing.

"Our company figured out what we do best and focused on doing just that," she says. Scramblers, a breakfast and lunch concept that began franchising in 2005, has grown in a steady, manageable way throughout the Upper Midwest with both corporate and franchised stores. Today, with locations in Ohio and Michigan, the brand is preparing to open its first stores in Florida.

Executives at Scramblers wear many hats. Buerk says she focuses on how to best reach prospects interested in opportunities in the breakfast and lunch sector, leading them through the process, and supporting them after they open. "I'm by their side every step of the way."

One of the advantages of working for a smaller brand is the feeling of intimacy between prospects and the corporate team, she says. "Prospects get to meet with the founder and president, who is happy to personally answer any questions they have," she says. "On discovery day, they also have the opportunity to meet our vice presidents and corporate staff."

Recently, Scramblers teamed up with a marketing and PR partner to enhance brand recognition and marketing efforts. Part of this initiative has included the redesign of all marketing materials geared to franchise prospects, a redesigned website, increased use of social media, and newly created video content that captures the feel of the Scramblers concept, says Buerk.

In addition, over the past few years, Scramblers identified a younger, more mobile customer base and developed a sister brand, City Egg, that offers the same Scrambler quality in a fast-casual option.

"From our menu to our training, we're primed for growth and looking beyond our Midwest roots," she says.

**Describe your role.** As director of franchising and marketing, I facilitate many components of our franchising process. I am right by a franchisee prospect's side every step of the way, from reaching people interested in owning their own breakfast and lunch restaurant, to explaining how Scramblers is unique, all the way to welcoming them into our family.

**What's the most challenging part of being a CMO today?** Staying in front of the trends. I am lucky to work with a team that is excellent at being innovative and that has the resources to pivot quickly. Our team is not too big and not too small, it's the perfect size. We are able to make decisions and execute new ideas quickly, and we have the experience in the field to know what has worked in the past.

**How has Covid-19 affected the way you have led your brand's marketing efforts?** Before Covid-19, we were running minimal marketing for our franchise business. Most of our franchisees have come to us organically, by coming into our restaurants and eating our food. After Covid-19, we saw a large demand in franchising for a concept like ours, so we decided to invest more time, thought, and money into our franchise marketing.

**What are the 3 most important keys to being an effective CMO leader today?** Being an effective and efficient leader involves looking into three key areas: your company's past, present, and future; being able to focus on what worked and what did not work in the past, setting up the infrastructure now to run the business well, and always working toward a future goal.



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**How do you prepare a marketing plan and execute the strategies?** For our marketing strategies we lean heavily on 919 Marketing. We make sure that the marketing plan they set for us is aligned with our goals, and then we execute the plan as quickly and swiftly as possible. Our motto is to never be the slow point in communication. When we are given anything to approve or work on, we do it immediately.

**How do you measure marketing results and effectiveness?** We have weekly meetings internally and biweekly meetings externally to go over how our marketing campaigns are performing, to talk through new prospects coming in, and to strategize our next steps.

**Discuss your core consumer marketing strategies and objectives.** Over the past year, we have revamped our entire marketing for franchising. We have redesigned our website, hired a video production team to capture the Scramblers concept, hired a marketing/PR firm to help our brand recognition and marketing efforts, and redesigned all of our marketing materials we send to new franchise prospects.

**Describe your marketing team and the role each plays.** We are a smaller-sized business and each employee wears many hats. The founder and president meets every single potential franchisee and personally answers any questions they have. We rely on our IT support director to answer any topics related to the custom POS system he built and any questions about our training process. A potential franchisee will have the opportunity to meet our vice presidents and our corporate staff during their discovery day.

**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? How does this help your franchise sales and development effort?** We look at every potential franchisee as someone who could become our long-term business partner, and we make that clear right off the bat. To help franchise prospects experience a personal touch during their process, we rely heavily on our story of how the restaurants started. We started in the restaurant business as a family, and to this day our business continues to be run as a family business. When someone enters the company, they are being welcomed into the Scramblers family, a family that will stick together for many years. We hope each prospect feels the magnitude of their decision, while also feeling the warmth of our inviting family.

**What ways/tools do you rely on to do this?** Through our marketing and the video production team, Elevate Creative, we are able to share our story through blogs, articles, social media posts, and videos.

**Do today's prospects expect more from the franchise marketing department? What, and how do you provide it?** Our consumers and franchisees are demanding more from marketing than ever before. With the whole world being on our phones, we must stay innovative with how we represent ourselves on the Internet. We have not only improved our franchise online presence but also increased

our consumer-facing social media. We have incorporated contests, giveaways, online ordering, delivery services, email campaigns, and text clubs into our marketing plan.

**How is today's consumer and marketing data helping you fine-tune your marketing initiatives?** With the technology we have, we are able to see what our audience enjoys and responds to best. The way we target our campaigns on Facebook, Instagram, LinkedIn, and Google has been a huge factor in how we move forward with future marketing campaigns.

**Describe the evolving role of social media in your brand's marketing efforts.** In the past we would create posts for holidays or large events, but not much more. Now we are posting on social media daily! We have realized that our audience is interested in seeing our day-to-day operations. They want a look into what owning a restaurant looks like and how we make our food. Social media has allowed us to become more intimate with people who aren't able to come into our restaurants, and to get in touch with people who have never heard of our company before.

**How do you work with other internal departments, and does technology help?** Every department in our company works hand-in-hand on many projects, and the franchise marketing department is no exception. My co-workers support me in creating new ideas for marketing, and they help me execute projects and reach the goals we have set. Our team is built of some of the most experienced and intelligent people in the breakfast/lunch restaurant industry. Their expertise shines in every part of our business, including our marketing. Unlike most of the world nowadays, our company still comes into the office every day. We see power in being able to walk into your co-worker's office and bounce ideas off one another. We have two office locations, one in Toledo and one in Columbus, Ohio. Throughout the week we videoconference from one office to the other to keep in touch.

**Do you see vendors as business partners? Why/why not?** Absolutely. We take pride that we hold close relationships with each of our vendors so that both sides benefit from the partnership. It is important to us to share goals with our vendors so we can provide the best product at the best price to our franchisees.

**How have marketing strategies/tools changed over the past decade? How have you adapted?** Over the past decade our marketing efforts have turned from just word-of-mouth and providing an incredible experience to every customer who walks into our restaurant to also integrating technology and an online presence.

**What advice would you offer to aspiring or new CMO executives?** I would encourage them to find the brightest and best part of the company they represent and find a way to show it off. Every company has something special about them that people will find interesting and be able to relate to. I would also say don't ever be afraid to lean on someone smarter than you are. Two brains are always better than one. ■

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# Q What new tech tools are you using to reach prospects and customers?



## BRETT LARIMER

Executive Director of Brand Development  
Skyhawks Sports Academy

Marketing is all about relationship management. It's getting in front of people, drawing them in enough to establish a connection, and then maintaining that connection so it blossoms into a strong, mutually beneficial relationship. When it comes to marketing, working in the youth sports industry presents a unique challenge. Not only must we compete for the attention of parents or guardians, we also must earn their trust that we will take good care of their children and deliver a safe, positive experience. The best way to streamline that process is by investing in the right technology to meet our customers' needs.

We previously accomplished this with countless paper flyers sent through school districts or parks and recreation offices. However, times have changed. Even flyers are making the move into the digital landscape. There are now a handful of digital flyer solutions that streamline the process of creating assets, getting them approved by the organization, and then delivering them right into the inbox of parents. We no longer worry about a paper flyer getting lost in a crumpled ball in the bottom of little Sally's backpack. There is now a direct line to parents and guardians through a source they already trust: their child's school. The added benefit is that they can simply click on the link to register, and the customer is brought right to our website, where they have all the information they need at their fingertips in a matter of seconds.

The other technology pivot we have made, which you see many brands doing now, is investing in SMS messaging tools. This is especially important for customer retention. This is not blowing up their phones with daily messages. Instead, occasionally reaching out by text with a personalized message can help move your customers from what we like to call "sort of fans" to "super fans."

As the age of parents moves from Gen X to Millennials and now Gen Z, we see customer service needs shifting from phone calls to direct messages and emails. The same can be said with marketing, as shifting to SMS messages can add a powerful new tool to your marketing mix that meets your customers where they already are—on their phone. Incorporating a personalized touch will also make them feel special and appreciated by your brand. It pays to take the extra step to show your customers you value them. Maintaining that relationship with them through continued contact is key.

Ultimately, there is no singular tech tool that's going to do all the work. You have to constantly try new ideas, track your results, understand the data, adjust course, and try again. Doing a combination of these things will not only help you get in front of your customers, it also will help maintain and continue your relationship so they keep coming back to your brand for more.

“As the age of parents moves from Gen X to Millennials and now Gen Z, we see customer service needs shifting from phone calls to direct messages and emails



## JAYNE LEVY

Vice President of Communications  
Unity Rd.

The cannabis industry is novel in both franchising and in the wide-scale marketing space: it brings increased rules and regulations on how to tap into marketing your brand at both the state and city levels. While the industry can be complex to navigate, our team consists of industry experts across both franchising and our product, bridging the gap and creatively strategizing how to market the business as the first national franchise in the cannabis space.

While the adult-use cannabis market continues to thrive, digital tools and technology are being created and tested every day to find the best fit for both teams and customers. We have built a solid foundation with platforms and tools to facilitate a seamless process, both in-shop and out. Online platforms such as Weedmaps, Leafly, and Dutchie are currently adopted across our franchise system for seamless product navigation and ordering functionalities. In addition, we are currently working on refining our loyalty and rewards program for guests.

From the consumer perspective, one aspect of marketing we have been prioritizing is guest feedback and reviews. Knowing that public reviews can significantly influence traffic to our shops, we set out last year to find a tool to increase our local reviews and launched with a tool embraced by both the franchise and cannabis industries.

The customer communication platform we use translates reviews into a strategic marketing initiative that encourages guests with a positive experience to leave a review. After each sale, guests receive a text asking

them to rate their experience at the shop. Those who rate with a 4- or 5-star rating are then sent a link to post a review to the site of their preference (e.g., Google, Facebook, Yelp!, Weedmaps, Leafly); others are asked additional questions about their experience to guide follow-up from the local team.

To optimize this tool, we also created a standard operating procedure and training that guides local shop management on best practices around responding to both positive and negative reviews. It includes templates that can be tailored for responses to reviews across the shopping environment, team member support, or product experience.

Responding to online reviews builds trust with our communities and gives us an opportunity to humanize our business by showing guests that we care. This also allows for continued communication between the shop and guest after their visit to further build the relationship and instill loyalty.

Navigating a compliant marketing strategy in an industry that comes with a lengthy list of legal restrictions can be quite difficult. As a franchisor, we drive solutions that will facilitate seamless operations, increased growth potential for franchise partners, and an optimized retail experience for guests. Our commitment to using reviews for marketing strategy has proven highly effective, with our initial test shop in Boulder seeing a dramatic increase from just a few reviews a year to a handful each month.

# Permanent Change

## 6 steps to a successful customer service initiative

Written By  
**JOHN DIJULIUS**

Every company is guilty of having a bunch of great ideas and incredible initiatives born in a meeting room—only to see them fizzle out and die, leaving management frustrated and cynical and employees skeptical about what the next program of the year, flavor of the month, or management by bestseller will be. The following is how we ensure that our consulting clients are seeing tangible results 12 months, 3 years, and even 5 years later.

**1) Create it.** Whether you are creating your Customer Service Vision Statement, your Non-Negotiable Standards, or your Service Recovery (Zero Risk) Protocols, you must have a team tasked with this project. Most commonly known as a steering committee, the team ideally is composed of 12 to 18 people. It should consist not only of management, but also representatives of nearly every department, as well as some frontline employees. This will ensure the group is working for the best interests of the entire company.

This project also must have a leader, a champion (CXO) who reports to the CEO or president and who will lose sleep over the success of this project at every stage—not only in the short term, but also 6 to 18 months from now. When creating an initiative, the project champion must convene the steering committee for an initial workshop and, at a minimum, a follow-up. To create the best outcome possible, create homework and exercises. Between meetings, the project leader must manage regular communication between committee members to ensure everyone is collaborating and staying on target with outcomes and deadlines.

**2) Launch it.** Creating your initiative can be exhausting. It should be exhausting, otherwise it won't be taken seriously. Now

the hard work starts. The only thing nearly as important as executive sponsorship is frontline sponsorship. This is where a major mistake is commonly made. The steering committee may assume everyone in the organization will have the same passion and commitment to this initiative. But no one outside the committee has been immersed in it, so there typically is a disconnect with the rest of the organization. This is why it is so important to have a launch that gets everyone on board and understanding why this initiative is so important to the company's success.

A launch involves communicating with everyone, and in that launch, you must tell a story. Every story has a villain and a hero. The villain is what's wrong with the way it is. It may be the competition, the status quo, price cutters, or the pain the customers are experiencing. The hero is easy: it's the initiative and how it will solve the problem(s) at hand. You must be able to sell the purpose of your initiative to all your employees and get them to rally around it, rise up, and defeat the "villain." You also must ensure that 100% of your employees partake in the launch, either at the live presentation or by watching it online.

**3) Certify it.** Just because your employees attended or watched the presentation online doesn't mean they retained anything. There must be a certification component. It is important to test each employee to make sure they learned and retained the new information. There are many ways you can do this. One of my favorites is gamifying it, making it a competition between teams, departments, or locations. This makes it fun and a team-building activity.

**4) Implement it.** This is where most plans, projects, and initiatives fail—at the implementation phase. You can create the greatest idea and get everyone to rally around it. But if you don't have a solid implementation plan, it will be just another good idea that never amounted to anything after the pep rally. Implementation requires a rollout calendar of phases (crawl, walk, run) and must be synced with training and support materials.

**5) Measure it.** Every department, manager, and employee must know the key metric that measures the initiative's success (retention rate, number of referrals, re-sign rate, closing ratio, conversion rate, customer satisfaction score, NPS). They also need to

see it daily and know exactly what affects it. Management and employees must obsess over this metric. Celebrate those hitting the goal loudly; coach and convince underperformers that this is the way you are operating, now and forever.

Measure who is doing it consistently, recognize it, then coach all employees until it is executed 100% consistently. To ensure that employees know it is serious and non-negotiable, it must be measured immediately following the rollout. Also measure that it has an impact on customers. Do they recognize the value? Is it affecting satisfaction levels and your key metrics (average tickets, conversion rates, retention, referrals, NPS)? To see the impact it is having, this can't be measured for about 30 days and then at 90 to 120 days.

**6) Sustain it.** Be relentless. There is no ribbon-cutting ceremony for a world-class customer service organization. You never arrive, you just keep branding and advertising your customer service culture back to all your employees. Bring it up in daily huddles. Recognize and celebrate employees who are modeling the desired behavior. Continue to play games and post your ROX (return on experience) results to show performance of the company, teams, and individuals.

### You're never done

Customer service systems evolve, and the steering committee must continue to meet regularly to develop new systems and evolve existing ones, constantly evaluating progress and defects. Most of all, new initiatives must be part of new employee orientation and training so future generations get it, provide consistency, and understand the legacy the company is built on. Then your company's customer service will be your single biggest competitive advantage. ■

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

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# What's in Your Podcast Stack?

10 franchise podcasts in a growing field

Written By  
**JACK MONSON**

Some compelling new series have debuted in the past year on my favorite media platform: audio podcasts. As the owner and host of Social Geek Radio and the Franchise News Podcast, I love seeing the space grow and often get suggestions from friends and the franchise family about new shows I should hear.

Here's a very brief history of podcasting in the franchise community. When I first got involved in franchising 13 years ago, podcasts were still just for tech geeks and Star Trek fans. The only person talking about franchising on a podcast was Paul Segreto on the original Franchise Today, and then BJ Emerson and Deb Evans on the original Social Geek.

Jump forward to 2022 and there are so many great choices to stream or download. I hesitate to limit this list to 10 as I don't want to leave out some terrific content creators. But if someone were to ask, "What's in your pod stack?" this would be my go-to list, in alphabetical order.

Note: Some of these shows are produced by me, on some I'm the announcer, some are made by good friends, and some are just things I like to listen to. What they all have in common is a lack of interest in the hosts' egos and more focus on giving value to the listener.

- **The Darwinian Times: Survival of the Nimblest** from Eulerity dives deep with top franchise brand leaders to find out why they do what they do. As a bonus, check out the *Limitless Leaders* subseries with fast hits from multiple CEOs sharing their leadership principles.
- **Franchise Growth Catalyst with Angela Côté** features friendly rants and fun advice from the hardest-working woman in the franchise biz! Give this a listen and *go be awesome*.
- **Franchise Interviews** with Martin McDermott is another long-term show that still delivers fresh stories. As the "professor of podcasting" in franchising, Marty delivers compelling interviews with business owners achieving extraordinary success through franchising.
- **Franchise Today** with the ultimate franchising insider, Stan Friedman, explores what's happening in the space with the newsmakers and business leaders you should follow. The show is more than 13 years old and still remains relevant.
- **Franchise Voice** is the newest franchise show on the list and is the first produced by the IFA. The IFA staff is offering a fresh new way to inform members about issues related to government relations and other relevant topics.
- **Franchising in Focus with Richie Huffman** is an ongoing business coaching session disguised as a podcast. Listen in as Richie shares nuggets that will help you grow your business.
- **Her Success: The Stories of Female Franchise Leaders** was created by the IFA's Women's Franchise Committee. Recent committee chair Michelle Rowan and many members speak with a wide range of leaders. The third season of the podcast is coming soon.
- **Just Jania** features Jania Bailey from FranNet. I thought I knew everybody in franchising. Nope. I know *almost* everybody. Jania knows *everybody*. I've been doing this a long time, and I still learn something every time I listen to her show. The IFA should offer CFE credits for subscribing to this show. I'm not joking.
- **Modrn Businss** with Ryan Hicks and Zack Fishman stands out as a show with guests who are not the "usual suspects." With subseries like *Millennials in Franchising*, *Emerging & Essential*, and *Technology Spotlight*, this is the space where current technology meets franchising.
- **So, You Want To Be a CEO?** Thomas Scott is my longest-tenured friend in franchising. We met on the floor of the exhibit hall at IFA 2009! He's been a franchisor, a franchisee, and a supplier, often at the same time, and has never been shy about sharing his views on what makes a great small-business owner. This podcast is perfect for anyone thinking about being The Boss.

There are so many others I could include, and even more are starting up each month. Are there too many podcasts? Absolutely not! With podcast listenership increasing every day, more content, diverse opinions, and new ideas are needed. Maybe *you're* the next top podcaster! ■

**Jack Monson** is the consigliere at Eulerity and the owner/host of the Social Geek Radio Network. He has been helping franchisors and franchisees with digital marketing for 13 years.





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# 2022 Restaurant Outlook

Better days ahead as  
momentum continues

Written By  
**ROBIN GAGNON**

**T**he first several months of 2022 have shown the promise of a year of comeback and recovery for the restaurant industry—words none of us might have imagined while we were in the thick of it, burdened with shutdowns and labor issues at the start of 2020. Now accelerated by the innovations emerging from 2 years of creative pandemic pivots, the foodservice industry is coming back strong.

The spotlight is on QSR and franchise restaurants as they lead the industry in restyling efforts. Restaurants became the unsung hero of the Covid-19 pandemic and now generate great interest from investors who see their potential in 2022 and beyond. Big things are expected in foodservice, making it the prime time to buy or sell a restaurant.

Just as franchise restaurants fared better than independents during the downturn, they sold at a faster pace in 2021, a trend that has continued in the first part of this year. Fast-casual restaurants had good years in 2020 and 2021, with many outpacing the previous years' performance. Their ability to quickly pivot to takeout, curbside pickup, and delivery was easily accommodated by the franchise business model and their fast-casual approach. There is power in numbers, and the franchise brand strategies not only mitigated risk, but set the stage to gain momentum.

The price point was ripe for the takeout and delivery model, already equipped with service through drive-thru windows and takeout containers. Closed dining rooms helped control costs, leading to higher profitability on many fronts.

The fast-casual market was valued at \$125.6 billion in 2019 and is expected to

reach \$209.1 billion by 2027, a CAGR of 10.6 percent from 2021 to 2027. This growth is fueling investors and job seekers looking for an opportunity and is driving restaurant sale transactions higher.

Through the first part of this year, the industry is not without its challenges. But for investors, these challenges are manageable and do not deter restaurant sales. Supply chain issues are dominating most industries right now, including foodservice. Restaurants are having to rethink menu options based on what foods are available. Analysts suspect supply chain issues are likely to plague the U.S. at least through this year and into next.

Based on numbers from the U.S. Bureau of Labor Statistics, inflation is pushing up the price of beef and grain products significantly from last year. Once again, this will mean fewer menu options and higher prices being absorbed by consumers.

This challenge is alleviated by consumers who seem to be taking all of this in stride. Trends from 2021 indicate that patrons are willing to spend the money to eat out or for takeout. Whether because of decreased spending at the height of the pandemic, or government stimulus checks, consumer spending has rebounded despite fluctuating Covid variant numbers. Businesses and consumers appear to understand that navigating these fluctuations is the new normal.

Even the labor difficulties in the service sector are being resolved. Restaurant owners have figured out how to do more with less—as have consumers. Longer wait times and occasional lines for food and service are a given. In addition, patrons know store hours have been reduced and days of service cut as a result of smaller crews.

Restaurants are benefiting from continued automation, which is a natural outcome of the labor shortage facing the industry, with many brands embracing technology to reduce labor hours. Because this industry has so easily adapted and positioned itself well for the future, investors are hungry.

According to the most recent BizBuySell Insight Report, restaurants are making a strong comeback, with closed transactions up 42% over the previous year. However, the report noted, transactions are still down 8% from Q1 2020 levels and 22% from Q1 2019 pre-pandemic levels.

The report also noted that median sale prices for restaurants are up 51% YOY,

observing that “as more distressed businesses recover, aging owners see this as a window to retire, while buyers see an opportunity to take over prime locations and open new concepts.” At my company, We Sell Restaurants, we saw unprecedented growth in transactions of 33% over the previous year. At the same time, sales dollars grew by 66.4%, reflecting higher average unit sales prices (up 24.9%) over the previous year.

## Reasons for growth

As a restaurant sales specialist, I see a number of reasons for growth. Those previously in the industry who were displaced during the pandemic were able to amass cash reserves from enhanced unemployment benefits. Those same families have healthy 401(k) positions and homes with very high values. They are now ready to reenter the industry and are seeking opportunities of their own rather than working for someone else.

There is unprecedented “movement” going on from state to state and coast to coast. The geographic preferences of the restaurant buyer are shifting, and they have more flexibility with remote working options for their spouses than ever before. For that reason, we are seeing dramatic relocations occurring with families moving for established cash flow and profitable opportunities.

The restaurant industry is well-positioned to continue its momentum from 2021 throughout this year. This is thanks to creativity and innovations we may not have otherwise seen for another 5 years if consumer demand hadn't insisted on fast tracking, and the industry's quick pivots hadn't kept a very high-demand industry surviving and now thriving. Savvy entrepreneurs recognize the strength of the fast-casual franchise model, and it whets their appetite for investment. ■

**Robin Gagnon** is the CEO and co-founder of We Sell Restaurants, the nation's largest restaurant brokerage firm. It is the only business broker franchise specializing in restaurant sales and in assisting restaurant brands to establish franchise resale programs. She recently was named chair of the IFA's Women's Franchise Committee.



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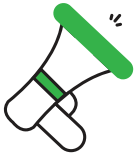
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# TECH TOOLS '22

How 4 franchise brands are leveraging technology

Written by **JOE HALPERN**





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**F**ranchising technology has come a long way from the “old days” of paper loyalty cards updated with a pen and mailing standardized marketing materials to each franchisee. New cloud-based software and platforms have allowed brands and their franchisees to go paperless, while also gaining invaluable data and marketplace intelligence and introducing more friendly and efficient customer services.

In a study conducted by FranConnect, 50% of franchisees said technology tools were among the top values a franchisor provides. And on the franchisor side, the study reported, “Franchises are recognizing there may be limits to their expansion unless they keep pace with technology needs.”

But while the introduction of leading-edge technology has helped move brands into the future and made life easier for franchisors and franchisees alike, it isn’t always an easy integration. With any new technology upgrade comes a capital investment that can easily reach six figures for major overhauls at larger franchises, along with the learning curve time required for everyone in the organization to get up to speed with the new tools or platforms.

“When you introduce a new technology to your franchise base, do so carefully,” advises Kristen Pechacek, chief growth officer at MassageLuXe, a membership-based massage and facial services company with 70 locations nationwide and 20-plus more projected to open in 2022. “Consider a proof-of-concept and a pilot before rolling out systemwide,” she says. “Watch franchise adoption carefully. If it is not being used by more than 50% of your franchisees, you may be paying too much or investing too much time into the technology.”

We reached out to four franchise brands that are aggressively growing to learn what new technology software and platforms they have adopted in recent years, and the impact they are making. Here is what they shared.

## MassageLuXe

To accelerate its reach and systemwide growth, MassageLuXe is relying mainly on native technology for its digital advertising, says Pechacek. “Placing ads in our platform versus using third-party tools allows us to ensure that the latest targeting and creative abilities are being used by our in-house team,” she says.

“Additionally, with restrictions in targeting because of iOS updates and privacy policy changes, the ability to target like we used to is not possible. We rely much more heavily on first-party data to inform our targeting strategy,” she says.

For traditional advertising needs, MassageLuXe franchisees are provided with a marketing portal through which they can access materials, customize them for their location, and send them to print seamlessly, she says. Franchisees have access to the materials through an intranet and post natively to the platforms. They also are provided with regular updates to their campaigns through Google Sheets that are automatically updated through a master sheet by the franchisor. Analytics are emailed once a month on performance.

Perhaps the technology investment with the most impact, says Pechacek, is the brand’s upgrades to its CRM system. To increase market size and frequency of visit, MassageLuXe determined it was far cheaper to target existing customers than to constantly acquire new ones, especially with digital advertising on Facebook and Google becoming more difficult because of the new privacy

restrictions. The new CRM capability, built inside the existing POS system, was first implemented in 2015 and continues to pay big dividends, she says.

“It is extremely important that our franchisee tech stack isn’t overwhelming. Franchisees don’t have time to open four different programs to get their marketing working. They should be focused on building relationships in their community and fine-tuning their business operation,” she says.

## Bruster’s Real Ice Cream

Even in the super-competitive premium ice cream market, where consumer tastes and brand loyalty drive bottom lines, top franchises are looking to technology to give them an advantage over their competitors. Bruster’s—where franchisees craft at least 24 flavors of ice cream daily at more than 200 locations in 21 states and Guyana and South Korea—is no exception.

“We’ve made some substantial investments in our technology in recent years to become a fully efficient drive-thru service,” says Jennifer Brinker, vice president of marketing. “We are leveraging technology to increase our reach and meet the needs of our consumers as we continue to evolve in this new digital world we find ourselves in.”

To help make the sales process more seamless for customers, Bruster’s has installed the online ordering platform Olo, and integrated third-party in-home residential delivery services directly into its POS system, says Sean Krings, Bruster’s vice president of operations and IT. Meanwhile, on the franchise development side, Bruster’s is working with Pinpoint, a retail mapping platform, to help gain insights on where new development should be focused.

“We identified the top 25% of our system, based on annual revenue, and did an analysis of the area, demographics, psychographics, commercial real estate costs, retail trends, competition, and GPS data to establish a weighted scale of common characteristics that we want to duplicate,” says Kim Ellis, vice president of franchise development and legal for Bruster’s.

“Pinpoint took that data and built an algorithm and applied it to every intersection across the U.S.,” she says. “I can turn on a layer in my platform and it will show me exactly what areas of a market meet our top characteristics. These become the areas I focus on for new development, and I will create a development map to share with candidates interested in that market.”

The benefit? “The Bruster’s franchise candidate feels confident knowing that the areas they select for development are already vetted and meet the characteristics of our top-performing locations,” says Ellis.

Brinker says Bruster’s posted a 17% year-over-year increase in overall revenue during the pandemic, when consumer appetites for premium ice cream peaked, with a projected growth of 12% in 2022.

“We signed 44 franchise agreements in 2020, 51 franchise agreements in 2021, and anticipate opening 25 to 30 new locations in 2022,” says Ellis. “We currently have 23 stores under construction and anticipate opening more than half of those by the end of June.”

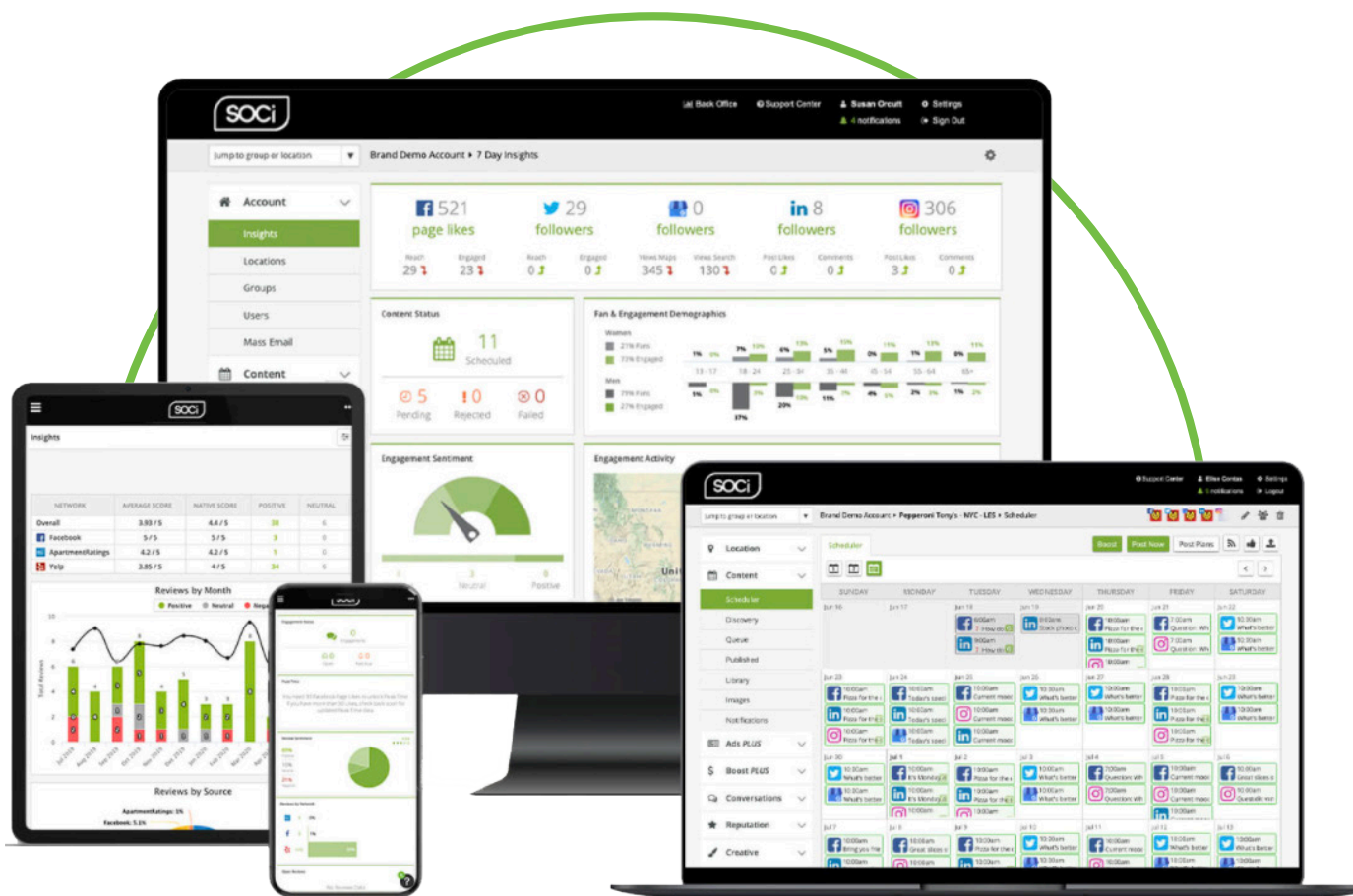
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## **“BETTER CUSTOMER INSIGHTS LEAD TO BETTER MARKETING PERFORMANCE, AND THE RESULTS THEY HAVE GENERATED PROVE IT. IT’S BEEN NOTHING LESS THAN AMAZING”**

seven individual brands, credits technology upgrades with helping the company navigate the challenges of the pandemic over the past 2 years.

“We brought on a lot of different platforms to help us on the technology aspect,” says Marketing Director Amanda Maquet. “We were very lucky in implementing some of these things before Covid.”

Moran operates more than 120 franchise locations nationwide under the brand names of Mr. Transmission, Milex Complete Auto Care, Turbo Tint, Alta Mere, SmartView Window Solutions, Multistate Transmissions, and Dr. Nick’s Transmissions.

“We switched to SOCi in the beginning of 2021, which gave us the social media aspect of being able to publish and post and then get reporting for our social media campaigns,” says Maquet. “We can see what’s coming in and be able to better access the review side from Google, Yelp, and Facebook and then fill in the missing components.”

Adopting SOCi, she says, has played a big role in the company’s marketing and operational support to its franchisees. “We are able to manage all of our franchisees’ social platforms, reviews, and listings all from the platform. In addition, we get some valuable reporting on all three of these activities that we share with our ops team and the franchisees directly.”

Pre-Covid, Moran had started working with Kukui, a CRM system and marketing vendor specializing in the automotive industry. “We were able to get ahead of the curve by keeping in contact with our customers and sending them information about our business through that system,” says Maquet. “We also were able to track our marketing ROI to see what worked and what didn’t. This has helped our franchisees have confidence in their marketing plans and see that their dollars are being spent wisely.”

### **American Family Care**

“American Family Care has been around for 40 years, and it’s in many ways a forward-thinking company, and, ironically, in some ways it’s still ‘old school’ when it comes to technology,” says Sean Hart, vice president of franchise development at AFC, an urgent care franchise with more than 280 locations in nearly 30 states. “But at the same time we know we have to move forward in order to remain competitive,” he says.

“Physicians in general tend to not like technology unless it very, very clearly makes their life better. Electronic medical records are the bane of every physician’s existence, yet at the same time, we are reliant on technology for our business.”

Since joining the corporate team in 2018, Hart has helped lead a major technology overhaul at AFC. Some of the new tech tools the franchise has adopted include the following.

- FranFunnel. “We brought it on in a limited capacity in 2019 and then got the full team on board in 2021,” he says. “It allows seamless communication via text messaging with the entire sales team, from initial contact through becoming a franchisee. From the leads perspective, it’s very seamless.”
- Botco.ai allows for interactive communication with all the leads or patients that visit the franchise development website, says Hart about the conversational marketing platform, which AFC employed in 2020. “Patients often end up on our page, and most leads start there. We are able to cover a lot of the early part of the journey through the bot without the need for a person to be involved. When it’s time to actually engage with a person, the system lets us know.”
- CareerPlug “allows us to facilitate hiring throughout the system, as well as track the results of hiring, turnover, etc. for the system,” Hart says about the online recruiting software AFC started implementing last year.
- Synuma “is a full franchise system management tool, with a particular focus on the construction and development phases of the process,” Hart says about the project management tool that addresses every step in the franchise development process.
- Cvent “is an event management software used for our conference, training, discovery day, and any other events, live or virtual,” Hart says. It was fully implemented last year after first being put into play on a limited basis in 2018.

Perhaps the most significant technology upgrade at AFC, he says, was the company’s adoption of 919 Insights, a content marketing data analytics tool, which, he says, helps him make better marketing decisions based on the behavior of franchise prospects online.

“The platform tracks what online topics drive prospects to the AFC website, what topics prospects actually engage with and ones they ignore, and what topics drive conversions,” says Hart. From this analysis, he says, AFC is able to make website refinements to optimize for SEO, social media content, and even drive paid advertising messaging based on the topics most likely to convert.

“Better customer insights lead to better marketing performance, and the results they have generated prove it. It’s been nothing less than amazing,” says Hart, who reports that AFC’s franchisee candidate leads have shot up from fewer than 50 a month in 2018 to more than 400 for Q1 2022 since integrating the tool.

AFC closed an impressive 58 new franchise deals in 2021, a 132% increase in the number of franchises sold the previous year. Thanks to this accelerated growth, AFC is on track to have at least 500 urgent care locations open by 2025. ■



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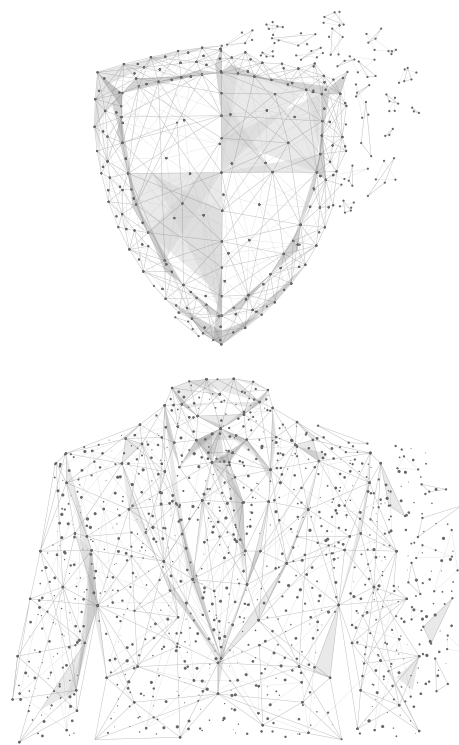




# DATA PRIVACY

## Safety first in a time of increasing regulation

Written by **HELEN BOND**



**O**perating a franchise brand in a privacy-first world is proving to be increasingly complex. Are you keeping up?

As franchise brands navigate potential privacy pitfalls amid new regulations, rising data security breaches, and growing distrust from tech-savvy consumers, the stakes to securely manage the data they collect and build trust with their customers have never been higher.

With no national data privacy law in place in the U.S., measures that limit the use of customer data continue to be patched together disparately state by state. Utah joins California, Virginia, and Colorado as the latest state to enact comprehensive consumer data protection laws, set to go into effect in 2023, with other states lining up to follow suit. Restrictions on international data further complicate compliance challenges.

It's a busy time that will only get busier for franchise executives like Carissa De Santis, chief technology officer of Jamco Interests, as privacy laws continue to evolve. De Santis oversees enterprise-wide technology and digital efforts for the multi-concept group, whose brands include Friendly's, Red Mango, Smoothie Factory, Souper Salad, Orange Leaf, and RedBrick Pizza.

"With all the constantly updated and new laws across the country, this is almost a full-time job," says De Santis, who joined Jamco in December 2021. "You must staff internally or engage with a solid vendor partner to cover all the bases and manage state to state. This is not something you can tuck under the rug. It needs to be managed on an ongoing basis and be well-documented."

With so many different state, national, and international regulations in place, privacy experts recommend building a data privacy and protection program around the commonalities of these regulations.

While there are nuances in every regulation—and a mind-numbing list of acronyms—the overall goal of most privacy laws is to provide consumers with broad protection and rights over the collection, use, processing, sharing, and sale of their personal information. Businesses that fail to comply face significant fines and penalties—as well as a public shaming and loss of business when there is a data breach.

### Focus on the commonalities

Elizabeth Harding, a shareholder at Polsinelli and vice chair of the law firm's technology transactions and data privacy practice, encourages franchise brands to understand their obligations to protect the data they've collected from their customers.

"It's a progress, not perfection, situation," she says. "Understand the key elements, hit those, and then chip away at the other areas."

Depending on the size and international scope of your franchise, this might mean implementing a program that covers the most critical areas of the far-reaching European Union's General Data Protection Regulation (GDPR) and broadly complies with other regulations, such as the UK's Privacy and Electronic Communications Regulations (PECR), significant for online and digital advertising purposes, notes Harding.

U.S.-only franchise operators may want to establish a compliance checklist using California's extensive consumer privacy laws—the California Consumer Privacy Act (CCPA) and California Privacy Rights Act (CPRA)—to address a large part of the broader U.S. privacy compliance ecosystem.

"I look at the various privacy regulations as a bit like a Venn diagram, where the middle of that diagram includes the common compliance obligations that would form the key components of a compliance plan, with the 'outlier' items sitting outside of that middle area," says Harding.

Focusing on the common principles in the various laws instead of scrambling to keep up with the differences has been the favored approach at Fazoli's, which has more than 215 restaurants in 28 states.

"In an ideal world, the federal government would standardize regulations and avoid the patchwork of state laws that exists today and makes compliance significantly more challenging," says Wayne Pederson, Fazoli's vice president of information technology. "With our tech stack, we have made the decision to base our company policies on the most stringent laws in each of the states versus trying to maintain separate rules in each state."

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### Practical advice

There is no one-size-fits-all solution to navigating data privacy through the intricate nature of a multi-layered franchise system. The scope of your business, IT infrastructure, marketing and data collection method, risk tolerance, and the structure of your relationship with your franchisees must all be considered when clearly defining compliance obligations, assessing exposure, and creating a privacy program to mitigate future risks. Every data privacy game plan starts with a digital audit.

“I can’t stress enough the importance of data mapping to understand what data you have, where it is housed, what you do with it, and who has access to it,” says Harding. “Without this, it is really hard to meet the various other compliance obligations under these laws. Then hit the low-hanging fruit: privacy notices, incident response plans, and how to recognize and handle consumer requests.”

Franchise brands must provide clear and transparent notices of their privacy practices and plan for the worst, says De Santis, who previously led systemwide technology and digital efforts at Dickey’s Barbecue Pit and TGI Fridays.

“Ensure that your organization has a documented process for handling digital privacy and a response plan in the event of a breach,” she says. “This will allow you to respond quickly and begin the remediation process immediately should anything arise. It is unfortunate, but data breaches have become a common occurrence, and, if it happens, you want to be prepared to respond.”

Jamco has had to review or amend “just about all the pieces of the game plan” as De Santis works to usher in an integrated, modern IT environment for Jamco’s portfolio of eight brands and more than 220 locations across the U.S. and internationally.

Along with new and revised internal, franchisee, and guest-facing processes and procedures, the company is implementing a franchise support and engagement platform to segment all the resources needed to ensure franchise partners have the information they need. Quarterly store visits and audits include checklist items on data privacy to confirm compliance, and additional language added to the franchise agreement. De Santis believes these key pieces will help ensure that the company provides the needed support as a franchisor and protects the brand on the liability front.

“As the franchisor, we have a certain responsibility to educate and support our franchise community when it comes to topics like data privacy,” says De Santis. “Our franchise partners look to us to help provide guidelines, direction, best practices, and standards around the ever-changing data privacy regulations.”

### Get your tech up to speed

Fazoli’s has implemented a mixture of policies and procedures over the past few years to streamline the company’s privacy compliance efforts. For example, facial recognition has been disabled on kiosks at every location, even though most states allow facial recognition without disclosure. Each restaurant in Fazoli’s system uses the same secure, “zero-trust” managed network, which allows the network administrator to modify or program any system changes when new rules or regulations arise.

The brand’s software providers separate franchise and company data. Pederson says Fazoli’s leverages a network of third-party providers for everything from the back of the house to loyalty, and relies on those vendors to keep data segmented and secured appropriately.

“Having solid policies in place as to who can access, when they can access, and if data can be exported from systems is one of our day-to-day best practices,” says Pederson. “Limiting the overall access limits our potential exposure. In terms of a breach response, there must be a policy in place, a plan in place, and ideally a company on retainer to respond to the breach.”

Franchisors are grappling with a deluge of data that makes it tougher to track and protect. Adopting a “less is more” approach to using only the data required to support your company’s recruitment, marketing, and product development goals can help brands and franchisees gain more control and protection of their incoming data.

### The silver lining

With more privacy changes in play, including the demise of third-party cookies and increased scrutiny over other digital tracking methods, the overall data privacy picture will continue to evolve—and so will the opportunities for data-driven franchise brands to develop a competitive edge by building a permission-based relationship with their increasingly privacy-savvy customers.

Studies show that when a customer clearly understands how their data is being used and has a voice in it, they are more likely to share their personal information.

Investing in the right technologies and secure infrastructure is vital to delivering on the promise of this new data relationship. But a “strong trust-based relationship with customers may be the key to a sustainable, effective data strategy,” according to a McKinsey & Company report.

De Santis also envisions bigger-picture opportunities by aligning all players involved in customer data. “With all the various ordering platforms and third-party vendors, it is seldom the case that your individual organization houses the sole responsibility for all your customer data,” she says.

“The agreements include all sorts of legal language around data and policies, but what would really make a difference in our space would be having the operators and vendors aligned and using the same best practices and policies when it comes to the collective customer privacy data,” she says. “An approach such as this would make data privacy even more transparent to the customers with an understanding that their data is safe.” ■





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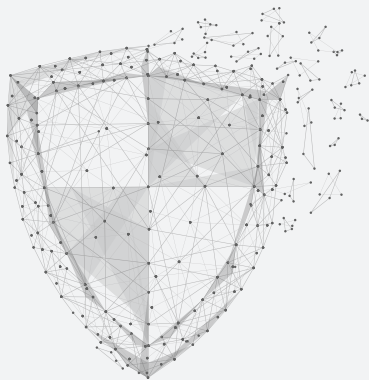
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# 5 WAYS TO PROTECT YOUR CUSTOMER DATA

**With a flurry of data privacy regulations set to take effect in 2023 and more changes on the way, now is the time to make data protection a top priority.**

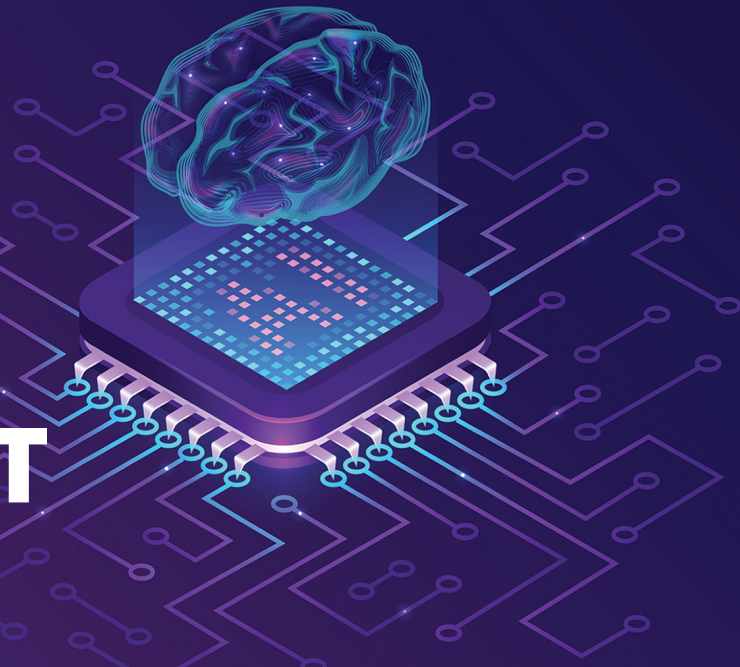
**There's no simple way to guarantee compliance across the board, but franchise brands must keep up with the various laws and adapt as technology changes, says Amanda Witt, a partner at Atlanta-based Kilpatrick Townsend & Stockton.**

**Witt, who co-leads both the firm's Cybersecurity, Privacy and Data Governance practice and the Technology, Privacy & Cybersecurity practice at the firm, outlines the following steps to help franchisors build a strategic privacy program to protect their brand and maintain consumer trust.**



1. Take stock of your business. Evaluate your online and brick-and-mortar operations and data flows to determine the types of data you collect and what you do with it. The path to privacy usually begins with the well-meaning but mistaken statement, “We don’t collect consumer information,” says Witt. If you store, process, or transmit credit card information or ask customers to enter their name, address, or birthday, you are collecting personal information that is likely subject to one or more of your state’s privacy, biometric, or consumer protection laws. Credit card information must also comply with the Payment Card Industry Data Security Standard (PCI DSS), a set of security standards that have existed since 2004, to help ensure businesses securely store and transmit the payment card information of their customers.
2. Develop clear written consumer and breach notification policies and procedures. Most state privacy laws and the GDPR require businesses to have systems in place to respond to any consumer request to delete or de-identify their private or personal data. Invest in software or other technology that enables your brand to locate and recognize the data and take the steps required by law to store, delete, or de-identify the information.
3. Set up internal policies that enable compliance. Franchisees and their employees must know what they can and cannot do with customer information. Since most state privacy laws require consumers to opt in or out, employee training is a critical component of data privacy compliance. While franchisors may not want to provide the training directly for fear of joint employer liability, brands, at a minimum, should mandate that franchisees and their employees seek such training.
4. Maintain your technology and security systems. Franchise businesses must do more than just purchase and install technology and security systems to protect consumer data. These systems must be maintained and updated. Security and incident response plans, system backup protocols, and disaster recovery plans are standard and likely necessary to have in place to avoid liability or at least minimize risk and liability exposure.
5. Update your franchise agreements and operations manual. If you haven’t already done so, your franchise agreement and operations manual should be updated to account for compliance with the various state privacy, biometric, and consumer response laws. Franchisors must decide their role in overseeing and enforcing franchisee compliance and may still be held liable for privacy breaches their franchisees commit. Formal privacy and data security policies that provide recommendations but otherwise expressly state the franchisor is “not responsible for the franchisee’s compliance” may minimize exposure. Investing in cybersecurity insurance and requiring franchisees to do the same is another way to reduce risk.

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# Q How are new data privacy rules affecting your franchise recruitment strategy and tactics?



## MICHAEL ABRAMSON

Chief Strategy Officer  
LIT Method

Data privacy has been thrust into the spotlight in recent months, as new regulations have come into effect in the U.S., Europe, and beyond. Two key examples are the CCPA (California Consumer Privacy Act) in the U.S. and the EU's GDPR (General Data Protection Regulation).

At first glance, these regulations present a hurdle for brands looking to market their franchise opportunities, as potential franchisees are now more wary of how their data will be used. However, there are ways to overcome this hurdle and foster trust with potential franchisees.

While there is an impact on franchising from data privacy concerns, brands can overcome the challenges this presents by enacting key best practices. In the age of "big data," how data is used is paramount to the success of the company, both for prospecting and for de-risking business decisions, making data privacy an important issue for all businesses.

This is especially relevant in franchising. Franchisors rely on marketing to attract potential franchisees, and significant sets of data are often used in this process. With the new data privacy regulations in effect today, franchisors must be more transparent about how they use data. There must be clarity on what information they are using, where they are getting it from, and who will have access. This transparency is essential in building trust with potential

franchisees, especially because franchising is relationship development with economic underpinnings.

In addition to being transparent about how data is used, franchisors also must review their technologies and growth strategies. New technologies may be needed to comply with data privacy regulations, and growth strategies must be adapted to take these regulations into account. Nevertheless, data privacy should not be seen as a hindrance to franchising. Rather, it should be viewed as an opportunity to start the prospecting process from a position of trust and to continue building that trust with potential franchisees.

Don't just take my word for it. According to Cisco's 2021 Data Privacy Benchmark Study, 76% of companies that invested in a better user experience as it relates to privacy saw direct benefits in terms of customer loyalty and trust. This result is statistically significant, painting a silver lining for the companies that embrace the new age of data privacy in which we live. In sum:

1. Regroup. Develop a new data privacy game plan.
2. Simplify, simplify, simplify. Make sure prospective customers can easily and clearly understand your data privacy policies.
3. Try new things. Technology is rapidly advancing. There are more and more ways to connect with prospects to collect first-party data.

“76% of companies that invested in a better user experience as it relates to privacy saw direct benefits in terms of customer loyalty and trust



## MIJO ALANIS

Founder and CEO  
Beyond Juicery + Eatery

Data privacy rules can definitely have an impact on a brand's franchise recruitment strategy. With many platforms in play, from digital advertising on social media to using bots to screen leads, brands deal with an influx of data on an almost daily basis. With data being collected online from franchise leads, franchisors must ensure that personalized data is being securely stored and that their recruitment strategy is up to par with the latest privacy rules.

We are fairly unique in the sense that we have grown our franchise organically. Although digital recruitment tactics have grown in popularity, and we have dabbled in them here and there, there will never be a franchise lead as genuine as a loyal existing customer who is passionate about the brand and product. Our brand grew thanks to the people who walked into our restaurants and asked how they could buy their own Beyond Juicery + Eatery location. That same excitement for the brand is still present for many of these individuals, some of whom are now our highest-performing multi-unit franchisees.

We have gathered a group of successful, like-minded franchisees that we take pride in, and genuinely believe that we have created a canvas for entrepreneurs to grow their business and change lives. Currently, our brand is expanding throughout Michigan and Ohio, and it has been easy to find local people who buy into the brand and vision. Down the line, as we begin to spread nationwide, digital tactics will become more prevalent.

I accept that we are moving in the direction of bots and digitization. Like many brands, we monitor the ever-changing privacy rules to ensure that our recruitment strategy aligns with industry standards. Ultimately, a franchisor's main hope will be that using increased technology can maintain brand integrity, especially with smaller, hometown brands like ours.



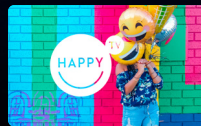


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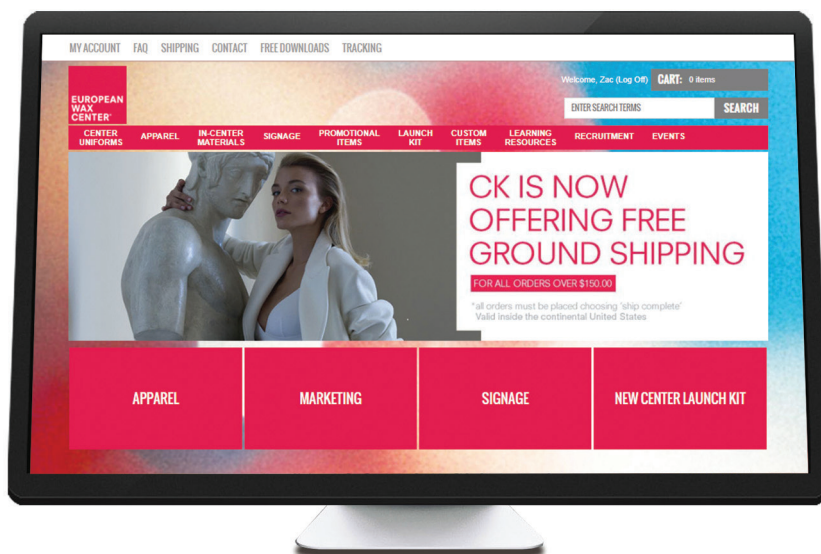
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Leasecake is proud to partner with Franchise Update Media in advancing the interests of multi-unit operators. Look for us at the Franchise Marketing Leadership Conference, the Franchise Leadership and Development Conference, and MUFC 2023.

A large, stylized, light blue icon of a building with four horizontal bars, similar to the Leasecake logo, is positioned on the left side of the bottom section.

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# LEASECAKE

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Taj Adhav – CEO and Co-Founder

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The Leasecake platform helps tenants, brokers and landlords navigate all their location-related services, from lease

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Leasecake is a pioneer in the future of work space, according to Phil Dur, co-founder and managing partner of PeakSpan Capital. "The Leasecake solution really shines when it comes to helping these constituent groups manage multiple properties, offering a wealth of features and ease-of-use that enable these stakeholders to collaborate on the Leasecake platform."

That's the kind of meaningful innovation that inspired PeakSpan to lead an oversubscribed Series A fundraising round raising over \$12 million investment in Leasecake. Which means we won't stop innovating on behalf of property professionals any time soon. In fact, we're just getting started.

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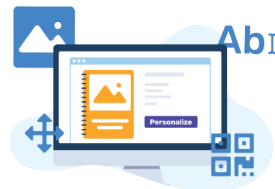
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# PRINT PROPEL

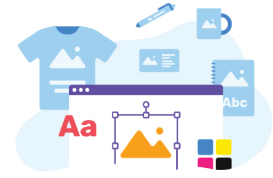
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BRAND COMPLIANCE

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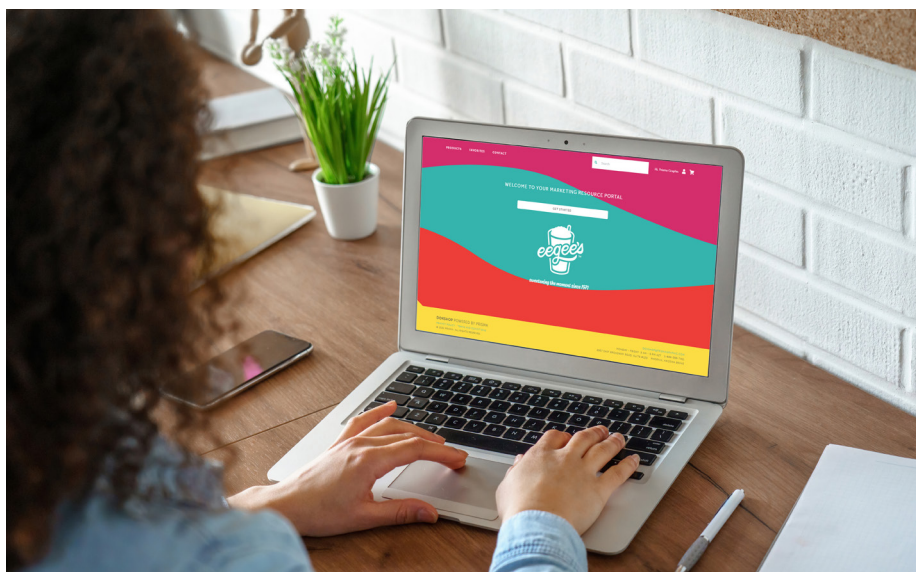
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to streamline their print, promo, signage, apparel and marketing collateral in one place. Gone are the days of operating in silos with poor insight into vendor spend and timelines. More than 300 national brands use dokshop's web-to-print and marketing logistics technology. User-based permissions can be granted to ensure security and efficiency while robust cost-center accounting features keep track of budgets and spend. Dokshop has revolutionized the marketing logistics landscape for Prisma's clients, and as our proprietary software, we are able to continue to stay ahead of new technologies with continuous development. Learn more at [poweredbyprisma.com](http://poweredbyprisma.com).

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# Franchise Development Is Up

But will the growth capital be?

Written By  
**DARRELL JOHNSON**

## 7(a) LENDING ACTIVITY

Fiscal Year	Approved Loans	Approved Dollars (billions)
2022	20,304	\$10.751
2021	17,946	\$10.733
2020	21,984	\$10.050
2019	25,008	\$11.391
2018	29,512	\$12.568
2017	28,645	\$11.968

**F**RANdata projects that franchise unit growth will rise 2.2% in 2022. While that doesn't seem like a big percentage (and it is lower than 2021), it still represents about 17,000 new units.

There are many economic factors influencing the appeal of franchising in the early stages of an economic recovery. The mood among franchise development people we routinely speak with was reinforced at the recent Multi-Unit Franchising Conference: it's pretty optimistic.

However, this growth won't be realized without the involvement of lenders. They may see the same world peering through the same economic lens you do, but you need to be aware that they have different criteria for interpreting it. Lenders have some key questions about brands and borrowers that were not a concern just a few years ago.

You might respond to the above by saying your bank relationships are fine. Perhaps. We speak with lenders every business day. Our banking relationships include 8 of the top 10 SBA lenders in franchising. We know what they're saying. But what are they doing? Because franchising relies to a great extent on SBA loan guarantees, one tracking metric for changes in franchise lending activity is SBA loan data. Comparing the first two quarters of the 2017–2022 government fiscal years shows lending has not returned to pre-pandemic levels.

A big part of why lending mindsets have changed derives from an understanding about what they've been forced to go through over the past couple of years. Like the rest of us, the pandemic took them out

of their game and thrust them into the role of the distributor of government assistance to businesses. They saw just how desperate the business community was through the dark days. Now they are returning to their old roles knowing they need new rules.

### What it means for you

If we know what they're saying and we know what they're doing, what does this mean for you as you look at your development plans for this year and next? The simple answer is to see the world through their lens, not yours. Lenders need to understand how franchisors navigated their systems through the pandemic. Were significant changes made to the offering models that affected the relationship between capital required and expected revenue? Many franchisees are still benefiting from the cash injections of PPP and other government assistance programs. Borrowers' use of PPP funding significantly improved their balance sheets. Was that enough to get them back into stable operating positions?

Lenders are having a very hard time determining which brands are teetering and which are stable because of the very government programs that were so vital during the early part of the pandemic. The usual signals have changed. In a normal downturn, loan defaults would have risen in marginally profitable and unprofitable brands as operator cash ran out. Government assistance has delayed, and perhaps permanently altered, that signal.

In normal times extra cash on the balance sheet means the business is doing well. Now it doesn't necessarily mean the business is stable.

To what extent have rising labor and input costs been offset by increases in product/service pricing? In other words, how have unit economics changed? How have price changes affected customer demand and competitive positioning? Keep in mind that one of the cost pressures will be rising debt-service requirements. In turn, how does this change the borrower qualification standards?

The pre-pandemic business relationship between lenders and franchise systems is being reevaluated by lenders. All these changes are forcing banks to develop new underwriting models and consider brand concentration and sector concentration changes to their loan portfolios.

This also has resulted in a heavier lender reliance on our franchise system FUND credit scoring model to address many of the points noted above. One of the key messages from lender use of that model is that during periods of such high uncertainty, information is critical. Not having information to assess such FUND categories as detailed unit outcomes (*why* a unit was closed matters to lenders), unit economics, and same store sales significantly hurts brand credit scores. In this environment, that means access to credit may not be a given. Franchisors should know their FUND scores. More and more lenders do. ■

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

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# Who Are You?

Building and communicating your identity and brand

Written By  
**EVAN HACKEL**



**C**an I ask you to join me in a small experiment?

Please take a moment to think about a franchise where you have been a customer recently. Please think about what that experience was like and what you purchased. Then take the experiment a bit further by asking what you learned about that franchise's brand while you were there.

Let's think about what your experience might have been if you had visited one of these two "hot" franchises.

If you bought a submarine sandwich at Jersey Mike's, what made the experience unique, different... and *branded*? Was it something about the "Jersey" orientation of the company? Was there something about the way products were named that reinforced the brand? (One sandwich, you might have noticed, is called the "Stickball Special.") Did the servers' attitudes somehow reinforce the rough-and-tumble experience you associated with New Jersey?

If you shipped a package from a UPS store, what was there about that experience that reinforced the UPS brand? Were the walls a traditional UPS brown? Did employees wear UPS uniforms? Did the use of bar code and QR code scanners reinforce the idea that your package was being processed with modern technology? Was the entire transaction quick and convenient?

A brand is made up of products, premises, people, and more. But it goes deeper than those factors. *Every organization has a purpose and stands for something.* What about yours?

## The roots of your franchise's brand

Sometimes the seeds of a company's identity were sown by the founder or by a group of individuals who started the franchise. But no identity is static, and over time it evolves

as it is affected by new company leaders, employees, products, trends in the marketplace, the regions where your franchise operates, and even by your competitors.

So, who are *you*? That knowledge comes from considering questions such as:

- What makes us unique?
- Where have we been?
- Where are we going?
- What do we stand for?
- What is it about our unique products or services that makes people want to work here and build their future with us?
- Why do people want to become our customers?
- How are we perceived as a company?

## Are your brand and culture positive?

Let's face the fact that people like to shop and do business with franchises that project a positive culture and brand. Let's consider some of the traits of positive and negative company cultures. Organizations with positive company cultures often:

- Are customer-focused and provide great customer service
- Have a high level of ethics
- Are committed to community, the environment, and other strong values (e.g., a sustainability mindset)
- Project an atmosphere of teamwork and camaraderie
- Keep employees' families in mind and promote a positive work/life balance
- Foster a positive approach and sense of fun
- Encourage employees' personal and professional development
- Provide excellent training and promote learning

- Create opportunities for growth and advancement
- Have strong and shared core values
- Promote technological innovation

## Are your brand and culture negative?

Now let's think about the flip side. If you walk into a company with a negative culture, you will see one or more of the following things happening:

- Employees have negative attitudes
- Employees provide a low level of customer service
- Technology and systems are not working well
- Brand-reinforcing visuals like graphics and uniforms are used inconsistently or haphazardly
- The premises are not spotlessly clean

## Build on your foundation

Your franchise already has a foundation for a great brand. Are you actively defining and cultivating it? If not, what kind of planning can you put in place to build an outstanding brand that supports your success in the marketplace? ■

**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, and host of "Training Unleashed," a podcast covering training for business. This article is adapted from his latest book, *Ingaging Leadership Meets the Younger Generation*. Contact him at [evanspeaksfranchising.com](http://evanspeaksfranchising.com), follow him at @ehackel, or call 781-820-7609.



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# Setting the Standard

3 suppliers that kept the world growing

Written By  
**WILLIAM EDWARDS**

During the Covid-19 pandemic, franchisors were forced to work with their international licensees remotely. Travel in both directions stopped. All communication was remote, often through video services like Microsoft Teams and Zoom. All training, support, and auditing of operations had to be done remotely. Despite increased communication, identifying and correcting operations and development problems became extremely difficult.

For restaurant brands accustomed to visiting their international locations in person to see that their standards are being followed, this often turned into having the licensee do an iPhone video of the front and back of house in their restaurants—not a foolproof manner of identifying problems with quality control and operating standards.

As is typical of franchisors and their suppliers, they became innovative. This column

focuses on three franchise suppliers that have become standards for global franchise development, marketing, and operations. During the recent IFA in-person annual convention in San Diego, I visited with Constant Contact, FranConnect, and World Manager. Each has a global solution for their franchisor clients that have become post-pandemic industry standards. These tools manage intellectual property, training, general support, audits, and communications through web- and app-based tools that are available 24/7/365.

## Constant Contact

Anne Cardente is channel partner acquisition manager at Constant Contact, a web-based global business platform that gives franchisees the marketing tools they need to succeed. She says the company provides customized onboarding, training, marketing resources, and ongoing support for franchisees worldwide.

They provide a centralized dashboard that shows the franchisor what is happening across their franchisee marketing anywhere in the world. Franchisor control of email marketing, social media, digital ads, landing pages, and surveys the international licensee is using helps keep the message consistent across all countries. This allows franchisors to give franchisees the tools they need to ensure consistent branding, plus the flexibility to customize content for their market. Franchise partners unlock access to all of Constant Contact's online marketing tools and those built just for the franchise business model,

such as Central Send, Campaign Approval, and Global Unsubscribe.

A centralized dashboard provides franchisors with insight and visibility into what's working and what isn't based on opens, clicks, etc. so your team can plan its next steps. You also can add multiple users to your account with varying user permissions and control who can then create, edit, and publish campaigns or make billing-related changes. With customized onboarding, marketing resources, and ongoing support, Constant Contact's team of experts can train international franchisees and provide hands-on support by phone or email anytime they need help. I especially like that the marketing collateral used by the international franchisees is managed and controlled in real time by the franchisor at home.

## FranConnect

When it comes to technological innovation in the international franchising space, Keith Gerson, president of franchise operations for FranConnect, told me that there are some very compelling remote solutions for franchise brands headquartered abroad or that use master franchisees.

Using the right technology, he says, you can support any type of organization and ownership structure, including very complicated ones that can exist when operating abroad. An example is having flexible technological hierarchies of franchisees under master franchisees. One of the most critical technologies involves managing a single



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source of truth of franchise information, along with managing a multi-level global hierarchy for consistent reporting and the ability to share key resources and management engagement across the globe.

Additionally, many of the challenges associated with international franchising can be resolved through franchise sales technology, where you can align processes and gain visibility into franchise development efforts with your master franchisees. There also are solutions related to the opening or reopening of locations via processes to scale efforts for reduced time to value. And in the area of operations, innovative solutions exist for sharing key business insights on unit performance and executing performance improvement plans.

### World Manager

One of the biggest challenges for franchisors during the pandemic was their inability to bring people from their international licenses to their home country for training and to send their teams to countries to train staff in-country. This was especially hard for restaurant brands, where typically the franchisor sends a restaurant opening team into a new country for two to four weeks to ensure that the restaurant or store is opened with local staff properly trained. World Manager's education suite allows franchisors to create a customized online training academy and deliver nationally accredited qualifications with any training provider.

This web- and app-based service allows franchisors to communicate to employees

worldwide and to track standards, eliminating frustrations over inconsistencies. Franchisees and managers in locations both domestic and abroad are empowered with up-to-date, branded content to more effectively train their teams and drive consistency through the company's learning management system (LMS).

Franchisors stay up to date and track each location in real time, ensuring a high standard from day one in the operation of retail and restaurants units. Location audits, service desk tickets for equipment or product support, forms tools, and other key tools allow franchises to provide franchisees with what they need to run their businesses successfully. Real-time mobile operational compliance audits can be done with paperless records.

World Manager often made the difference between delaying the startup and ongoing training of staff and management at franchisor restaurants worldwide until after the pandemic, enabling new restaurants to open in 2020 and 2021 with state-of-the-art training customized to each franchisor's brand needs and standards. This service was used during the pandemic by many U.S. food and beverage brands including The Boiling Crab, The Coffee Club, and Walk-On's, which are clients of the company. According to Domino's, another client, "Using the World Manager platform, we've been able to maintain a 98% completion rate of training across all of our employees. This has had a direct correlation to our sales performance."

### Bottom line

One of the biggest impacts of the pandemic was a major hit to global franchise development and operations because of the shutdown of travel to other countries. These suppliers and others allowed franchisors to manage, train, and support their international franchisees remotely, leading to the opening of new units, keeping existing units open, and maintaining global brand standards. Innovation in difficult times has resulted in better global operations and development going forward for the franchisors that invested in these remote management services. ■

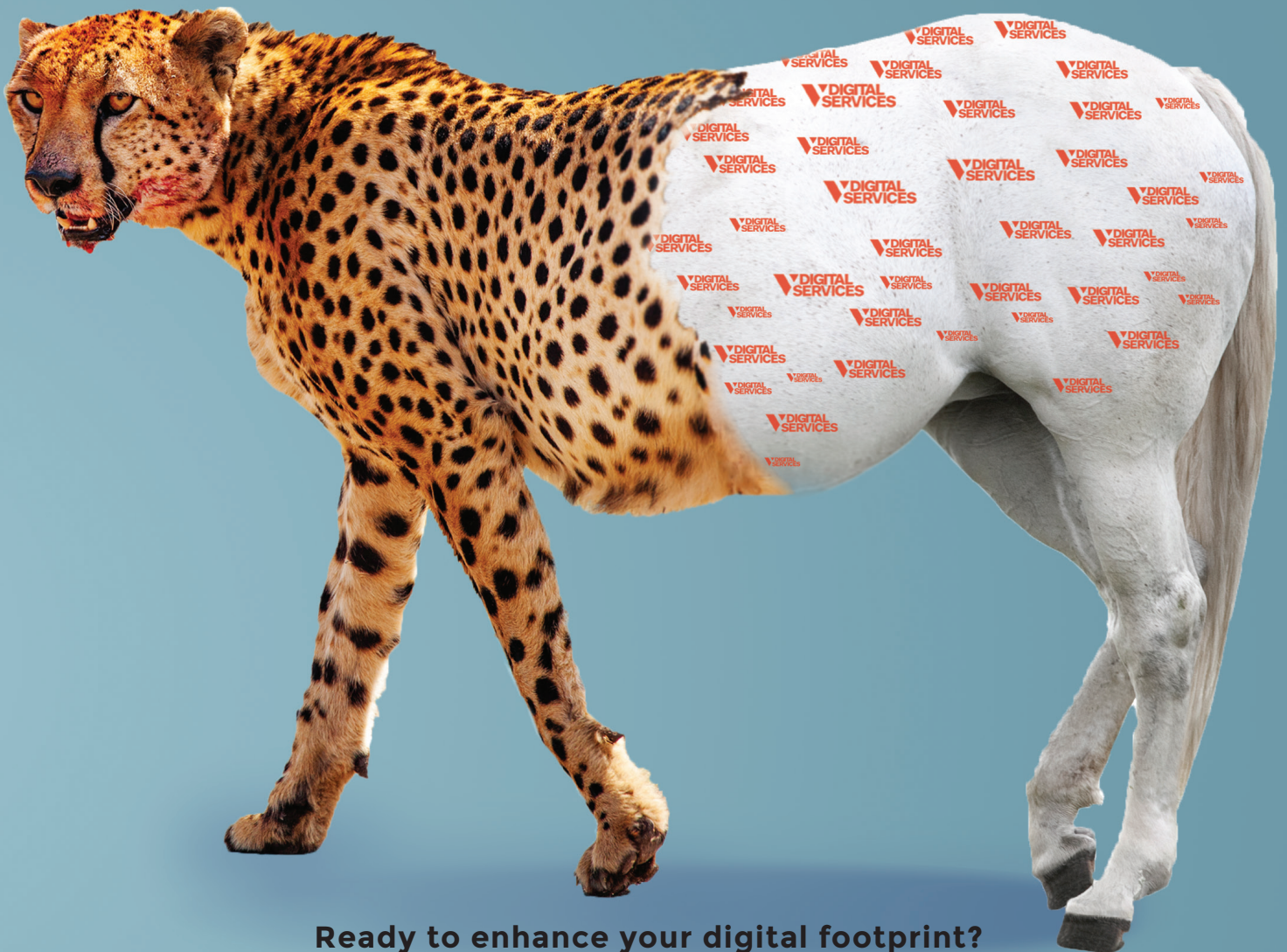
**William Edwards** is CEO of Edwards Global Services (EGS) and a global advisor to CEOs. From initial global market research and country prioritization to developing new international markets and providing operational support around the world, EGS offers a complete international operations and development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



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# Deal Killers

## 5 simple mistakes franchise recruiters make

Written By  
**ART COLEY**

Our company conducts a lot of mystery shops. For years, we have been reaching out as an interested candidate and have documented how the franchise development salesperson (recruiter) handles the process for many hundreds of brands. And we have learned a ton over the years. I wanted to share 5 simple mistakes (and solutions) we see that get in the way of more closings and higher-quality new franchisees.

**Mistake #1: Talk too much.** At the top of the list is running the mouth motor. We find, too often unfortunately, that the recruiter will dominate the talking and therefore not get the information needed. It's a root cause for many of the shortcomings we see in our industry. Horrible industry averages are requiring 50 to 75 initial conversations to get one signing! It should take 20 at the maximum. Good training and coaching can get that down to below 10 per signing.

**Solution:** Have a list of quality questions ready to ask so after the introduction and a quick icebreaker you can professionally move into

learning about them. This means a recruiter should be listening 80% of the time on their initial contact with a candidate.

**Mistake #2: No follow-up notes.** This is one that quickly separates the professionals from the amateurs. When a candidate is sharing with you about why they are calling, their goals, family, finances, timelines, work experience, education, etc., they often cannot recall what they said. When you reply to them with notes of what they said and ask them to review for accuracy, the relationship moves to another level. They feel heard. This is so simple to get right.

**Solution:** Get good enough at taking notes during the call. After the call, send an email with detailed notes of the discussion, action items, and the next call or Zoom.

**Mistake #3: No agenda.** No session with a candidate should ever happen without some simple agreement on what is going to be covered and what is the objective of the call. "Winging it" is not an agenda.

**Solution:** Before the session with the candidate starts, email them bullet points of topics needing to be covered and get their agreement.

**Mistake #4: Poor-quality information.** When we mystery shop, we look for how much information the recruiter extracted in five key areas: the candidate's why (vision), fit, financials, timeline, and decision criteria.

**Solution:** Ask questions related to the five areas, then get quiet and listen. And take notes! Bettering your skill at asking questions will equal better information.

**Mistake #5: Qualifying out vs. qualifying in.** Franchise recruiters are sometimes so focused on finding reasons the candidate's file should be closed that they forget to look for the reasons or areas where there is a fit. If we are so focused on "qualifying out" we will miss some candidates who would have made a good franchisee.

**Solution:** Stop thinking that you know it all. Stop believing you can tell who is and who isn't a good fit. Be present and accept the fact that you need to ask questions, listen, and gather quality information. Trust the process. Don't play God.

Do an honest gut check. How do you rate yourself against these simple but deadly mistakes? Regardless of where you are today with results, the pros know there is always room for improvement. ■

Let's go to work!



**Art Coley** is CEO of CGI Franchise. CGIF was founded in 2015 with a mission to help franchise companies implement and execute repeatable and sustainable recruitment systems using the Recruitment Operating System. His team is based in Temple, Texas, and works with brands worldwide. Contact him at 281-658-9409 or [acoley@cgifranchise.com](mailto:acoley@cgifranchise.com).







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- Scholarships specifically dedicated to franchising students
- The Kobel Challenge, which provides substantial funds to help graduates buy franchises



LEARN MORE:

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LEFT: DAVID WILD, DIRECTOR OF FRANCHISING, SLOAN'S ICE CREAM  
RIGHT: MICHAEL SCALIA, FRANCHISING INTERN





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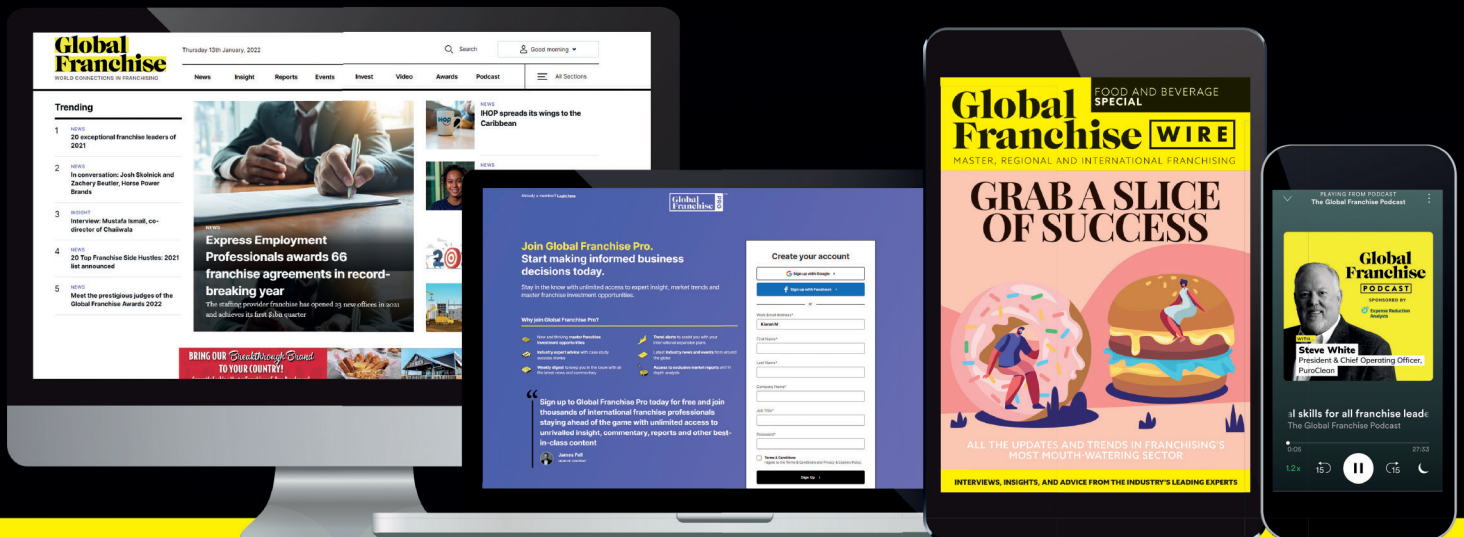
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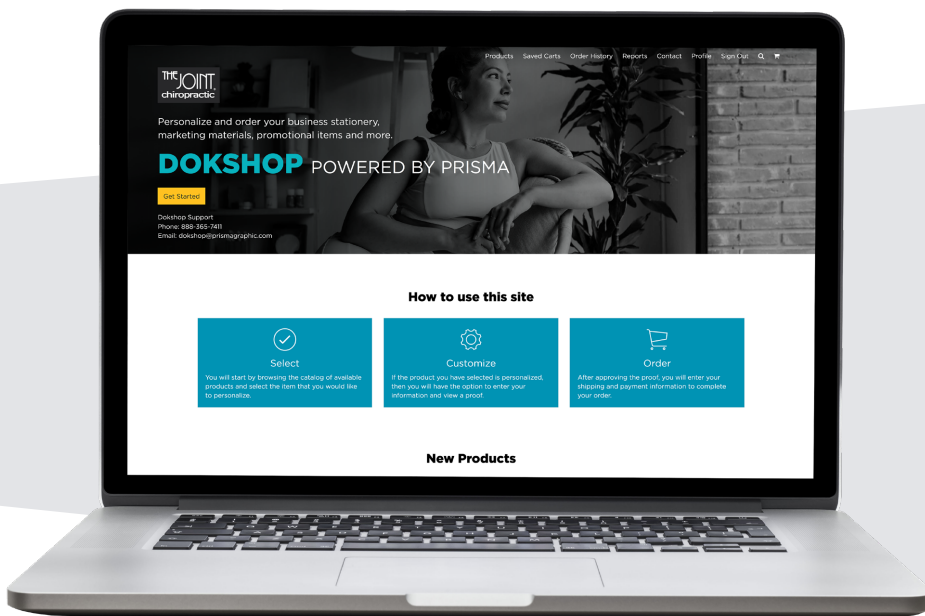
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