

## 2024 ANNUAL FRANCHISE DEVELOPMENT REPORT



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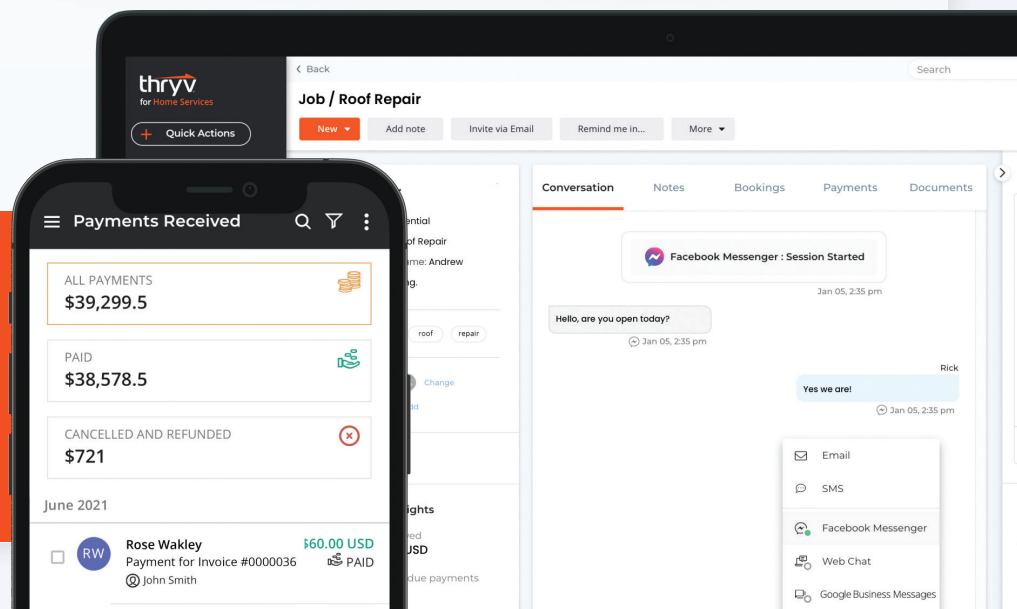
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# It's That Franchise Development Time of Year

Written by **KERRY PIPES**

Franchise development and the fall season remain intertwined at Franchise Update Media. That's because this is the time of year when we host our annual Franchise Leadership & Development Conference (FLDC), conduct the Mystery Shopping evaluation of brands, release the Annual Franchise Development Report (AFDR), and announce the STAR Awards winners. It's a busy and exciting time for us.

We are coming down from the exciting, record-setting FLDC that topped 600 registrations for the first time ever. Franchising's top sales and development leaders met in Atlanta in October for the annual event. The Networking Area was filled with suppliers, and topical educational sessions and presentations brought leading franchise experts together to engage and share their expertise. There were networking opportunities all around. This year's theme was "Scaling Success," and as Conference Chairman Tim Courtney so succinctly stated at the event, "It prompts us to consider how we can expand our businesses while staying true to our core principles and serving our communities with integrity. The franchise landscape is evolving, and those who are adaptable and forward-thinking will be the ones who continue to succeed." Read a full report on the FLDC in this issue.

The Mystery Shopping "prospects" went to work this year. They secretly evaluated franchise brands and graded their responsiveness by phone, website, and social media. As always, there was good news and bad news for brands. Some rose to the occasion and performed well, but others showed there is room for improvement—not returning prospect phone calls in a timely manner, not listing phone numbers on

websites, and even missing scheduled calls with prospects. It's confounding.

The good, the bad, and the ugly can be found in this year's Annual Franchise Development Report. The research and data are great tools to help franchise executives benchmark their brands and determine where they need to improve. You'll find an overview of AFDR in this issue as well as information on how to order the full report.

Each year, the STAR Awards recognize the best in franchise recruiting, celebrating the brands that do it best and giving other brands the incentive to do it better. The awards are a great way to call out the sales and development teams that are excelling. Attendees enjoyed the revamped format for the STAR Awards at this year's FLDC. Read about the winners in this issue.

Franchising is one of the best business models going. Thanks to increased public awareness and constantly evolving technology in the franchising space, executives have more resources and avenues to communicate with prospects than at any time that I can recall. There's simply no reason the coming year can't be one for the record books for franchise brands that take advantage of the moment by finding quality leads, signing deals, and opening more locations.



**KERRY PIPES**  
Executive Editor



# CONVENTION-AL WISDOM

Franchisee gatherings strengthen bonds with emerging brands

Written by **ANDREW SEID**

**W**henever we are designing and developing a franchise system for a new franchisor, we include in the Item 6 chart of other fees a “convention fee,” which is the amount of money we reserve the right to charge franchisees for the annual franchisee convention. More often than not, the client will have a number of questions about how and why they are going to put on a convention, especially if they haven’t even awarded any franchises yet.

Franchisee conventions, particularly for small and emerging brands, are incredibly important for a variety of reasons. They do not, however, need to cause a lot of stress or strain on the franchisor or the franchisees. Some of the more common questions we get about these annual franchisee conventions from our emerging brand clients include:

- **How many franchisees do I need to have before I have to put on a convention?** There’s no minimum or maximum number. We’ve attended franchisee conventions with emerging brand clients where the entire event was in the kitchen of the founder’s house with the brand’s management team and the only franchisee in the system attending. It was incredibly productive for the franchisor and the franchisee to work together to continue building the brand that they had both invested in, and it set the culture for the brand going forward.
- **How will I pay for a convention?** There are a variety of avenues to fund a convention. Conventions don’t need to be large or expensive to be effective. The franchisor will primarily be funding the franchisee convention, but it is appropriate, and fairly standard, to charge a convention fee (disclosed in Item 6 of the FDD) to franchisees. This fee is often made as a range that could increase. Additionally, many franchisors will invite suppliers to exhibit at the convention in exchange for funding portions of the event.
- **What should our objectives be for the convention?** The convention is an

opportunity to bring together the disparate elements of the brand, including franchisees and their operators, the franchisor’s recruitment, support, and headquarters staff, and suppliers. The goals are to share knowledge, network, learn, and continue to build and support the culture of the brand. Stakeholders should leave the convention feeling as though they understand the brand and how they can support the brand standards. They should be more comfortable with their abilities and tools, and they should feel supported by the franchisor, fellow franchisees, and even the suppliers.

As the brand grows, the convention can be used to unveil new technologies, present new training, and announce changes or new priorities for the coming year. Fresh marketing campaigns, menu items, equipment, and other operational changes are often announced and discussed at the annual convention.

One key area that can drive both performance and comradery within the brand is an awards ceremony where franchisees or members of the franchisor’s team are acknowledged for their achievements. Awards can be given for Highest Grossing Unit, Best Franchisee Mentor, or other topics that acknowledge a special commitment to the brand. In addition, awards help build a sense of competition that can drive productivity and establish a brand’s culture.

- **Do I have to hold a convention?** There is no legal requirement to have a franchisee convention unless you obligate yourself to do it in your FDD or franchisee agreement. However, almost all brands have conventions, and most start early, including in their first year as a franchisor. Franchising is done best when there is a strong emphasis on culture and communication. Bringing everyone together for a few days to talk through the brand’s business is one of the best ways to establish and support a culture of compliance and open communication. Franchisees who feel valued and supported will work hard to uphold brand standards

and trust the franchisor when they offer suggestions and impose requirements.

## Convention tips

Before you get down to the nitty gritty of the presentations, discussions, roundtables, and other elements of the conference, schedule a pre-convention social event where all attendees can come and enjoy themselves and network outside the typical “business” confines of the convention. Options include a golf outing, a tour of a museum, or simply a meal or gathering where everyone can meet and enjoy themselves. The goal is for people to come into the “work” part of the convention feeling comfortable.

Here are some more suggestions:

- **Pair experienced franchisees with new franchisees.** Even if franchisees have only been open for a year, their experiences can provide crucial information for franchisees who have just signed on or who are opening soon. Allow your earliest franchisees to become mentors to those entering the system.
- **Get suppliers to sponsor.** Suppliers will want to get in front of your franchisees to build relationships and offer insight. They can also provide training on equipment and technology. Suppliers are a common source of funding for conventions and can help emerging franchisors who are new at planning and running conventions.
- **Schedule time for feedback.** It’s important to give franchisees and franchisors the chance to provide feedback. Getting everyone together to network, presenting upcoming strategies, and going through new training provide effective opportunities for feedback. However, consider adding time for one-on-one or small-group feedback where people may feel more comfortable than they would in a large group. ■

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

“Allow others to participate and collaborate in creating the vision of the company. Do not be arrogant.”

# HOME SWEET BUSINESS

## Expanding the reach of Premium Service Brands

Written by **KERRY PIPES**



### PAUL FLICK CEO

Company: **Premium Service Brands, which franchises 9 home services brands, and Extraordinary Brands, a boutique fitness franchise**

Units: **Premium Service Brands has 1,200 locations, and Extraordinary Brands has 5 locations**

Age: **55**

Years in franchising: **17**

Years in current position: **17**

**P**aul Flick launched 360° Painting in 2006 and steered the brand to become a top painting franchise that today has more than 136 locations. But he didn't stop there.

As CEO of Premium Service Brands, he now oversees a portfolio of nine brands, including ProLift Garage Doors, Maid Right, Kitchen Wise & Closet Wise, Window Gang, Rubbish Works Junk Removal, The Grout Medic, House Doctors, and Rooter-Man. The company also includes Extraordinary Brands, a boutique fitness franchise with five locations.

Premium Service Brands, based in Charlottesville, Virginia, has more than 1,200 locations across the country. In 2022 alone, it secured agreements for 92 franchise units.

“Our robust infrastructure, characterized by comprehensive training modules and a dedicated marketing division, positions us favorably to integrate new brands and propel them towards market leadership,” Flick says.

It's not all business for Flick. Under his leadership, Premium Service Brands has undertaken numerous philanthropic initiatives. A prime example is the nonprofit Kids-Lift, which aims to provide impoverished children with access to necessities, such as food, educational materials, and clothing.

“Every child possesses inherent potential and boundless possibilities,” Flick says. “Our mission is to foster the dreams and ambitions of the youth in the communities where we operate. It's my goal to leave this world a little better than when I came into it.”

Flick is a leader dedicated to superior customer service, innovation, and meaningful community involvement.

### LEADERSHIP

**What is your role as CEO?** I set the vision for the company. It's my job to surround myself with the best employees and support them as they do their jobs. I chart the company's vision and ensure it is executed on the right timeline.

**How has Covid-19 affected the way you have led your brand?** Initially, we went into a lockdown that was put in place by the governor of Virginia, forcing all our employees to work remotely. I do not prefer working remotely. I like to walk down the hall and sit with my employees. We were back in the office in June, so we were only out for two or three months. Covid helped the home services industry. People were at home and spending money on their homes.

**Describe your leadership style.** I'm a very hands-off leader. I do not believe in micromanaging people. I believe in finding the best people, communicating the role I want to see accomplished, and getting out of the way so they can do their job.



“Every child possesses inherent potential and boundless possibilities,” Flick says. “Our mission is to foster the dreams and ambitions of the youth in the communities where we operate. It’s my goal to leave this world a little better than when I came into it.”

**What has inspired your leadership style?** I believe in hiring good people, and I don’t micromanage them. If I didn’t believe they could do the job well, I wouldn’t have hired them in the first place.

**What is your biggest leadership challenge?** Sometimes I’m too hands-off. I empower my employees to a fault. I allow people to make decisions that are the best for the company. Occasionally, the results might not be where they should be, or there’s a problem, and I don’t find out about it soon enough.

**How do you transmit your culture from your office to frontline employees?** In terms of our franchise partners, we engage them electronically through email. We also have regional meetings, webinars and our national convention they can attend. We’ve set up peer groups facilitated by business coaches. Our franchisees can pick and choose how they want to connect. I also have an open-door policy. Everyone knows I’ll get back to them and set up a call.

**How can a CEO help their CMO develop and grow?** I’m fortunate that our CMO is well-established in the franchise industry. He served as CMO at Floor Coverings International and eventually became CMO of Tropical Smoothie Cafe. When we were hiring Mark Montini, I told him I wanted him to do what we needed to bring this company and lead generation to the next level, and I’m committed to backing his strategy. Anytime he needs something, he gets it re-

gardless of the investment. I’m allowing him to develop his plan with his fingerprints on it. It will have to be adopted and executed by the franchise partners.

**Where is the best place to prepare for leadership: an MBA school or OTJ?** Given that I was a straight-D student, I’d say on-the-job training. I’ve always been someone who has learned from my mistakes. I’ve learned by experiencing a lot of different things.

**Are tough decisions best taken by one person? How do you make tough decisions?** The tough decision comes down to one person, the CEO. But I think it would be arrogant and narcissistic to decide on your own. If there’s a tough decision that needs to be made, I’m collaborating with the people who are affected by the decision. Then, I’ll be empowered with more information to make the best call.

**Do you want to be liked or respected?** Respected. I don’t care if I’m liked. Being respected is a far greater title than being liked.

**Advice to CEO wannabes:** My advice is to be open-minded. Allow others to participate and collaborate in creating the vision of the company. Do not be arrogant. Be humble. Every employee matters regardless of their title or pay. Everyone needs to feel welcome as an integral part of the company. Don’t change who you are because the paychecks get bigger. People will get behind you if you’re respected.

## MANAGEMENT

**What does your management team look like?** I’m comfortable knowing my strengths and weaknesses, and I strive to hire to my weaknesses. I hire people who complement me to shore up my shortcomings. Our chief operating officer is technology-driven and detail-oriented. I am not. I try to look for people who are the opposite of me to ensure we cover all our bases. Our chief financial officer is a seasoned financial expert who brought a whole skill set that I don’t have and assembled a team to get the job done. Our chief marketing officer also operates differently than I do. He is very siloed in the organization.

**How does your management team help you lead?** My management team is awesome at understanding the priority short-term and long-term goals for the company. They execute flawlessly, and they are dedicated to helping us achieve our vision.

**Favorite management gurus: Do you read management books?** I’m not a fan of reading for pleasure, but I do enjoy reading about chief executives who lead their companies, such as Sheldon Yellen, CEO of BELFOR Holdings Inc., or Wayne Huizenga Sr., founder of AutoNation and Waste Management Inc. It’s inspiring to read about individuals who built a thriving company from scratch.

**What makes you say, “Yes, now that’s why I do what I do!”?** For me, it’s seeing our staff enjoy the culture we’ve created. On the other side is seeing the franchise partners hit their financial and lifestyle goals. There’s no greater satisfaction than being at a convention and having one of our franchisees tell me partnering with Premium Service Brands to pursue entrepreneurship was the best decision they’ve ever made. It’s great to hear when people discover work-life balance and hit their goals.

## OPERATIONS

**What trends are you seeing with consumer spending habits in your stores?** The pandemic outbreak presented many challenges for small businesses. But after the initial weeks, quarantining at home proved to be a boon for the home services industry. Working remotely and curtailing travel spending prompted people to reinvest in their homes and make repairs they had put on the back burner. Now, we’re seeing some economic headwinds. Higher interest



rates and the return of travel take away from disposable income. I expect to see economic headwinds for the next couple of years, but we're still growing year over year. Home values are up, and so we're seeing positive growth.

**How is the economy driving consumer behavior in your system?** Consumers are more nervous than they were a couple years ago. With interest rates going up, whether rates are higher for cars, homes, or credit card balances, it leads to less disposable income. Customers are feeling the pinch.

**What are you expecting from your market in the next 12 months?** I would predict it to be very consistent. We're getting back to the trends leading up to Covid with slow and steady growth. I think we'll see positive year-over-year growth.

**Are your franchisees bullish or bearish about growth and adding additional units?** I think it's 50-50. Some want to stay in their lane and continue to operate one unit. These folks are hitting their financial goals and don't want to take on additional risk. But then we've got other franchise partners who are stacking brands. Brand stacking is when you buy one territory and then add additional brands on top of it. When it comes to brand stacking, customer acquisition costs can drastically decrease because you're offering complementary services to the same customer. Lately, there has been more interest in brand stacking than adding new locations of the same brand.

**Are commodity/supply costs any cause for concern in your system?** Supply cost was a concern during Covid, especially with our 360° Painting and ProLift Garage Doors brands. We still have significant inflation, but supply problems are no longer a concern. The price of materials shot up during the pandemic, and it hasn't gone down for us or consumers yet.

**In what ways are political/global issues impacting the market and your brand?**

As a U.S.-based business, domestic issues are more concerning than global issues. I think whenever there's uncertainty, such as political unrest around elections, higher interest rates, or high inflation, it causes problems. When consumers are worried, they slow down their discretionary spending, which can hamper our business.

## PERSONAL

**What time do you like to be at your desk?** I'm working at my home office by 4 a.m., and I try to arrive at our headquarters by 8:30 a.m. after I drop the kids off at school.

**Exercise in the morning? Wine with lunch?** I enjoy starting my day by exercising, but I fractured my back in February, so I'm still healing, and my physical activity is limited. On the weekend, it's nice to have a balance between entertaining friends and spending time with family. I don't make it a habit to have wine with lunch, but I do enjoy a glass of red wine at the end of a long workday.

**Do you socialize with your team after work/outside the office?** No. We host a variety of corporate events I enjoy attending. I love to celebrate my team's accomplishments and life milestones at work, but I don't socialize with my co-workers outside the office.

**What technology do you take on the road?** I always have my iPad, laptop, and phone when I'm out of the office.

**How do you relax/balance life and work?** Although my wife doesn't always agree, I do a great job balancing work and life. I need work in my life. It drives me. But I try to have a balance, and I look forward to spending more time on life and less time on work within the next few years. A nice glass of red wine always helps bring closure to my workday.

**Favorite vacation destinations:** I love visiting Italy. Another favorite spot to travel as a family is our beach house on Bald Head Island in North Carolina. The beach is a place where we can decompress and enjoy spending time together as a family.

**Favorite occasions to send employees notes:** We celebrate milestone events like anniversaries, birthdays, and new babies. I need to get better at sending employees notes, particularly when they've accomplished a goal on the job.

**Favorite company product/service:** My favorite company will always be 360° Painting. That's the brand that started it all.

## BOTTOM LINE

**What are your long-term goals for the company?** Under my stewardship, I'd love to see Premium Service Brands reach \$1 billion in system-wide revenue with 15 different franchise brands under our umbrella.

**How has the economy changed your goals for your company?** Our businesses made great strides after the pandemic outbreak. Now that travel has resumed and people are heading back to the office, we're experiencing some economic headwinds. We are returning to predictable, steady growth.

**Where can capital be found these days?** Finding capital is always a challenge. It's always harder to get money when you need it versus when you don't. Securing capital depends on what stage your business is in. If you're a medium-sized company with a positive EBITDA, you can rely on private equity. If you're in the infancy stage of a business or an emerging brand, you're probably still begging, borrowing, and struggling to get capital.

**How do you measure success?** I'm trying to leave this world a little bit better than when I came into it. I measure success by the ability of my employees and our franchise partners to continue to grow the business, which enables me to spend more time doing philanthropic work. Having time to contribute to charitable causes and our non-profit, Kids-Lift, is important to me.

**What has been your greatest success?** My greatest success story is my children. Anne is 15 years old, and my son, Edward, is 14. Being a dad is the best title I've ever held. As time goes on, having children who still want to spend time with me is a true testament to my success.

**Any regrets?** I have zero regrets. I look at anything that some might consider a regret as a learning experience.

**What can we expect from your company in the next 12 to 18 months?** I think the big thing we're rolling out in the next months is NESTO, our customer loyalty platform. It's going to be a huge initiative. Continue to do new acquisitions. We have the infrastructure to scale, and we just have to find the right ones. ■





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“Health food and general wellness products continue to grow in demand, reflecting the consumers’ increasing focus on their well-being.”

# THE RUSH OF SUCCESS

Former finance executive invests heavily in health

Written by **KERRY PIPES**



## ANDREW PUDALOV

Founder & CEO

Company: **Rush Bowls**

Units: **48**

Years in Franchising: **7**

Years in Current Position: **19**

For 15 years, Anthony Pudalov built a successful career in the finance industry in New York City, but he felt the need to make a life change and wanted to do something to serve people and work with customers.

In the fall of 2004, he moved to Boulder, Colorado, and opened an all-natural acai bowl and smoothie bar near the University of Colorado campus. The concept took off, and by 2016, Rush Bowls was successful enough to begin franchising. Today, the smoothie and acai bowl chain has 48 locations and more than 100 stores in various stages of development in more than 20 states. The brand’s first New York location opened this fall.

“Health food and general wellness products continue to grow in demand, reflecting the consumers’ increasing focus on their well-being,” Pudalov says.

The business model’s smaller footprint helps increase profitability and enhances the customer experience, he says. The fast-casual concept allows guests to dine in, but most prefer to take their orders to-go.

A number of Rush Bowls ingredients are made in-house with a focus on nutrition, taste, and texture, he says. Customers can create their own bowls or choose from the brand’s popular bowls, smoothies, and peanut butter ball bites. Everything is made to order.

“The demand we are experiencing for Rush Bowls has been incredible, so we’re going to continue targeting new development deals that make our brand’s healthy menu items as widely available as possible,” he says.

Pudalov says he’s committed to spreading the joys of pure, honest nutrition and making Rush Bowls the best possible company it can be.

### LEADERSHIP

**What is your role as CEO?** As the CEO, my role is multifaceted. I provide direction and vision for the company, foster a collaborative environment for innovation, ensure clear communication both internally and externally, address complex issues with solution-oriented thinking, and actively drive business growth across all avenues.

**How has Covid-19 affected the way you have led your brand?** Covid-19 has reshaped my approach to brand leadership in several ways. It necessitated swift responses to challenges, fostered more open communication internally and externally, and encouraged a culture of experimentation to adapt to the evolving business landscape.

**Describe your leadership style.** My leadership style is characterized by open communication and active listening. I believe in giving individuals the autonomy to run their divisions, intervening only when necessary or requested. I provide opportunities

for success while offering guidance along the way. I'm willing to take calculated risks and, when needed, involve myself on a granular level although I try to delegate more as the team gains experience and confidence.

**What has inspired your leadership style?** My leadership style is inspired by my experiences working in various large corporations, which has allowed me to observe what practices are effective and which ones are not. This has helped me develop a leadership approach that I find most comfortable and effective.

**What is your biggest leadership challenge?** My biggest leadership challenge is maintaining a focus on the big picture and preventing the team from getting too consumed by day-to-day challenges.

**How do you transmit your culture from your office to frontline employees?** I believe in maintaining consistency and fairness, ensuring that everyone is treated equitably regardless of their level of responsibilities within the organization.

**How can a CEO help their CMO develop and grow?** A CEO should foster collaboration to create a unified brand vision, nurture a culture of innovation and experimentation, provide clear expectations and goals, and emphasize the importance of understanding the roles of various marketing systems. By working together, the CEO and CMO can drive marketing success and contribute to the company's overall growth and success.

**Where is the best place to prepare for leadership: an MBA school or OTJ?** I don't think it's one or the other. Both are beneficial to prepare for leadership. I got my MBA a while ago, which was helpful on an overview basis, but OTJ gives you day-to-day, real-life experiences. Both are invaluable to me.

**Are tough decisions best taken by one person? How do you make tough decisions?** I believe it is good to have extensive input from leaders in any organization on tough decisions, but ultimately the decision should be made by the CEO. That way, the CEO can take responsibility. The team should be given credit while the CEO bears the risk of failure.

**Do you want to be liked or respected?** That one is easy: respected. We want what is

**"The interesting part of building a company is there are a lot of different inputs and factors in the company's success. The economy is one of them that you can't control, so within those issues, the economy generally presents opportunities. Opportunities happen mostly when there is an event of difficulty, so we all seek solutions and benefit from those experiences."**

good for the company. It's not about being liked. While that is nice, it is much more important to be respected.

**Advice to CEO wannabes:** Being a CEO is a big responsibility. It's important to understand that nothing is ever perfect. Lead by example, maintain consistency and fairness, and strive to create an environment where everyone is continually learning and improving.

## MANAGEMENT

**Describe your management style:** My management style can be characterized as hands-on and candid. I believe in open communication and sharing extensively with the team despite the challenges that may arise because I value a collaborative and cohesive working environment where everyone contributes to our collective success.

**What does your management team look like?** My management team consists of the key division heads who have been long-standing members of the company. They possess a deep understanding of the company culture and are well-versed in the expectations and values that guide our organization.

**How does your management team help you lead?** My management team plays a crucial role in my leadership by fostering open and fearless communication and working together to identify solutions that drive the company's growth. Their diverse experiences allow for a well-rounded perspective that helps us approach challenges from multiple angles, enhancing our decision-making and problem-solving capabilities.

**Favorite management gurus: Do you read management books?** My favorite management gurus are Howard Shultz and Richard Branson. Both have a few books—all great reads!

**What makes you say, "Yes, now that's why I do what I do!"?** Seeing success with the team and our partners makes it all worth it. I also enjoy teaching and learning along the way.

## OPERATIONS

**What trends are you seeing with consumer spending habits in your stores?** We're lucky to see a positive trend in consumer spending habits in our stores. Health food and general wellness products continue to grow in demand. Additionally, customers





are looking for enhanced value in their purchases, such as personalized interactions, coupons, and friendly customer service, which we're committed to providing to meet their expectations.

**How is the economy driving consumer behavior in your system?** The lack of clarity and stability in the economy has led to consumer concerns and a sense of ambiguity, which can create challenges for businesses. It's essential for us to adapt and provide a sense of security and value to address these consumer concerns.

**What are you expecting from your market in the next 12 months?** We anticipate a complex and challenging market, especially with the upcoming election year and the potential for increased fear-mongering. While the demand for healthy food remains promising, we are closely monitoring various undercurrents, such as inflation, debt, legislation, labor issues, supply shortages, and manufacturing challenges, which all contribute to the overall market uncertainty.

**Are your franchisees bullish or bearish about growth and adding additional units?** Our franchisees typically maintain a bullish perspective on growth and adding additional units, given that the support remains strong. We believe in fostering a supportive environment for franchisees to ensure their confidence in expanding their units. While concerns about drop-in support

or competition may arise, we view these as challenges that can be overcome with the right strategies and support in place.

**Are commodity/supplies costs any cause for concern in your system?** Yes, I am concerned about this. With my previous experience, I am very aware of the potential challenges and have successfully managed similar issues in the past. It's crucial for everyone to be observant and ensure that we can support our partners across various aspects, including supplies and commodities. While there are current shortages, I'm optimistic that over the next two years these issues will gradually diminish.

**In what ways are political/global issues impacting the market and your brand?** Political and global issues have a direct impact on our market and brand by affecting our supply chain dynamics. We have to learn to be flexible in our operations, such as keeping alternative suppliers in mind if certain options become unavailable or exceed our budget. While these issues are most often out of our control, it's important to focus on keeping your business adaptable to maintain as much stability as possible.

## PERSONAL

**What time do you like to be at your desk?** Generally, 8 a.m.

**Exercise in the morning? Wine with lunch?** No morning exercise or wine with lunch, but exercise in the evening.

**Do you socialize with your team after work/outside the office?** Yes, I enjoy socializing with the team, inside and outside of work. It is a family environment as much as it can be.

**Last two books read:** The last two books I read were *Astrophysics for People in a Hurry* by Neil deGrasse Tyson and *Shadow Divers* by Robert Kurson.

**What technology do you take on the road?** I take my phone, laptop, and headphones everywhere I go.

**How do you relax/balance life and work?** Not enough time to relax as building a company from scratch is a large endeavor.

**Favorite vacation destination(s):** It depends on my mood, but I love international travel, especially European and Caribbean beach vacations.

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

**Favorite company product/service:** My favorite bowl that we offer is the Summit Bowl. It's acai, strawberries, and cherries, but I like to add raspberries.

## BOTTOM LINE

**What are your long-term goals for the company?** My ultimate long-term goal is to establish Rush Bowls as a prominent player in the health arena. We aim to expand our brand's presence in the broader health and wellness industry. This includes becoming a recognized name for health-conscious consumers, offering a range of products and services that support overall well-being.

**How has the economy changed your goals for your company?** The interesting part of building a company is there are a lot of different inputs and factors in the company's success. The economy is one of them that you can't control, so within those issues, the economy generally presents opportunities. Opportunities happen mostly when there is an event of difficulty, so we all seek solutions and benefit from those experiences.

**Where can capital be found these days?** We are self-funded and don't have debt, which allows us the freedom to make decisions in the best interests of our partners.

**How do you measure success?** I measure success through the monetary and personal achievements of our clients with their stores, the happiness and financial well-being of our employees, and the satisfaction of our customers who find value, investment in their health, and delight in our products.

**What has been your greatest success?** My greatest success has been creating a brand and product that didn't really exist at the time of inception and growing it to now 23 states.

**Any regrets?** I have a ton of regrets, but I don't focus on that. I try to learn from them, move forward, and hopefully don't make the same mistakes again. Hindsight is 20/20, but learning, growing, and adapting our philosophy can enhance and make us more successful. We shouldn't dwell on regrets.

**What can we expect from your company in the next 12 to 18 months?** Expect a lot of growth, expansion, new menus, and a new loyalty program. We are so excited for the next year. ■



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# Transforming a Classic

## Peter Piper Pizzeria embraces tradition and change

Written by **GENARO PEREZ**

In the world of fast-casual dining, few foods are as iconic as a classic slice of pizza. But it wasn't until the recent launch of Peter Piper Pizzeria in Kansas City that we realized how a time-honored tradition could be transformed into something truly extraordinary.

Peter Piper Pizzeria broadens the portfolio by delivering three unique concepts: Peter Piper Pizza, the original food-first restaurant and arcade; Peter Piper Express, the to-go and delivery-only option; and now, fast-casual Peter Piper Pizzeria.

As the driving force behind this legacy brand extension, I want to share the remarkable story of this new concept with deep roots in a 50-year-old pizza-and-play concept from Arizona. Our journey from the sunny state of Arizona to the vibrant heartland of Kansas City has been one marked by careful consideration and unwavering dedication to preserving our core values while adapting to meet consumer demands.

Peter Piper Pizzeria's mission is clear: to bring a taste of tradition to the Kansas City community while embracing modernity. We have taken the signature taste and quality that patrons have enjoyed for years and elevated it with a fresh twist. The menu features artisanal pizzas made from scratch

every day with the finest ingredients and baked in our unique Rotoflex stone oven at 500 degrees. Guests may create their own culinary masterpiece or choose from a variety of signature pizzas.

The transformation extends beyond the menu. We've reimagined the dining experience by creating a contemporary yet comfortable space, including the newest games that set the stage for casual gatherings, quick lunches, and family dinners. With streamlined technology integrated into the ordering and payment processes, we ensure a seamless and enjoyable dining experience for all.

What truly sets Peter Piper Pizzeria apart is our commitment to the community. Drawing from our roots, we are forging meaningful partnerships with local schools, organizations, and sports teams with the goal of becoming an integral part of the Kansas City community. We have a genuine desire to make a positive impact on the lives of our customers.

In the fast-casual food industry, branding is the linchpin of success. A strong brand can elevate a franchise, and the ability to adapt and evolve is crucial. At Peter Piper Pizzeria, we recently embarked on a rebranding journey. We were fully aware of the challenges it

could pose given our rich history and loyal fan base. Our rebranding efforts, like our pizzas, have been carefully crafted to preserve the essence of our brand while embracing change. This year, we introduced a fresh, modern look while retaining elements of our iconic logo. We updated our restaurant design, incorporating modern finishes, warm colors, and a more inviting layout to create a comfortable environment that enhances the dining experience.

Throughout the brand extension process, we've embraced change while celebrating our brand's heritage. We understand that letting go of the old can be challenging, but it's often necessary for growth. We've welcomed the improvements that came with rebranding while holding onto the elements that set us apart. Our famous original roast beef sandwich and signature pizzas remain hallmarks of the brand.

The journey from a 50-year-old pizza-and-play concept in Arizona to a fast-casual pizzeria concept in Kansas City showcases the power of adaptability and a commitment to excellence. Rebranding a company's strategy is no small feat, but when done right, it yields significant rewards. We've attracted new guests while growing our loyal fan base.

Evolution is crucial for franchises in any industry. Success hinges on strong leadership and a clear vision. By staying true to your core values, embracing change, and celebrating the greatness of the old, you can navigate the process effectively and position your brand for long-term success. At Peter Piper Pizzeria, we've witnessed the benefits firsthand and are excited to continue growing and evolving the brand. ■

**Genaro Perez** is chief marketing officer at Peter Piper Pizza.

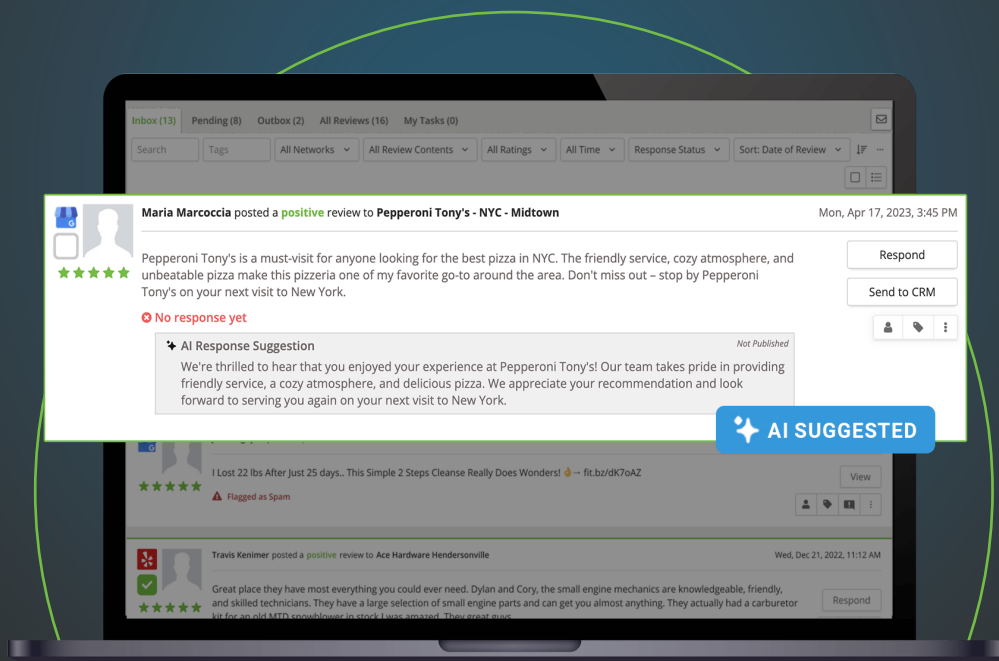






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# EMPOWERING ENTREPRENEURS

IFA fights for franchising in this challenging time

Written by **MATTHEW HALLER**

**A** lot has happened over the past few months—from the anticipated joint employer rule from the National Labor Relations Board (NLRB), to continuing action from the Federal Trade Commission (FTC) following its RFI earlier this year, to our own IFA Advocacy Summit in Washington, D.C. To be in franchising these days requires staying on top of the latest policy challenges and understanding their impacts on how we do business.

In October, the NLRB issued its final rule on joint employment, returning us to the harmful, expanded joint employer standard first imposed in 2015. Under this new definition, joint ownership takes away the very autonomy that franchising seeks to provide. The 2015 change cost franchise businesses \$33 billion per year in operational costs, led to 376,000 lost job opportunities, and resulted in a 93% increase in lawsuits over two years. Clearly, there are ample reasons why the IFA fought extensively against this standard then, which was eventually overturned by the previous administration.

Instead of franchisees being able to control their own workplace and employment decisions, this new rule threatens to turn them into middle managers, rather than owners of the businesses they have spent their careers building. That's why it's no surprise that 74% of franchisees expressed a high level of concern at the prospect of increased franchisor control, as our new research from Oxford Economics shows. This means they may face restrictions on how they engage with and support their local communities, how they interact with their employees, and how (and how long) they ultimately stay in business. In addition, with the increased threat of litigation, franchisors will have no choice

but to become involved in the day-to-day decisions of their franchisees—or limit the support they offer to their franchisees for fear of being sued.

The IFA is committed to stopping this rule through any measure available, including a legal challenge and urging lawmakers to use their congressional authority to stop this action that will hurt businesses in their states and districts. As a first step, during the Advocacy Summit, we garnered bipartisan support to overturn the rule.

Yet to truly be successful, we need you.

One of the biggest problems we face as a sector is that when most people hear the word “franchise,” they think of big-name retailers and restaurants instead of brands looking to expand their reach by providing local business opportunities. They also don't consider the underserved and under-represented—women, people of color, and veterans, to name a few—who benefit from franchising as a unique opportunity to become first-time business owners with an established brand. It is up to us to change that mentality.

As I've mentioned, we know all too well that the misguided policies in Washington stem from this confusion and misunderstanding of the franchise business model and from those who actively work against it. Evidence of these misconceptions became clear in the FTC's RFI earlier this year.

In it, a series of questions were framed in a way that could only produce biased outcomes, instead of objective and constructive discourse. The simple difference between “How do franchisors exercise control over the wages and working conditions in franchised entities other than through the terms of

franchise agreements?” and “Do franchisors exercise control over the wages... if so, how?” speaks volumes as to what answers they expected and were trying to achieve.

To that end, the IFA and our members worked tirelessly to counter this narrative and are proud of the thousands of positive experiences franchisors and franchisees included in the comments to the RFI. This is essential to preventing irreparable damage to the model as the FTC finalizes the Franchise Rule and considers any other potential regulation of the franchise model.

While these two issues were the focus of our day on Capitol Hill, the IFA has also successfully prevented Julie Su from serving as U.S. Secretary of Labor, and we will continue fighting to ensure she does not overstep her authority in her role as acting secretary.

We're also continuing our efforts in California to mitigate the damage from the state's targeting of quick-service restaurants, ensuring that franchisees, their employees, and their customers are all protected from the harm these misguided bills (and similar copycat bills following suit in other states) could bring.

The symbiotic relationship between franchisors and franchisees has become a cornerstone of modern commerce. Yet, amid the promise and potential, it is up to us to safeguard the future of franchising.

It was so powerful to see hundreds of business owners and franchise leaders at the IFA Advocacy Summit hitting the halls of Congress to make sure their stories are told and our business model is understood. It was a striking reminder of how many voices it takes to inform and, therefore, protect, enhance, and promote the franchise business model.

When we work together to protect franchising, we preserve our own businesses and the dreams and aspirations of countless individuals who dare to carve their path in the business world—and of the millions they serve and benefit in the process. ■

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





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# Tech-Savvy Coach

Teamwork and innovation rule the roost at Newk's

Written by KERRY PIPES



**E**arlier this year, Denise Pedini stepped into a new office with a new title at fast-casual brand Newk's Eatery. The brand's former senior vice president of guest experience was tapped to take on the role of CMO for the restaurant chain with more than 100 locations in 15 states.

Pedini is a tech-savvy marketer with a history of building awareness and increasing traffic for locations at brands like Pizza Inn and Pizza Hut. She's been busy this year implementing technology tools as well as marketing and menu innovations for Newk's.

For example, Newk's has partnered with kea, an AI-generated answering system that takes orders and payments for the one in 10 orders that Newk's gets over the phone. The brand is also rolling out new drive-thru restaurant prototypes and testing strategies for simplifying operations and increasing productivity through streamlined menus, tableside ordering, and enhanced loyalty programs.

Pedini acknowledges that the seven-member team around her is key to the brand's marketing success. She calls them the "Mighty Seven" and applies a "be a coach, not a boss" philosophy that relies on encouraging, motivating, and listening while also stepping in and helping when needed.

"We are an incredible team that does everything in-house in a highly collaborative environment," she says. "We buy our own media, shoot our own commercials, and create all our marketing collateral. Everyone on the team is an expert in his or her own role, and I am so blessed to have them all."

With Pedini behind the wheel, look for more marketing innovation at Newk's in the coming year.

**Describe your role as CMO.** As chief marketing officer at Newk's, I have the privilege to lead the marketing team and report directly to the CEO, Frank Paci. My job is to build awareness and fandom for the brand while building sales and traffic for our restaurants.

**What's the most challenging part of being a CMO today?** In today's economy, increasing traffic is the most challenging. We spend a lot of time developing creative ways to engage our guests with different deals and marketing tactics to increase those numbers. One hundred percent of my focus is working on this challenge and helping our restaurants achieve their sales goals.

"CMOs should always have a handle on whether their marketing is working and if it is effective in reaching the company's goals. I highly recommend marketing departments include a business analyst to assist in collecting this data for the CMO to make informed, data-driven decisions."

**How has Covid-19 impacted the way you have led your brand's marketing efforts?**

I believe Covid has changed the customer. Prior to Covid, we had guests who enjoyed the experience of dining in at restaurants. Today, I feel they still do enjoy that experience, but guests are more apt to use takeout, curbside, and delivery, and we're glad to see those channels are trending much higher compared to pre-Covid. Our marketing efforts and messages are now geared toward the many ways you can get Newk's and making it convenient for our guests to do so.

**What are the three most important keys to being an effective CMO leader today?**

1) Be a coach, not a boss. A coach encourages and motivates their team to play their very best to win the game. Assess your players on your team and play to their strengths. Guide and teach them on how to be effective in their role and how they can help their teammates. If you have a player down, be willing to step in and help the team accomplish their tasks. Be a leader who listens to the team and gathers their ideas and opinions when making decisions. 2) Data-driven decision-making. As they say, "It's all in the data." CMOs should always have a handle on whether their marketing is working and if it is effective in reaching the company's goals. I highly recommend marketing departments include a business analyst to assist in collecting this data for the CMO to make informed, data-driven decisions. 3) Agility and adaptability.

The marketing landscape is constantly evolving with new technology and trends. CMOs need to be agile and adaptable to stay ahead of the curve. At Newk's, we're constantly looking at new ways to improve our business through the latest technology.

**How do you prepare a marketing plan and execute the strategies?**

First, we evaluate our research and data to see what guests love from us and want us to feature on our menus. We look at financials, such as cost of goods and menu mix of items that have performed well in the past, to determine the LTO marketing calendar. Once we have our LTO feature approved by ops, culinary, supply chain, and leadership, we promote this calendar using marketing tactics that we know generate sales and build awareness for our brand.

**How do you measure marketing results and effectiveness?**

Because we mainly rely on digital marketing, we use Google analytics to measure results from our digital marketing tactics. We also use other platform partners to help us increase our placement with SEO, buy effective media channels for OTT, and know what our guests are saying about us. These tools provide answers to questions we may have regarding why traffic and sales are fluctuating system-wide and at the store level. We measure success by ensuring traffic and sales are up, guests are happy with their experience at our restaurants, and our ROI and ROAS are high.



**Discuss your core consumer marketing strategies and objectives.** We embrace omnichannel marketing to reach customers through various touchpoints, including social media, OTT, email, website, app, and our loyalty program. Because we have limited budgets, it forces us to be creative to ensure our dollars work as hard as possible for the brand. To accomplish this, we use targeted digital media tactics versus traditional marketing mediums. With these tactics, we can target our messaging and ads within 20 miles of every location.

**How do you go about creating a “customer-centric” marketing and brand philosophy?** Understanding customer needs, preferences, pain points, and behaviors are crucial for effectively tailoring our marketing strategies. Currently, we are focusing on CRM systems to gather customer feedback and create personalized marketing campaigns to gain frequency and retention.

**Describe your marketing team and the role each of them plays.** We are the “Mighty Seven” in the marketing team at Newk's. This consists of our Digital Director Chris Lueking, Marketing Manager Madison Newcomb, Creative Director Ted Campbell, Digital Marketing Manager Lindsey Miller, Digital Designer Emma Gulitti, and our LSM Coordinator Matilyn Skinner.

**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?** Our franchisees are extremely important to us, and we want potential franchisees to know that every marketing touchpoint is consistent and within our brand standards and core beliefs for the brand. When looking for franchisees, we explain why Newk's is a great choice for their investment by creating detailed communications about what they will get with their adfund dollars and how we will help them build awareness and traffic for their restaurants.

**How does this help your franchise sales and development effort?** We bring a very personalized approach to working with potential franchisees. We meet with them in the discovery phase and run through all the marketing support and where their adfund dollars will be applied, so they understand how the company will support them in

marketing on a national level. We also work with them from the ground up until opening to ensure they get off to a great start in the Newk's system. Our commitment is to support each franchisee in every way possible to ensure their short- and long-term success.

**What ways/tools do you rely on to do this?** When a new franchise restaurant opens, we help guide them through marketing plans, local store marketing tactics, and strategies to ensure they build a solid customer base. We help them create their social media accounts and develop relationships with the chamber of commerce and with local schools and universities. Building their loyalty program is another key driver in helping sustain guests and increase frequency. We provide them with our loyalty program marketing materials, training, and support to have a successful program.

**Do today's prospects expect more from the franchise marketing department?** Franchisees look to their corporate headquarters to provide training and support to run their businesses. Our entire marketing team is dedicated to helping our franchisees do just about everything, from creating flyers for a fundraiser event and marketing materials for catering to full local store marketing plans to help them build goodwill in the community and drive sales and traffic.

**How is today's consumer and marketing data helping you fine-tune your marketing initiatives?** We are 1.5 years into our loyalty program. We now have some great first-party data to analyze and utilize in targeting more segmented messages to our guests. For emails, we have gone from sending one blanket email to our entire email file to customized messages that fit their spending pattern, frequency, and even their favorite item at Newk's. This allows us to send personalized messages and offers to our guests focused on what matters most to them.

**Describe the evolving role of social media in your brand's marketing efforts.** Social media has evolved from just having a Facebook and Twitter page to becoming the core source of marketing strategies for brand awareness, digital media advertising, customer support, and relationship building. We also leverage our social channels as a center of communication for community building and local event promotions. We utilize all these attributes in our marketing strategy at Newk's.

**How do you work with other internal departments, and does technology help?** At Newk's, we work as a close-knit team. We understand that it doesn't matter how amazing we think a strategy may be. If we can't execute at the level that we and our guests expect, it doesn't make it past the planning stage. Any promotion we develop on the marketing front is communicated and sometimes approved by operations as they are the ones that need to execute the promotion, supply chain to ensure we have enough ingredients for the promotion, and technology to ensure we can execute it on POS, online, and in our app. We always make sure to have full alignment when moving forward with an LTO or even a coupon offer if needed.

**Do you see vendors as business partners?** Absolutely. We consider anyone we work with an essential part of our success. Coca-Cola, Dr. Pepper, Punchh, Champion PR, and White Unicorn Agency are some of the incredible partners that we work and collaborate with daily to drive awareness and traffic to the business.

**How have marketing strategies/tools changed over the past decade? How have you adapted?** Years ago, TV, radio, print, and outdoor were the main marketing tools we used to develop brand awareness. Now, digital marketing is the primary means of reaching our customers in a more personalized way. Because we have smaller budgets than most, our entire marketing strategy on a national level is through media, such as social ads, paid digital advertising, SEO, connected TV, emails, retargeted advertising, and CRM loyalty strategies.

**What advice would you offer to aspiring CMO executives?** First, understand every aspect of your business. Be your customer. Know how your marketing is going to affect traffic and awareness. Analyze the results with your team and make shifts if something is not working. Hire people who are experts in their field and will make your department perform at the highest level. Frequent research is very important to understand your customers and how they evolve. Conduct surveys every six months versus once every two years. Finally, love what you do. Find a place that has a great culture and respects you as an employee—and a company that loves its customers. ■



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# What marketing tools and strategies do you use to attract your ideal multi-unit operators to your brand?



## MARIANNE RADLEY

Chief Marketing Officer  
Smoothie King

Our brand's mission remains at the core of our B2B and consumer marketing efforts, which is to inspire people to live a healthy and active lifestyle. We use this mission, and Smoothie King's core principles, to decide what marketing strategies are put in place to attract multi-unit franchisees. It's important that we partner with operators who share our passion for being a positive influence on people's lives through nutrition. To ensure we reach the correct audience, we leverage several tools.

### Maximizing channels

By leveraging owned channels and secured media placements, we can drive organic engagement between franchisees and the brand. Our franchising website is our primary owned channel, offering comprehensive insights into the Smoothie King system, brand story, financial expectations, and user-friendly elements to facilitate direct communication with our sales team.

We also regularly produce informative content about our brand, such as blogs discussing broader industry topics and testimonials from existing franchisees. To complement these communications, we've implemented an authentic public relations strategy to capitalize on the influence of media and industry influencers. By emphasizing growth plans and brand distinctiveness, we've earned positive media coverage that has enhanced our brand's appeal to entrepreneurs.

### Trade shows

Our team participates at industry trade shows throughout the year to increase our reach to target audiences and foster meaningful relationships with prospective franchisees. We've seen a great value in joining panels at these events to share success stories, trends, and presentations as it helps reinforce Smoothie King's standing as a leader in the industry. The personal connections forged at conferences lay the foundation for long-term partnerships, making them an important component of our franchise development strategy.

### Monthly discovery days

We host monthly discovery days at our headquarters in Dallas to provide prospects with a more personalized experience when interacting with the Smoothie King leadership team. They gain deeper insights into our business model and engage with brand representatives to learn more about franchising with Smoothie King. The information shared during discovery day has fostered trust and transparency, a vital element of a strong franchisor-franchisee relationship.

Our authentic vision, strong presence among the QSR industry, and consistent support for franchisees sets Smoothie King apart. We will continue to leverage marketing tools and strategies that align with our brand to assist in attracting multi-unit operators who share our vision. ■





*By putting the successful stories of our very own franchisees forward in a modern way, new franchisees see themselves mirrored in the experiences of other family-owned businesses within our franchise network when watching these videos.*



## TOM CARR

Chief Marketing Officer  
Chicken Salad Chick

Our team strives to put the Chicken Salad Chick brand in front of the right audience, highlighting our mission to spread joy, enrich lives, and serve others. This is the cornerstone of our growth strategy, and we employ a multifaceted approach to achieve it.

We believe one of our most powerful tools for attracting franchisees is our franchise development website. Our website is highly optimized and includes digital marketing that drives new leads. One of our unique website features is our current owner testimonials, a collection of personal stories told through videos, offering a glimpse into the lives of our franchise owners. These visuals have proven to be a great tool for catching the attention of potential multi-unit franchisees and single-unit owners alike. By putting the successful stories of our very own franchisees forward in a modern way, new franchisees see themselves mirrored in the experiences of other family-owned businesses within our franchise network when watching these videos.

As one of the fastest growing chicken brands in the country, we are opening in new territories every month. We are consistently maintaining our presence in the press with

announcements of our signings and new territories. We also use national and local media to target regions where we are looking to develop. One of the primary ways we accomplish this is through our active participation in franchise trade shows and multi-unit conferences. These events provide us with a unique platform to introduce our brand to new audiences and engage in meaningful, face-to-face conversations about the values that define our company.

On a corporate level, we maintain a strong media presence, which signifies the support we give to each franchisee to set them up for success throughout their franchising journey. Garnering high-quality media coverage allows us to further demonstrate our corporate values to prospective owners. Furthermore, we maintain our presence within social media via LinkedIn and Meta posts.

We also clearly communicate our differentiators to prospective franchisees. We're America's only chicken salad concept, and we close on Sundays. Additionally, we have identified our audience as female focused, which assists in targeting our overall marketing efforts. ■

“One of our core values is ‘We Are Driven by Innovation.’ This is exemplified by continuously expanding our range of services to stay on the cutting edge of spa technology and services.



## JACK BACHINKSY

Chief Marketing Officer  
Hand & Stone Massage and Facial Spa

At Hand & Stone Massage and Facial Spa, our approach to attracting ideal multi-unit operators revolves around innovation, pilot testing, and a deep understanding of our franchisees' needs. One of our core values is “We Are Driven by Innovation.” This is exemplified by continuously expanding our range of services to stay on the cutting edge of spa technology and services. We understand the importance of staying ahead in the industry. We were the first to offer facials, and we consistently introduce new modalities, such as body contouring and shaping with our Cryoskin treatments. These innovations not only enhance our offerings, but showcase our commitment to being a multi-modality health and wellness brand.

Our strategy for potential multi-unit franchisee growth is somewhat simple. We focus multi-unit owners on opening one spa at a time, allowing them the opportunity to learn the business intricacies, experience the buzz surrounding our brand, and witness firsthand how our services positively impact our clients' lives. This approach allows them to acclimate to our brand, fostering a genuine desire to grow with us. Our strategy is low pressure with spa openings spaced 12 months apart so that both the franchisee and their team are ready.

On the consumer side, we are equally deliberate in our approach to rolling out new technologies and modalities. Before any new service is introduced across our fran-

chise network, we roll out a rigorous pilot testing program. We recognize that these innovations represent a deep investment for our franchise owners, so we provide comprehensive business case studies and data from our pilot testing phase to market these new modalities to them. By presenting the tangible benefits and potential profitability, we make a compelling case for our multi-unit operators to invest further. This transparent and evidence-based approach garners trust and establishes a solid foundation for long-term partnerships.

Our experience has taught us that while we may aim for multi-unit operators, the most effective method is to initiate the franchisee relationship with a defined development territory and a paced opening schedule for each spa. This organic growth model, coupled with our dedication to innovation and meticulous planning, has proven to be successful in attracting and retaining multi-unit operators who align with our vision and values. In fact, more than 65% of our current growth pipeline is with our existing franchise owners.

In essence, our marketing tools and strategies are not just about attracting new franchise owners; they are about fostering enduring partnerships built on mutual trust, innovation, and the shared goal of providing unparalleled health and wellness experiences to our clients. ■



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# Embrace Bite-Sized Clips

Short-form videos quickly connect with prospects

Written by **JACK MONSON**

**S**hort-form videos are finally catching the attention of B2B sales professionals. Back in the old days (last year) many B2B marketers passed on the social media channels that specialize in bite-sized clips while consumer marketers blazed the trail to reach massive new audiences.

Now, marketers and sales pros in the franchise space, including franchisors reaching candidates and suppliers reaching franchisors, are finding these videos to be highly effective tools for connecting with their specific B2B audiences.

By incorporating short videos into your sales strategy, your brand can effectively engage potential candidates and clients. Here are a few reasons why quick videos are such a powerful tool for awareness, education, and conversion.

## **Quick, digestible information**

Time is of the essence not only in your audience's day, but also in their social media feed. You have less than two seconds to grab someone's attention and less than 30 seconds

to get your initial message across. Long text, links to articles, and long videos don't offer the same easily digestible format for delivering your messages.

## **Visual appeal**

When executed well, short-form videos can leverage the power of visuals to tell a compelling story. In B2B sales, complex offers or ideas often need simplified explanations. Videos can provide demonstrations, show the aspirational idea you're trying to share, and make abstract concepts more tangible. The combination of visual plus audio enhances retention of information.

## **Emotional connection**

Effective B2B sales often rely on building an emotional connection between the prospect and you. These short videos are not selling your franchise or brand as much as they're selling you. It's part of your *personal branding* for developing franchises.

Short videos can incorporate storytelling, testimonials, and real-life examples, all excellent vehicles for evoking emotions. You can

build trust, inspire confidence, and alleviate concerns in a short video that will tap into the emotional aspect of decision-making.

## **Accessibility**

Where are your prospects and candidates? They're now on TikTok, Instagram, LinkedIn, and more. Placing these videos on all channels consistently will reach them where they are and at any hour of the day.

For the past few years, organic social media content has seen its reach drastically decrease. To engage many people with text, images, and links on legacy social media channels, like Facebook, Instagram, and X, requires a significant ad spend. However, short-form videos are now being placed into the feeds of people far beyond your followers. This is especially true on TikTok as well as Reels on Instagram and Facebook and short videos on LinkedIn. It's a resurgence of old-school organic reach and an alternative to paid social media ads.

## **Educational value**

TikTok and the rest of the video-based apps got an early reputation of being full of junk, celebrity noise, and voyeuristic therapy. But much of the content, depending on the user's own viewing habits and interests, can be helpful and informational.

Short-form videos can serve as educational tools, guiding viewers through the particulars of what's being offered and answering common questions, like "What's in it for me?" This saves time for you and your prospect.

## **Competitive advantage**

Embracing short-form videos in your sales strategy demonstrates adaptability in the rapidly changing media landscape. Prospects may be more likely to engage with brands that are using innovative techniques to reach them.

Someone in your space is going to tap into this audience with short-form videos. Will it be you? ■

**Jack Monson** is the CEO of franchise development marketing agency Brand J and has been helping franchisors with digital marketing for 15 years. He is also the owner and host of Social Geek, the number one podcast in franchising.



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# WORLD-CLASS RECRUITMENT EXPERIENCE

## Creating a culture talent can't resist

Written by **JOHN DIJULIUS**

**T**he objective of a company's hiring process is not to fill job openings with warm bodies. It doesn't matter if you are a small, medium, or large organization, your number one job is to find a candidate who fits your culture and will enhance it for all concerned, including your current teams. This starts with creating a world-class recruitment experience.

A great leader and a great organization understand that as much as the potential employee needs to be the right fit, the company needs to be the right fit for the potential employee. If not, it is likely that within the next six months, the company and the new hire will be back at the drawing board.

### **The right talent**

Many companies hire poorly because they cast their lines into the wrong ponds and get wrong-fit applicants. Instead, brand your company as the employer of choice to prospective right-fit talent. Project a company culture that appeals to active and passive job seekers.

A great recruiting process saves a company from costly mistakes, such as wasted time, culture setbacks, weakened employee morale, under-training or overtraining, employee turnover, and a negative impact on the customer experience.

### **Your brand experience**

Everything a brand does must be an experience. The companies that will dominate for the next decade will be the ones obsessed with evolving the experience at every level for employees, customers, vendors, and community members.

I am not just talking about having a good or even great interview process. Who's to say the people who are applying are truly rock stars? If they are rock stars, who's to say that they will accept your offer? They have choices.

### **More than money**

The best offer doesn't always mean the highest compensation. It is a combination of factors, including pay, opportunity for advancement, flexibility, workplace culture, hard and soft benefits, professional development, autonomy, mission, core values, and the meaning and purpose of the job. It's also about leaders who will impact a person's development, personally and professionally. Quality candidates need to know that employee satisfaction is integral to your organization.

### **Must-haves**

How can you articulate those things in a recruitment experience? A person may think they know what is important to them from their past employment experiences where they were basically trading hours for dollars. They've possibly had a poor candidate experience or two.

You want a candidate to interview with your company and then go on interviews with different organizations, and those other businesses should pale in comparison to your recruitment experience. The candidate becomes worried that they might not be selected by your company. That is what a world-class recruitment experience does for your brand.

### **Before the interview**

The branding of your culture needs to be strong and defined, including customer reviews, your website and social media presence, and comments from existing and past employees. Everything they see and hear should make it overwhelmingly obvious what your brand stands for. It needs to be so definitive that they are either turned on or turned off. And their being turned off is a great thing for both the company and the candidate. Neither of you need to find out in three months that it wasn't a good match.

To increase a talent pipeline and ideal candidates' interest, educate them on how hard it is to get hired here. The top employee experience brands articulate that they are not for everyone, nor do they want to be. They are for the 2% who want to emerge as the best of the best. They're not afraid to work hard and challenge themselves to see how much greatness they have inside. Suitable candidates will appreciate knowing that your screening process will protect their workplace culture, ensuring a "jerk-free" environment.

### **Offer a career**

Make every employee aware of the career development opportunities that can result from their hard work in helping the organization grow. Share examples of your rags-to-riches stories of people who started in lower-level positions, who rose through the ranks and had their efforts and loyalty rewarded. Show the impact those leaders have on the organization's success and on team members' lives.

### **Share your vision**

The great resignation taught leaders that human beings need meaning and purpose in their jobs. It shouldn't be a shock that so many decided they didn't want to continue with employee experiences that weren't engaging or inspiring. Most people want to be part of something bigger. Assure them that your company understands.

### **Narrow the talent pool**

If you go to the career page on most company websites, they tend to say the same generic things. Every company has a mission/purpose and service vision statement. Every company has core values. One of Enron's core values was integrity. However, the company's actual behavior did not always align with its expressed values as evidenced by the scandals that led to Enron's 2001 collapse.

The best recruiting and culture companies stand out and articulate their mission, purpose, and values with energy, clarity, and gusto. You clearly know what type of culture they have and whether you would be a fit or not. ■

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





**"We grew franchise sales 300%  
in 14 months"**

### Convert Leads Faster

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Ken Doty, Chief Development Officer



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**"It's like having 3 extra people  
on your sales team. It helps  
with contacting/staying in touch  
with the leads that come in."**

**Jordan C.**

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11 to 50 Employees



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**Todd Weiss, CFA**

8 reviews



CT has been a valuable tool for my business. It has saved me time through effective automation. They have excellent customer support!



**Telanda Sidari**

1 review



Excellent customer service & assistance setting everything up! The automated platform is like having my own assistant!



**Martin Greenbaum**

1 review



Client Tether has simplified my day by automating key business development functions enabling me to communicate the most effectively to prospects. They provide excellent training and customer service. I was able to learn and customize my Client Tether implementation to fit the specific needs of my business in the fraction of the time it would of taken me to do so with most other CRM's.



**Ron Sacco**

1 review



This is a great company and worth every cent. This software would take three reps to achieve the same results.

**"Our booking rate increased  
278% in 90 days"**

"ClientTether boosted our franchisee lead conversion rates by 278% across our entire system within the first 90 days of deployment. It has been a game changer in boosting unit-level performance while providing insightful visibility into Zee behavior."

**two maids**



Katie Belling, Director of Marketing

# Mystery Shopping 2023

A woman with blonde, curly hair and a surprised expression is talking on a blue corded telephone. She is wearing a red short-sleeved button-down shirt and holding a blue box. The background is a library with tall bookshelves and a person sitting at a desk in the distance.

Annual study once again finds room for improvement in franchise recruiting

Written by M. SCOTT MORRIS



**A**s economic headwinds affect the industry, it's more important than ever for franchise brands to do the little things that attract new franchisees to their systems.

"We hear a lot from development people that qualified leads of people who are really looking to start a business aren't as plentiful as they are in different economic environments," says Jayson Pearl, president of ServiceScore and one of the researchers in this year's Mystery Shopping study.

Something as simple as returning a phone call or directing a social media link straight to the franchise development website can provide the information prospects need. "Salespeople need to take the extra time to set themselves apart by being extraresponsive to somebody who raises their hand, saying, 'I'm interested in your brand,'" Pearl says. "Those leads are definitely few and farther between."

Franchises have a variety of tools to advance their franchise development goals, including phone calls, online forms, websites, and social media. Brands that pre-registered for the 2023 Franchise Leadership & Development Conference were eligible to have teams of mystery shoppers test how well the organizations used their tools.

Pearl was joined by fellow mystery shoppers, Graham Chapman and Jessee Leili-Jones with 919 Marketing Company and Dawn Kane and Jacquie Rooney with Hot Dish Advertising.

Once again, researchers found weak links in brands' recruiting efforts and suggested best practices to use going forward.

### Telephone shop

In the era of chatbots and automatic messages, there's still room for the old ways. The telephone remains an important tool for discussing issues back and forth in real time. Rather than trying to figure out what a line in an email means, parties on the phone can ask for clarification and receive immediate feedback.

Pearl created a "prospect" named Jennifer Townsend. The fictional character's job was to learn more about how to become a franchisee with each brand. The telephone was her tool for the mystery shop, which spanned Sept. 5–14.

"They've already read the information about the brand online," Pearl says, "and

something specific prompted them to say, 'I want to talk to somebody more about this opportunity.'"

It turns out that only 62% of brands surveyed had phone numbers available on their franchise development websites in 2023. That's a drop from 2022, when the number was 71%.

The next step was to start making calls:

- 77% went to voicemail.
- 8% were answered by a person who could help.
- 8% were answered by someone who took a message.
- 7% received no answer and no voicemail.

This year, 61% of brands returned the calls from voicemail within 24 hours. "Taking a second to do a phone call back, especially when somebody calls, makes the most sense," Pearl says. "Many of the brands are doing that and are very responsive."

**"FOR THE BRANDS THAT ARE RESPONSIVE, IT'S PART OF THEIR CULTURE AND PROBABLY THEIR LEADERSHIP THAT THEY DO REALLY WELL."**

— Pearl

However, 39% did not return a call at all. Last year, nearly 30% of brand representatives did not return a prospective franchisee's call. The no-call rate is puzzling in the current economic environment when franchise development professionals report that qualified leads are difficult to find.

"It's an interesting insight in a world where there's still a lot of competition for great leads," Pearl says. "This is a somewhat challenging time for franchise development because you have a pretty good economy, a low unemployment rate, people aren't leaving their jobs, they're not getting laid off, and access to capital is challenging because of interest rates and other things."

Though the mystery shop was for the telephone, the brands often responded to queries with texts or emails. Pearl says that could be

an outgrowth of the trend toward automating as many processes as possible.

"There's definitely a follow-up, but I think what we've heard in the past remains true: You want to still be able to be responsive in all the ways that somebody might want to communicate with a brand," Pearl says. "That might be to email back and forth. It might be to text. It might be to use a chatbot. But it might also be a telephone."

### Website inquiry submission

While the fictional Jennifer Townsend was making phone calls and waiting to hear back, the fictional Steve Turner, also created by Pearl's team at ServiceScore, was going online, filling out franchise development forms, and tracking the response times from a qualifier or recruiter. The results were not as robust this year as they were last year:

- 31% of brands called back within 24 hours. Last year, it was 38%.
- 22% called within 4 hours. In 2022, it was 31%.
- 41% percent called back at some point. In 2021 and 2022, 55% of brands called back.
- 19% did not respond in any way, including call, text, or email.

Overall, 82% of brands surveyed sent emails or texts in response to the fictional prospect's query. That represents a drop of 6 percentage points from last year.

Because prospects reach out digitally with an online form, the process relies heavily on automation. That creates opportunities and cost savings for franchisors when done right and potential problems when things go wrong. "One of the downsides with that is when the online form isn't integrated with the CRM system or the specific calendar of that salesperson," Pearl says. "Sometimes those would be out of sync."

In such cases, the fictional prospect was left waiting for a call that never came because the salesperson didn't know they were supposed to make it. In other cases, technological disconnects led to confusing texts or emails about an upcoming call that had already happened.

"Automation can be good, but one negative that you saw with automation was the number of no-shows," Pearl says. "In terms of responsiveness and follow-up, there were fewer mistakes in terms of no-shows when it was human to human."

Recruiters were better at showing up for scheduled calls in 2023 than they were a year ago. This year, 18% missed scheduled calls compared to 21% in 2022. “This is the first impression of the brand. You’re establishing trust,” Pearl says. “There are so many brands that pride themselves on their support, culture, technology, infrastructure, and innovation. If the candidate is let down in those areas in this first impression, they’re not going to trust you.”

In addition to tracking responses, the fictional Steve Turner was tasked with assessing the calls he received. Did the recruiter provide a good candidate experience and share what was unique about the brand?

According to the mystery shop, 18% of brands responded within 24 hours of initial contact and shared at least one differentiator. “For the brands that are responsive, it’s part of their culture and probably their leadership that they do really well,” Pearl says. “There are some brands that we know are growing year after year and are expanding. It’s no secret that they have high response rates, and their recruiters do a great job of connecting and sharing differentiation.”

### Website shop

In franchise development, a website is a modern-day brochure without a page limit. It’s also an open invitation for prospective franchisees to begin to see if a brand is right for them. Jessee Leili-Jones, senior vice president for digital services, and her team at 919 Marketing Company investigated 134 websites for different brands.

“We utilized the insight reports we create for our clients, our key findings report,” she says. “It’s what our teams use to analyze our clients’ and prospective clients’ sites.”

They looked at four categories and weighted them for importance:

- **Core features (10%)**—a unique URL, top 10 SE rank, and a unique starting point
- **SEO readiness (25%)**—includes word “franchise” in the title and industry keywords in the title description, and has open graph tags
- **Website usability (15%)**—has cookie consent, privacy policy, secure website, video, visible contact information in the footer, clear CTAs, and ADA compliance
- **Key content (50%)**—features a dedicated about page, benefits of

franchising, benefits of company franchise, maps, investment charts, FAQs, testimonials, industry background, earnings claims, franchise award process, active posting of new content, and disclosure of buildout, royalty, and franchise fee requirements

The researchers rated content the highest because it contains the information a prospective franchisee would want to have before making a decision. “We did a whole overview at a high level of what was initially available for the people who went to the site,” Leili-Jones says. “Was the content they needed to find there? Was it easy to find? Was it engaging enough for someone to be interested enough to go deeper into the site?”

They found numerous aesthetically pleasing and easy-to-use sites that didn’t have the information a prospective franchisee would need. “Even though they might be beautiful, they didn’t have any content that’s of value,” Leili-Jones says. “We had to take all of that content into consideration and weight that heavier.”

She reported some sites did well during the website mystery shop. However, her team’s research found room for improvement. For instance, 62 of 134 sites (46%) actively posted new content, including blogs and news releases. “Somebody’s going to beat you out because they have a strong organic strategy and a digital or backlinking strategy, so they have articles out,” she says. “They have PR. They have earned media that is linking to their site.”

In some areas, there were drop-offs when compared to the previous year’s results:

- Only 39 (29%) had some sort of earnings claims compared with 30% in the 2022 survey.
- Only 58 (43%) featured accessible investment information. Last year’s participants included investment charts 49% of the time.

From a 10,000-foot view, emerging brands did a better overall job of hitting all four categories than legacy brands did. “I was surprised by the lack of information that some of the larger brands might provide,” Leili-Jones says. “It might have been a beautiful site, and it was aesthetically pleasing, but when we ran the numbers, it didn’t align with what a smaller brand might have had. It was interesting for me to see the differences. You’d think a huge brand name

would have everything, and they’re not even ADA compliant.”

Graham Chapman, president of 919 Marketing Company, says design and brand standards are always subjective, but there are best practices that affect recruiting efforts. “When it comes down to it, it’s not just our opinion but based on what attracts people to websites, what drives traffic and drives conversions,” he says. “Did the website do its job to deliver the information that people were searching for? That is always going to be our baseline barometer.”

### Social media

According to Statista, approximately 4.9 billion people from around the world use social media in 2023. That number was backed up by Forbes, which added that “the average person spends about 145 minutes a day on social media.” Forbes also reported that 77 percent of businesses use social media to connect with their customers, and 90 percent of users follow at least one brand on social media. That’s a lot of eyeballs looking at phones, wanting to be engaged.

“We hear this all the time: ‘That’s not where my audience is. They’re never going to buy a brand off of Facebook,’” says Dawn Kane, CEO and co-founder of Hot Dish Advertising. “We know firsthand that’s not true. We’ve sold multi-packs of million-dollar investment brands, and the leads came directly from Facebook.”

According to the Forbes article, Facebook has 2.9 million monthly visitors while Instagram has 2 million. Kane and her colleague Jacquie Rooney, account coordinator for Hot Dish, spent a few weeks exploring the Facebook and Instagram posts of franchise brands. The goal was to see how companies used social media to further their franchise

**“DID THE WEBSITE  
DO ITS JOB TO DELIVER  
THE INFORMATION  
THAT PEOPLE WERE  
SEARCHING FOR? THAT  
IS ALWAYS GOING  
TO BE OUR BASELINE  
BAROMETER.”**

— Chapman





## SECOND OPINION & RISK ASSESSMENT

### EMPLOYEE RETENTION CREDIT (ERC) FOR FRANCHISEES

Many firms have persuaded franchise owners into claiming funds they are ineligible for. The IRS is scrutinizing each and every ERC claim for compliance and accuracy.

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development. “I don’t think anyone got an exact, perfect score,” Rooney says, “but there were brands that scored pretty high.”

The companies that scored well posted organic content on social media at least three times a week. They provided authentic voices that connected with users in unforced ways. In addition, their posts contained links that took potential franchisees directly to a franchise development portal where they could learn all about the brand that had captured their attention.

“If they are putting in the time to go wherever that ad or organic post is driving folks,” Rooney says, “they should get relevant content when they get there as opposed to having them land in a particular place and hope that they find what they’re looking for.”

However, not all brands have their social media links operating in smooth, working order. In a handful of cases when mystery shoppers clicked on a call to action, it didn’t take them to a franchise development site, so the franchise sales funnel couldn’t be engaged.

“Some brands would run ads and then users would go to the website,” Kane says, “but it wasn’t telling them the same thing the ad said, so it was a disconnect when they got there.”

Overall, emerging brands had stronger social media marketing than legacy brands. In some cases, large brands didn’t have or didn’t use their own franchisor social media accounts, but their franchisees had individual accounts for their stores.

“A lot of smaller brands do franchise appreciation days,” Rooney says, “and they will talk about what they’re doing with different franchises at different locations.”

During their mystery shopping experience, the team at Hot Dish saw room for improvement when using paid ads to reach out to potential franchisees:

- 20% of brands used retargeting ads.
- 20% ran franchise development ads.
- 10% used video or GIFs in their ads.

“With bigger brands, they didn’t post very much about franchise development,” Rooney says, “and sometimes you wouldn’t know that they were a franchise because they would post mostly consumer ads.”

When marketing with social media, it’s important to be authentic and relevant, Kane says. Corporate silos can get in the way of that while emerging brands might not have as many layers of oversight.

Though some corporate clients don’t see the value in a robust social media campaign, Kane says there are clear reasons to post engaging content about franchise development on Facebook, Instagram, and other platforms.

“You want to show up where your prospects are even if they don’t know they’re looking for a business opportunity,” Kane says. “They’re just scrolling their feed when they come across it and see it. They may not click on it, but they’re going through their feed a week later and they see it and they see it and they see it. Eventually, they say, ‘I need to learn more about this business because it shows up everywhere I go.’” ■

**“WE’VE SOLD MULTIPACKS OF MILLION-DOLLAR INVESTMENT BRANDS, AND THE LEADS CAME DIRECTLY FROM FACEBOOK.”**

— Kane

# BEST PRACTICES

Small improvements add up over time. If you’re not seeing the franchise development results you want, consider adding simple steps to boost your team’s effectiveness.



- Return a phone call with a phone call.
- Every prospect appreciates a quick reply.
- In addition to a customer-facing website, make sure you have a site devoted to franchise development.
- Train your sales team to provide brand differentiators when talking to a new prospect.
- If you’re using AI, make sure it fully aligns with your salespeople’s calendars.
- Remember that content is king, so provide engaging blogs, GIFs, and videos to catch attention.
- Test all web links to ensure they take prospects where you want them to go.
- Make sure social media posts are authentic to the brand.
- Aim for three posts a week on social media.
- Try to see your development efforts the way a prospect would see them.
- Do your own mystery shop to learn exactly what’s working and what’s not.

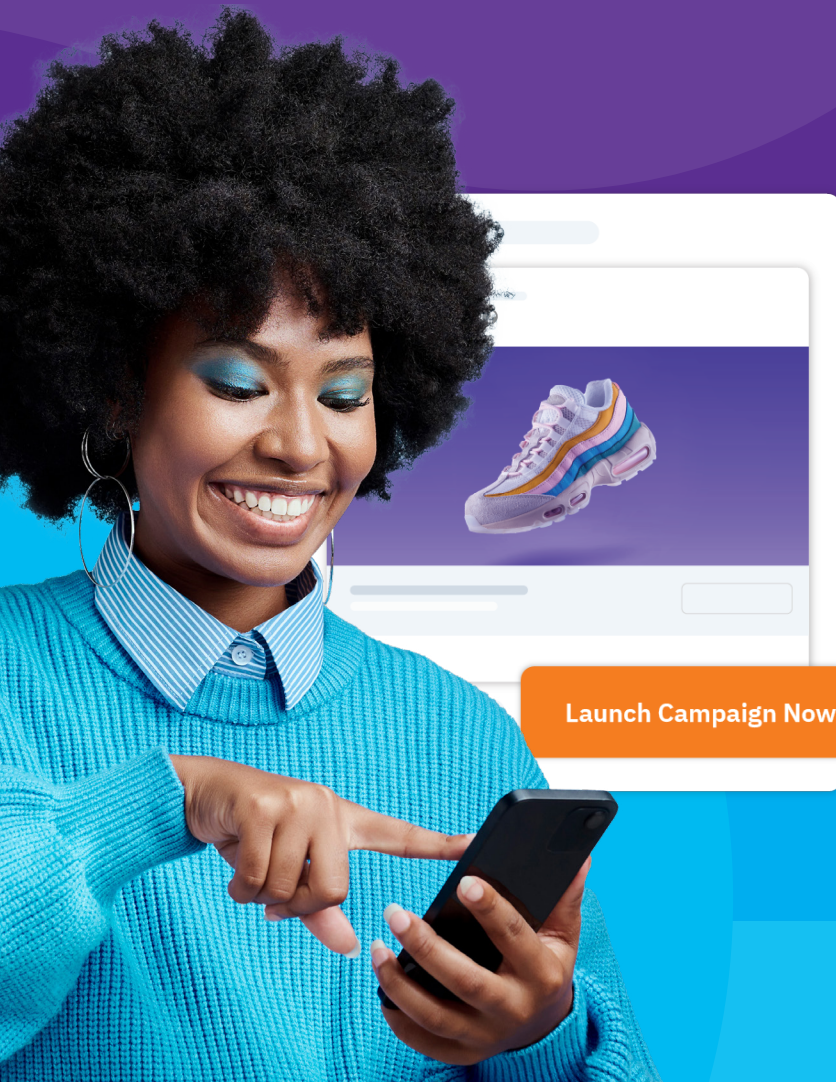




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## 2023

### STAR AWARD WINNERS

#### BEST OVERALL PERFORMANCE

1<sup>ST</sup> Place

**Wild Birds Unlimited**

2<sup>ND</sup> Place

**We Sell Restaurants**

#### BEST ONLINE SALES FOLLOW-UP

1<sup>ST</sup> Place

**We Sell Restaurants**

2<sup>ND</sup> Place

**Wild Birds Unlimited**

#### BEST TELEPHONE MYSTERY SHOPPING

1<sup>ST</sup> Place

**Wild Birds Unlimited**

2<sup>ND</sup> Place

**We Sell Restaurants**

#### SOCIAL MEDIA BEST PRACTICES

1<sup>ST</sup> Place

**Right at Home**

2<sup>ND</sup> Place

**Pirtek USA**

#### WEBSITE BEST PRACTICES

1<sup>ST</sup> Place

**Chicken Salad Chick**

2<sup>ND</sup> Place

**Wild Birds Unlimited**

# SHINING BRIGHT

## STAR AWARDS RECOGNIZE FRANCHISING'S RECRUITMENT ELITE

Written by **NANCY BADERTSCHER**

**F**ranchise leaders from all sectors are driven to grow with high-quality franchisees. This year's STAR Awards recognized brands that achieved excellence in lead generation and recruitment on the way to expanding their reach.

Awards were announced in October during Franchise Update Media's Franchise Leadership & Development Conference in Atlanta. There were winners and runners-up in five categories: Best Overall Performance, Best Online Sales Follow-Up, Best Telephone Mystery Shopping, Social Media Best Practices, and Website Best Practices.

A top performer in recent years, Wild Birds Unlimited claimed first place for Best Overall Performance in 2023. The franchise, which has capitalized on \$5 billion in consumer spending on bird seed and wildlife food, also took the gold for the Best Telephone Mystery Shopping and earned runner-up honors for Best Online Sales Follow-up and Website Best Practices.

So, how did the winners do it? What can your brand learn from their successes? Read on as this year's STAR Award winners and runners-up share their winning strategies for 2023 and beyond.

### Best Overall Performance Winner: **WILD BIRDS UNLIMITED**

Director of Franchise Development Seth Holan credits Wild Birds Unlimited's win to the company's staff members, who improved their processes and focused on supporting potential franchisees.

"We have a 'how-did-we-do?' culture, Holan says. "We take feedback from not only our peers, but from our franchisees through our franchise satisfaction surveys. We also ask potential franchise store owners through every step of the process: 'How did we do?'" Learning from the feedback continues to strengthen the development process from initial contact to final signature, he says.

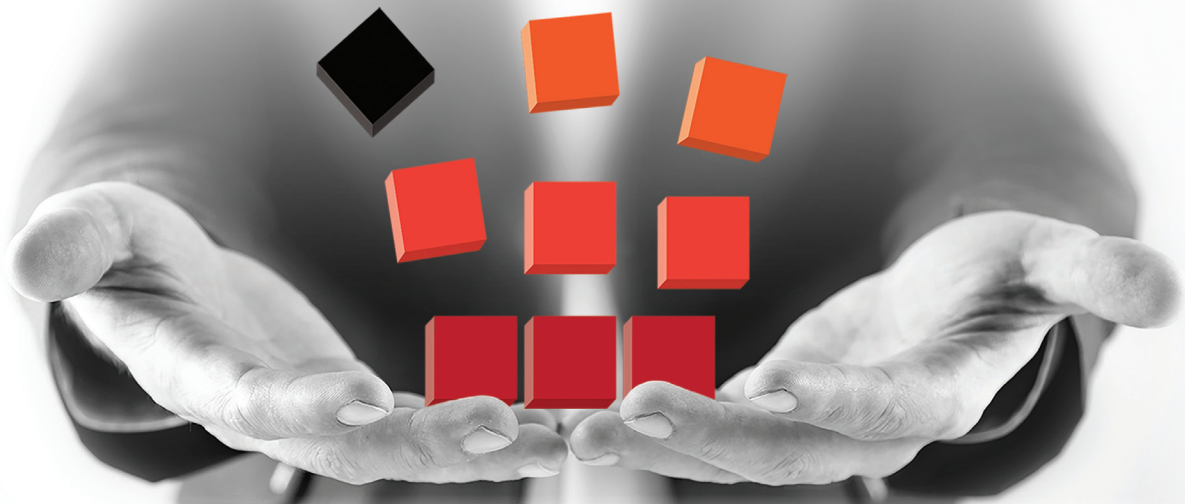
Because most potential franchisees do research on the brand before they reach out, it's important for the company website to be easy to access and navigate, Holan says.

In addition, Audrey Kleine, lead qualifier, has helped with outreach by making initial contacts with potential franchisees. She also goes through all marketing content, posting new blogs and sharing content on LinkedIn. "Having an extra body in the department



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to focus on some of these things has been a game changer,” Holan says.

#### **Best Overall Performance Runner-Up: WE SELL RESTAURANTS**

Robin Gagnon, CEO and co-founder of We Sell Restaurants, says the company took a major step toward improving its operations by shifting strategies.

Success depends on “being incredibly responsive, not just letting calls roll to voice-mail or having any lag,” she says. “The minute you can reduce friction between yourself and the customer and speak to them immediately—that’s the hallmark of success. That’s what we attempted to do this year: We brought our sales development in-house.”

#### **Best Online Sales Follow-Up Winner: WE SELL RESTAURANTS**

Having the sales team leader be a part of the company’s executive team 100 percent of the time is making a big difference, Gagnon says.

“They understand exactly what our priorities are as a brand and are living our core values,” she says. “Bringing that focus to franchise development pushed our performance into a unique space.”

#### **Best Online Sales Follow-Up Runner-Up: WILD BIRDS UNLIMITED**

“Our process hasn’t really changed,” says Holan, adding that the team makes it a priority to respond quickly to a prospect’s inquiry. “You get on the phone and meet them where they are.”

If that can’t happen immediately, a member of the team reaches out before the end of the day, he says.

#### **Best Telephone Mystery Shopping Winner: WILD BIRDS UNLIMITED**

Holan says the first phone call is crucial because it’s a chance to get to know why the caller is interested in the company. It provides the first chance to explain what differentiates Wild Birds Unlimited from other franchisors.

“It’s something we take very seriously,” he says. “Our culture is we are a franchise support center. In development, we are the very first people any of our franchisees come into contact with, so we have to be sure that we are very welcoming, receptive, and providing the support they need to go through a discovery process. And it all starts with that very first call.”

#### **Best Telephone Mystery Shopping Runner-Up: WE SELL RESTAURANTS**

Since brands are always seeking more leads, the challenge is to find the best qualified candidates. “Our primary challenge is getting those leads in the door,” Gagnon says, “and that’s going to be what we will be focusing on.”

The company has a good conversion rate, so increasing the lead count is a priority for next year. “We’ve been very fortunate in that our business has been incredibly resilient and has continued to grow every year despite how the pandemic affected restaurants,” she says. “The business itself of buying and selling restaurants has had phenomenal growth every year.”

#### **Social Media Best Practices Winner: RIGHT AT HOME**

Jen Chaney, Right at Home’s vice president of franchise development, says the credit for the company’s Social Media Best Practices award should go to “the sheer talents” of two people: Micah Loseman, senior manager of franchise development marketing, and Mary Pat Contreras, franchise development marketing coordinator.

“They’ve worked so hard,” Chaney says. “I was just overjoyed for the two of them.” The pair reach out to potential leads on LinkedIn and Facebook, and this year, they added TikTok. That addition generated “quite a few leads,” Chaney says.

She says Loseman and Contreras create and post content to all three social media sites on a regular basis and include a mix of articles and videos. All content includes CTAs that bring potential buyers to a specific lead form.

According to Loseman, more than 44% of Right at Home’s website leads come through paid or organic social media efforts.

#### **Social Media Best Practices Runner-Up: PIRTEK USA**

Pirtek USA is reaping the benefits of its long-term social media strategy, says Director of Franchise Development Nick Ridgway.

“We made some conscious efforts really starting a few years back to improve our SEO and our social presence,” Ridgway says. The company, which provides maintenance and replacement services for hydraulic and industrial hoses, has developed a structure and strategy for posting on social media a minimum of three times a week.

“It’s had a good impact on our business, both from the consumer side and in our franchise development,” Ridgway says. “It’s been successful all around, and the social media strategy has gone through our entire network.”

Franchise owners have also taken this on as a mission and are posting in their local markets.

The company is always looking for ways to improve its social media content and to educate the market on what it does. “We want it to go along with our national strategy and be fresh and grab people’s attention,” Ridgway says.

#### **Website Best Practices Winner: CHICKEN SALAD CHICK**

Larissa Palatiere, director of franchise development at Chicken Salad Chick, says enhancing the company’s website has been a paramount focus.

“Our primary objectives were to create an engaging platform and educate prospective franchise partners about the exceptional benefits of joining our franchise family all while highlighting the uniqueness of our culture,” she says. “We saw a 200% increase in our lead generation.”

Looking ahead to 2024, Chicken Salad Chick has some additional projects that will further enhance the company’s website. This includes providing additional content through compelling videos, thought-provoking blogs, and media highlights.

“Furthermore, we will home in on newly opened territories and regional efforts in target markets,” Palatiere says.

#### **Website Best Practices Runner-Up: WILD BIRDS UNLIMITED**

Wild Birds Unlimited’s website was revamped in 2022 to give its messaging a boost and raise its visibility in the franchise market. This year, the company continued to work with strategic partners to build the website to attract more potential franchisees, Holan says.

“We’re working to stay up-to-date on posting weekly, update all of our blogs, and do a weekly technology check,” he says. “We go through our systems and our website to make sure they are functioning properly because if our customers or guests to our website are having issues with accessing any of the content, that could be a precursor to what the development process is.” ■



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## CASE STUDY

Assisting Corporate with Property  
Sales and Store Development  
during High Interest Rates Times

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- High interest rates limit REITs and banks
- Lack of capital halting store development
- Limited liquidity for acquiring franchisee-owned locations

### Benefits

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- Maintain company liquidity for new growth opportunities
- Continue with New Store Development



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# 2024 ANNUAL FRANCHISE DEVELOPMENT REPORT

Uncovering franchise development's  
strengths and weaknesses

Written by KERRY PIPES





Franchise Update Media unveiled its 2024 Annual Franchise Development Report (AFDR) at its Franchise Leadership & Development Conference (FLDC) in Atlanta.

For more than a decade, AFDR researchers have been surveying franchisors about their lead generation and franchisee recruitment processes. The project seeks to understand current lead generation and recruitment strategies, identify what's new and innovative in franchise lead generation, recognize the methods and approaches yielding the best results, and gain insights into franchisors' perspectives on current and future business performance.

Survey participants were franchisors who completed an in-depth questionnaire online. Responses were aggregated and analyzed to produce a detailed view into the recruitment and development practices, budgets, spending allocations, and strategies of a wide cross-section of franchisors. The data along with accompanying commentary and analysis provided the basis for the 2024 AFDR.

A total of 120 brands were included in the survey. The franchisors had 2,533 company-owned units and 24,101 franchise units. The brands represented a variety of segments, including food, retail food, nonfood retail, brick-and-mortar service, and service based on population and territory. Participants revealed plans to grow by a total of 2,046 franchise units in 2024.

Highlights from the report were presented by Franchise Update Media EVP and Chief Content Officer Diane Phibbs and Wild Birds Unlimited Chief Development Officer Paul Pickett in an FLDC general session in October. All conference attendees received a complimentary copy. The report can be ordered online at [afdr.franchiseupdate.com](http://afdr.franchiseupdate.com).

Updates to this year's survey drill down into salaries and areas of responsibility for the entire development team at the brands surveyed. Researchers also took a deeper dive into the broker data.

"The brand-new information on frandev salaries and job responsibilities allows me to take a deeper and different look at my cost per lead, cost per application, and cost per sale metrics and provide me a baseline to use when developing my full 2024 budget," Pickett said.

He noted a strong correlation between 2023's spend and effectiveness of digital

marketing. Pickett also mentioned the low spend yet high effectiveness of referrals.

### RECRUITMENT BUDGETS

Franchisors were asked about their recruitment budgets for advertising efforts and development teams. Fifty-seven percent of brands report higher recruitment budgets for 2024 over 2023. Ad budgets have ticked upward for the past decade.

For 2024, the overall franchise development employee budget—including salaries, benefits, and bonuses—was reported to be \$471,155. The overall franchise recruitment media budget was \$263,409. The total franchise recruitment budget—not including brokers—was \$734,564.

Franchisors also listed their 2024 sales goals as 43 locations/units with 72% new franchisees and 28% existing franchisees.

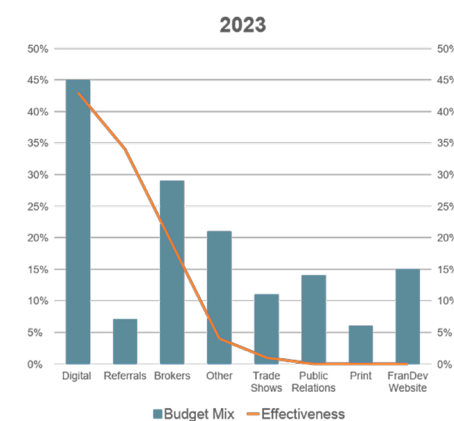
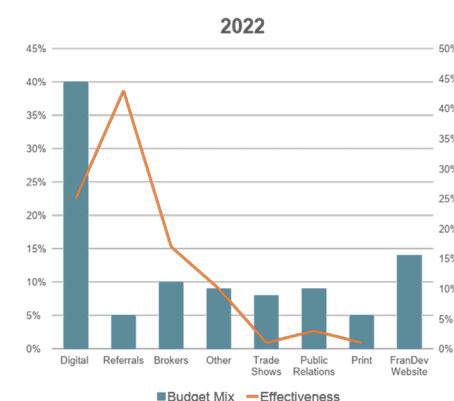


### 2023 MEDIA SPEND

Tracking ad spending and its effectiveness are important parts of an effective recruitment strategy. For 2023, the recruitment media spend as a percent of the budget was as follows:

- Digital, 45%
- Print, 6%
- Referrals, 7%
- Trade shows, 11%
- PR, 14%
- Brokers, 29%
- Email, 9%
- Direct mail, 3%
- Broadcast, 4%
- Franchise opportunity site, 15%
- Other, 5%

There's no question that digital advertising dominates the budget spend and is an effective tool in franchise recruiting. But brands should also watch and nurture their efforts to recruit from referrals.



### MEASURING COSTS

Analyzing and measuring the costs associated with getting leads is an essential part of a franchise recruiting strategy. This year, the average cost per lead increased to \$253, an increase from \$155 last year, and the average cost per sale jumped from last year's \$10,086 to \$11,639 this year.

"The increase in cost per lead suggests that brands are spending more to reach the right prospect," Phibbs said. "Focused efforts to determine the ideal target audience

will help identify the best marketing vehicles to reach them. There are a number of ways to identify target audiences, including reverse profiling of existing franchisees and segmentation research.”

Here are the numbers for both cost per lead and cost per sale:

- **59% track cost per lead**  
(vs. 63% in 2022 and 50% in 2021)
- **\$253 average cost per lead**  
(vs. \$155 in 2022 and \$97 in 2021)
- **46% track cost per sale**  
(vs. 50% in 2022 and 44% in 2021)
- **\$11,639 average cost per sale** (vs. \$10,086 in 2021 and \$9,270 in 2021)

That’s right, only 59% of the brands track cost per lead and only 46% tracked cost per sale. You can’t manage what you don’t measure, so there’s clear room for improvement.

SALES CLOSING RATIOS

The ratios of leads to sales, qualified leads to sales, applications to sales, and discovery days to sales make up another critical set of metrics for evaluating the effectiveness of a franchise development team. Closing ratios improved slightly this year for all four categories. Leads to sales were almost half what they were last year. Lead quality is important, and brands with pre-qualifiers generally reported better closing ratios than those that didn’t employ them.

- **Leads to sales: 1.8 percent** (down from 3.5 % in 2022, 3.0% in 2021)
- **Qualified leads to sales: 13%** (up 2% from 2021)
- **Applications to sales: 31%** (31% in 2022 and 14% in 2021)
- **Discovery days to sales: 73%** (74% in 2022 and 66% in 2021)

In their presentation, Pickett and Phibbs suggested that because there is more targeted lead generation and market saturation, brands should do more focused marketing.

“Review your target audience to ensure they’re the right target,” Pickett said, and Phipps added, “Consider doing segmentation research for the target audience. This would be new for a lot of brands. Consider the lifetime value of a franchisee.”

LEADS TO SALES: 1.8%

Decrease – 1.7% points  
(3.5 % in 2022, 3.0% in 2021)

QUALIFIED LEADS TO SALES: 13%

2% point increase  
(15% in 2021)

APPLICATIONS TO SALES: 31%

Flat vs. prior year  
(31% in 2022 & 14% in 2021)

DISCOVERY DAYS TO SALES: 73%

Flat vs. prior year  
(74% in 2022 & 66% in 2021)

BROKERS

For the fourth year in a row, the survey asked participants about using brokers as a part of their recruiting. They were asked if they used brokers, how much they paid, what results they found, and their plans to use them in the future. This year, 44% of brands in the survey said they used brokers. The average broker spend was \$78,700, including broker membership fees, marketing fees to drive leads to brokers, broker conference fees, and travel/hotel costs.

Brands worked with an average of 3.7 broker systems. Brands expected brokers to sell 34 deals, and 74% of brands said that broker networks had produced a sale in the past 12 months. Of those brands that used brokers, 85% do not track the success rate of franchisees closed from broker deals. Furthermore, Phibbs said, “Of the brands reporting they use brokers, so few submitted cost information that it was unusable.”

Franchisors who used brokers tracked the following metrics.

- **Territory check to close:** 20%
- **Lead to close:** 90%
- **Applications to close:** 27%
- **Discovery day to close:** 33%

Relationships are important, which is clearly the case with brokers. Results are also impacted by brand, sector, and franchise fee. Brokers, especially those specializing in franchise sales, have solid success rates. But franchisors who use them understand it’s a pay-to-play service.

Budgets	Average	Median
Broker Spend <small>*broker membership fees, marketing fees to drive leads to brokers, broker conference fees to also include travel/hotel</small>	\$78,700	\$50,000
Recruitment	\$229,850	\$150,000
Total Budget	\$308,550	\$200,000

\$32,819

Average Broker Success Fee  
(\$27,500 Median)

FRANCHISORS EXCEEDING GOALS

A segment of those surveyed (16%) identified themselves as exceeding their franchise recruiting goals. Of those, more than nine out of 10 franchisors (94%) said their lead quality was up or the same. These franchisors said they closed deals from multiple lead sources.

Of the franchisors who exceeded their goals, 90% said they did so with the same or increased budget, 61% tracked their cost per lead, and 35% used brokers.

There was a tie for franchisors’ highest leads to close ratios with referrals and digital both coming in at 82% followed by brokers (18%) and trade shows (12%). “Franchisors exceeding goals report 18% of deals closed come from a broker lead. We have seen a pattern of 18% to 20% over the past three years,” Phibbs said. ■

FRANCHISORS EXCEEDING GOALS

16% of Franchisors Exceeding Goals

94% Lead quality is up or same

Closed deals from multiple lead sources





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# AFDR AT 30,000 FEET

Franchise Update Media has surveyed franchisors about their franchise lead generation and recruitment processes every year for the past 10 years. This year, 120 brands were surveyed for the Annual Franchise Development Report. These brands represented a variety of segments, including food, retail food, nonfood retail, brick-and-mortar service, and service while factoring in population and territory.

Full survey results, including investment levels, unit counts, and system-wide sales reports, are available at [afdr.franchiseupdate.com](https://afdr.franchiseupdate.com).

Here are some highlights from the report:

**Positive business outlook:** Franchisors express a buoyant outlook on business growth. However, interest rates and inflationary pressures are obstacles to overcome going forward.

**Digital dominance:** In general, digital budgets remain consistent with a continued focus on lead generation through digital channels.

**SEO & pay-per-click:** These continue to dominate digital spending and deliver results for digital lead generation.

**Social media & franchise portals:** Both are potent forces in the digital landscape. Despite a decrease in portal budgets, they're significant sources of successful deals.

**Broker networks:** 44% of survey respondents rely on brokers for franchisee recruitment or lead generation. The data shows that broker networks can fill a need in the lead generation process. Brands that exceed goals use brokers as part of their lead generation programs, but brokers are not the sole drivers of leads.

**Multichannel media strategy:** Employing diverse media channels for franchisee recruitment remains a successful strategy. Brands that adapt by directing funds to the most effective channels have higher chances of achieving their goals.

**Smart outreach:** Responsive franchisors recognize the importance of meeting prospects on multiple fronts. It's all about being present wherever potential franchisees are looking. This multipronged approach ensures a broader reach and higher chances of successful conversions.

**Cross-brand franchisees:** Many franchise brands boast

franchisees who are also franchisees with other systems. This cross-pollination means multi-unit operators with diverse backgrounds can apply their hard-earned skills and experience to benefit a variety of brands.

**Financial performance representations (FPRs):** Most franchisors acknowledge the crucial role of FPRs in their recruitment strategies, and a majority have integrated them into their processes.

**High resale percentages:** Franchise brands have seen significant resales. There could be multiple reasons, including brand maturity and changing market dynamics.

**Delayed media budget finalization:** It's noteworthy that a significant number of respondents—a larger percentage than ever observed—had yet to finalize their media budgets for franchise recruitment by the end of August 2023. The exact reasons for this delay require further exploration.

**Positive trajectory:** 53% of franchisors are either on target or exceeding their recruitment goals for the year.

**Room for improvement:** Conversely, 47% of respondents find themselves below their set recruitment goals. Future research is needed to investigate specific reasons for underperformance.

**Social media deals:** Social media's influence remains strong in franchise recruitment. A considerable 46% of participants reported securing deals through these channels, emphasizing the importance of a robust online presence and strategy.

**Adapting to rising costs:** 23% of surveyed franchisors have implemented strategies to lessen initial expenses for potential franchisees, including

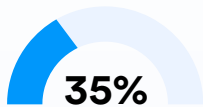
- reducing franchise fees
- cutting royalty fees
- minimizing build-out expenses
- introducing alternative build-out options





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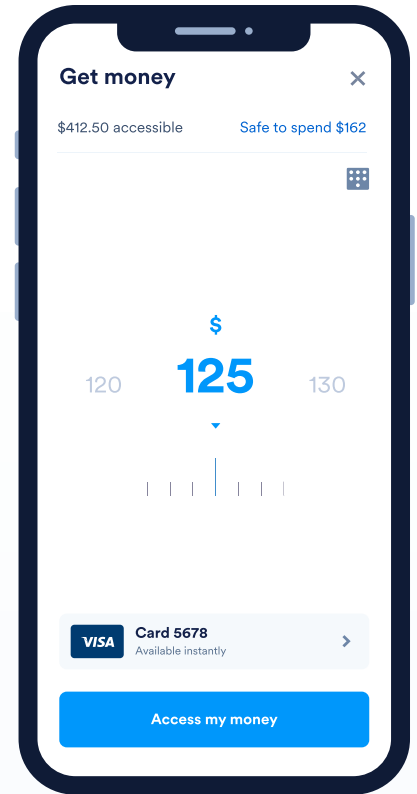
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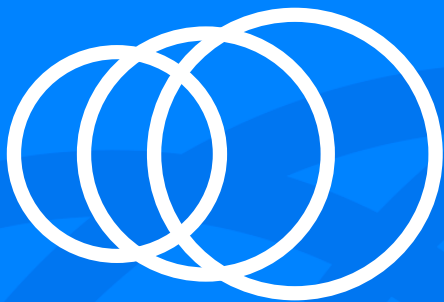
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Franchise Leadership & Development Conference



# SCALING SUCCESS

**FLDC hits Atlanta for record-setting event**

Written by **KERRY PIPES**



*“Our theme, ‘Scaling Success,’ encourages us to reflect on what success truly means in the context of franchising. It prompts us to consider how we can expand our businesses while staying true to our core principles and serving our communities with integrity. It challenges us to think about adapting to the ever-evolving technological landscape, consumer preferences, and economic realities.”*

*“Throughout this conference, we will hear from some of the brightest minds in franchising who have mastered the art of scaling success. Our speakers will share their experiences, insights, and strategies that have propelled their brands to new heights. They will discuss the challenges they’ve faced, the lessons they’ve learned, and the innovative approaches they’ve taken to thrive in an ever-changing world.”*

*“We will also explore the crucial role that leadership plays in scaling success. Effective leadership is the compass that guides a franchise system through growth and challenges alike. It’s about empowering your team, fostering a culture of innovation, and leading by example. We will delve into leadership strategies that can help you drive your franchise system toward sustainable success.”*

*“In addition to the enlightening sessions and workshops, this conference provides a unique opportunity to network and connect with industry peers. The relationships you build here can be instrumental in your journey to scale success. So, make the most of this time to share ideas, collaborate, and forge partnerships that can help shape your future in franchising.”*

*“As we embark on this exciting journey of exploration and discovery, I encourage you all to approach this conference with an open mind and a thirst for knowledge. Ask questions, challenge assumptions, and embrace change. The franchise landscape is evolving, and those who are adaptable and forward-thinking will be the ones who continue to succeed.”*



—Tim Courtney,  
2023 FLDC Conference Chair  
and VP, Franchise Development  
at PuroClean

**W**ith these words, Conference Chair Tim Courtney helped layout the theme and purpose of the 2023 Franchise Leadership & Development Conference (FLDC) to a packed room of attendees in October. The industry’s signature franchise development event at the InterContinental Buckhead north of Atlanta once again delivered tightly focused content, dynamic speakers, and a Networking Area packed with exhibitors. This year’s event, executed in tandem with the IFA, set an attendance record with 615 franchisor and supplier attendees.

Each year the FLDC raises the bar. This year was no exception. The focus was, as always, on franchise growth and development. Meeting rooms and hallways were packed as franchise development leaders and their teams filled the general sessions and breakout session rooms to overflowing. Experienced sales and development pros led information-packed sessions that were characterized by audience-panel interaction and engagement. Relevant and timely topics were discussed throughout.

The keynote speaker was Jeb Blount, a best-selling author and a sales, leadership, and customer experience expert who fit right in with the other sales-minded executives in the room. His central message focused on how doing a better job of listening to prospects can result in improved understanding and increased sales.

The Networking Area (exhibit hall) was sold out with booths overflowing into the hallways. Attendees had numerous opportunities to socialize and talk business with their peers. Exhibitors and suppliers were on hand to discuss solutions, strategies, products, and services to help franchise businesses grow.

The conference was backed by more than 90 sponsors, including Platinum Sponsors, Unleashed Brands and AnswerConnect. Gold Sponsors were Hot Dish Advertising, Leasecake, FranConnect, BoeFly, and Atmosphere TV. The STAR Awards, in its revamped presentation, was sponsored by ApplePie Capital and 919 Marketing Company.

## FIRST DAY

A continental breakfast greeted attendees first thing each morning at the conference.

First up was the all-day “CEO Summit” exclusively for franchise CEOs, presidents, and founders. The summit focused on three main themes:

1. **Franchise development** (lead acquisition, conversion, and economics)
2. **Operational and brand integrity** (process adherence, brand consistency, and culture)
3. **Financial and scaling challenges** (self-funding, ROI optimization, and franchise finance)





The day's sessions featured a panel of experts for each theme, followed by group work for each of the tables. Participants were presented with challenges and reported their observations and solutions.

A special afternoon session, "ChatGPT: A C-Suite Crash Course," featured a fast-paced presentation and Q&A into this game-changing technology by Conor Grennan, dean of MBA and graduate students and head of generative AI at the NYU Stern School of Business. Grennan, who also is the official instructor for LinkedIn Learning's "AI for Business," gave a rapid-fire overview of the current state of AI as it applies to business today, focusing on practical strategies to increase productivity.

He said AI adoption by businesses has three levels: learn, execute, and strategize. Comparing AI and its variations to electricity, he said, "AI can do anything. It depends on your problem." He added that "AI is a solution without a problem" and that it doesn't so much replace jobs as it does tasks. For more about Grennan, visit [www.franchisedevelopmentconference.com](http://www.franchisedevelopmentconference.com) and click on "Speakers." The CEO Summit was sponsored by 919 Marketing, Careertopia, and MSA Worldwide.

Elsewhere, two educational tracks offered the first of several breakout sessions throughout the event. During "Growth Track: Create Your 2024 Growth Plan," panelists discussed data, territory selection, growth strategies, and single- and multi-unit expansion strategies. "We have to be future-seeking," said Shannon Iverson, VP, franchise growth for Marco's Pizza. "It's critical that you all have brand vision. What is the vision? Where do you want to go?"

Meanwhile, a packed room showed up for the "Lead Generation & Recruitment Track: AI & ChatGPT—The 5 Hot Tips & Tricks for Today & How to Use Them." It was one of several discussions about AI and ChatGPT during the conference.

Next was "Growth Track: Franchise Sales Basics," which covered creating an effective franchise sales program that identifies and qualifies prospects and turns them into active leads. The panelists' companies use a variety of ways to attract leads, including websites, brokers, portals, and referrals. Not every tactic works for every company. Albert Hermans, VP, franchise development for Floor Coverings International, said the best approach is to "double down on what works."

Across the hall was the "Lead Generation & Recruitment Track: Build Your Lead Generation Plan & Budget," which dealt with how to build a recruitment budget that gets the message to the right prospects with the right frequency and evaluate the results.

Following a lunch break, afternoon breakout sessions resumed. "Growth Track: Access to Capital in 2024" examined ways to assist franchisees who are struggling to access capital. "If you haven't brought your bank to discovery day, do it," advised Kelly Crummer, senior director for franchising for Firehouse Subs.

Nearby was another room full of people eager to hear about the often-controversial topic of brokers. The "Lead Generation & Recruitment Track: Leveraging Brokers and FSOs: Are They Right for You?" session saw panelists and audience members share their own experiences and the pros and cons of working with brokers and FSOs.

A meet and greet for first-time attendees and the conference advisory board began the remainder of the day's social and networking activities. An opening cocktail reception in the Networking Area gave franchise executives an opportunity to visit with the exhibitors.

## SECOND DAY

This day began with a general session where FLDC Chair Courtney got things going with his inspiring talk from the stage.

Next up was a full political and legislative update from the IFA President & CEO Matt Haller. The IFA has been a defender of franchising for decades, and he noted that the industry can count on the organization continuing its mission. Haller spoke about

the IFA's recent advocacy wins before explaining three key areas the organization was now focused on. He said the National Labor Relations Board's final joint-employer rule was back on the radar so was activity with the Federal Trade Commission's Franchise Rule. He also pointed out how California's new AB 1228 law will protect California restaurants from the harms of AB 257 (the FAST Act).

Diane Phibbs, Franchise Update Media's executive vice president and chief content officer, and Paul Pickett, chief development officer at Wild Birds Unlimited, then took the stage to deliver an overview of the 2024 Annual Franchise Development Report (AFDR) and Mystery Shopping survey. For a decade now, the report has documented the best and worst of franchise development, providing insights into best practices and helping franchise development executives and teams benchmark their sales and recruitment budgets—and results—against those of other brands. (For more on the AFDR, go to Page 40. For Mystery Shopping results, go to Page 30.)

That was followed by a general session panel, "How Today's Franchisors Are Using Technology & AI in the Franchisee Recruitment Process." Panelists discussed their views and experience with AI tools. Joe Malmuth, chief franchising officer of Batteries Plus, said that using AI tools had led to more development deals for his brand.

"Think beyond ChatGPT. There's a lot more to these tools," Malmuth said. Each member of the panel had a chance to share ways they have used technology and data analytics to enhance their development and recruitment efforts.

Following a short coffee break, keynote speaker Jeb Blount took the stage. Blount is a best-selling author with 13 books under his belt. He's also an expert and thought leader on sales, leadership, and customer experience. He discussed how it takes a certain mindset to be successful in sales before diving into the main theme of his message, listening to prospects.

"It's important that you listen ... show me you know me," he said. "Influence is derived from what you hear, not what you say." Listening and paying attention builds trust and a good emotional experience. "That is the best predictor of outcome," he said.

Blount's talk was followed by lunch in the Networking Area and another





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Account Name	Before Count	After count	Increase multiple
F45 Training Culver City	16	402	25
F45 Training North Weston	18	359	20
F45 Training Heath	1	329	329
F45 Training Wolloomooloo	57	308	5
F45 Training Fairfield USA	3	296	99
F45 Training Heritage Trace	3	290	97
F45 Training Toronto	0	286	286
F45 Training Staunton	5	284	57
F45 Training Derrimut	22	281	13
F45 Training Coral Springs West	29	279	10
F45 Training Sarasota	0	278	278
F45 Training Westport	0	269	269
F45 Training Coral Springs West	6	268	45



### How Do Good Reviews Add Value to a Business?

Looking into Google My Business F45 Blackhorse Lane, we see that increase in reviews made direct impact on impressions (including **36% increase in Website clicks, 39.5% in Directions and 45.8% more calls**)

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opportunity to rub elbows with fellow franchisors and suppliers.

Afternoon breakout sessions featured: “Growth Track: Tools to Secure Financing/ Franchisee Packages,” “Lead Generation & Recruitment Track: Identify & Qualify a Lead,” and “Technology for Growth Track: Tools for More Effective Selling.”

The afternoon general session featured a state-of-the-industry report from FRANDATA President & CEO Darrell Johnson. He gave a quick overview of the economy in general and how it is impacting the franchising space today and how it might in the future.

“Consumer credit card debt is rising,” he said. “The U.S. economy continues to grow at a modest pace, but the probability is tilted more toward a recession in 2024 than soft landing.”

As for franchising, Johnson said, “With the exception of fitness and beauty & spa, all other franchising categories have seen a negative year-over-year change in foot traffic and consumer demand.”

He encouraged franchisors to adjust their prospect cash reserves criteria to reflect uncertainty, help their franchisees find motivated employees and create an ownership pathway, and expand their lending relationships.

Blount then returned to the stage for a Challenge Workshop. Following Blount’s explanation of “micro-stories” (telling a compelling, engaging story that gains attention and evokes emotion in the other person), franchisors worked in groups around tables to develop their micro-stories to compete with other tables.

The afternoon wrapped with a series of breakout sessions, including “Growth Track: Scaling Growth in the Current Environment,” “Lead Generation & Recruitment Track: Recession-Resistant Brand Positioning,” and “Technology for Growth Track: Efficiencies to Support Franchisee Unit Growth.”

The day wrapped up with a reimagined STAR Awards, held annually to recognize excellence and achievement in franchise development. A festive atmosphere—and an open bar with a variety of appetizers and hors d’oeuvres—welcomed attendees to the ballroom. The winners of this year’s STAR Awards were celebrated for their many successes. (Find out more about this year’s winners on Page 36.)

FINAL DAY

This year’s conference wrapped up in the morning of the last day by offering two sessions, “Build Your 2024 Execution Plan” and “Growth Track: 2024 Planning for Multi-Unit Recruitment.” Attendance was strong even though the STAR Awards extravaganza celebration had taken place the previous night.

RAVING REVIEWS

“FLDC is my absolute favorite event of the year. I learned so much my first year and really leveraged all the notes and the great relationships in the development community,” said Scott Temme, director, franchise development for HoneyBaked Ham.

“The educational sessions were well done as always and very informative. The CEO Summit was fun, interesting, and informative as well. Always my favorite of the year,” said Pete Baldine, president of Moran Family of Brands.

“The conference was the best one yet by far! Everyone loved the new STAR Awards format, and the general sessions were very well received,” said Joe Malmuth, chief franchising officer for Batteries Plus.

“It was really great to be part of the conference. I enjoyed the cadence of the conference and the topics,” said Amber Burke, chief operating officer for Burn Boot Camp.

Plans are already under way for the 2024 FLDC, which will take place October 16–18, 2024, at the same venue in Atlanta. To learn more about FLDC and register for 2024, visit [www.franchisedevelopmentconference.com](http://www.franchisedevelopmentconference.com). ■



2023 FLDC Conference Numbers

Total Attendees	615
Franchisor Attendees	400
Franchisor Brands	300+
Sponsoring Companies	92

Franchisor Profiles

By Title

CEOs/Presidents	21%
CDOs, EVPs, SVPs, VPs of Franchise Development	38%
Directors/Managers of Development	33%
CFOs, COOs, CMOs, CFOs, Brand and Marketing Managers	8%

By Category

Service (Territory)	32%
Service (Brick and Mortar)	25%
Food	27%
Retail (Non-Food)	11%
Retail Food	5%

By Investment Level

More than \$1M	15%
\$500,000–\$1M	20%
\$250,000–\$500,000	24%
\$100,000–\$250,000	20%
\$50,000–\$100,000	15%
Less than \$50,000	6%

By Number of Units

More than 1,000	11%
501–1,000	10%
251–500	10%
101–250	23%
26–100	23%
Less than 25	23%




By System-Wide Gross Sales

More than \$100M	41%
\$81M–\$100M	3%
\$61M–\$80M	7%
\$41M–\$60M	6%
\$21M–\$40M	9%
\$9M–\$20M	11%
\$1M–\$8M	16%
Less than \$1M	7%

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An isometric illustration of a globe with several business professionals in suits and dresses standing on its surface. A large orange pushpin is stuck into the top of the globe, with its point resting on the word 'OUTSIDE'. The title 'OUTSIDE EXPERTISE' is written in large, bold, white capital letters across the top half of the image.

# OUTSIDE EXPERTISE

Franchise sales organizations fill a unique niche in franchise recruiting

Written by

Helen Bond



*Editor's note: Deciding to use franchise brokers and franchise sales organizations (FSOs) is a complex, sometimes controversial, issue and raises a number of critical questions for franchise development executives. This is the second part of our series laying out strategies from the perspectives of franchisors, brokers, and, this time, FSOs.*

**W**hen Renovation Sells CEO Michael Valente decided to venture into the unfamiliar world of franchising with his home renovation concept, he knew one thing for sure.

"I'm smart enough to know what I don't know," says Valente, who founded Renovation Sells in 2017 with his wife, Amanda.

Valente, who has a construction and real estate background, turned to the outside expertise of franchise sales organization BrandOne to expand his Chicago-based service brand. Within two years, Renovation Sells has grown from a single corporate location into the nation's largest residential pre-sale renovation company with 45 franchise locations in 23 states and growing.

Franchise sales organizations (FSOs) are in the business of growth, and business is booming for franchisors like Valente. "When we signed our first location in September of '21, we didn't just sign one location; we signed four right off the bat," Valente says.

Once considered a well-kept franchise development secret, FSOs are making their expert presence known in the industry, transforming the game for brands looking to avoid costly mistakes and expand with successful franchisees.

"We are an extension of their company. We partner together. We're not hired guns; we're not cowboys. We are partners in our client's business. It makes a big difference," says Kurt Landwehr, founder of BrandOne, when discussing the role of FSOs on the recent webinar, "Discover the Game-Changing Potential of Franchise Sales Organizations," hosted by franchise management software provider FranConnect.

## The role of FSOs

Franchise sales is a complicated world that involves a number of strategic choices. Navigating this increasingly competitive landscape of franchising with a sophisticated sales process is challenging, especially for franchisors who lack the resources, expertise,

or network to sell their franchise brand effectively. Many can't afford to hire a six-figure internal gunslinger to handle the process or build and manage an in-house team.

Enter FSOs. Like companies that have long provided outsourced legal or marketing services, these third-party franchise development pros specialize in selling franchise units on behalf of franchisors. They manage the heavy lifting of the mutual evaluation process between a brand and a franchise prospect. By leaving the job of selling in the hands of those who understand the nuances of the franchise model, leadership can focus on building healthy unit economics and serving current franchise owners.

"You really have to understand and flesh out what the FSO is going to do for you, what they are going to do for the brand, what that's going to cost you, and what the expectations of growth are," Valente says, "and then you have to measure it consistently and constantly be in communication to make sure that your guys are moving in lockstep."

The cost of professionally outsourcing this sales process varies by the size and growth stage of the franchisor and the range and type of tactical strategies and services the FSO provides. Services include prospect acquisition, consultant marketing, comprehensive training, and operational, financial, and legal know-how.

Most traditional FSOs charge a monthly fee to market and manage leads in addition to a commission for each franchise sold and fees for value-added services. Less frequently and more controversially, FSOs require royalty or equity stakes.

Understanding the complexity of the franchise sales process is one of the most significant benefits of using FSO professionals, who can offer guidance at every stage, including evaluating whether a brand is fit for franchising.

"Every business can be franchised; not every business should be franchised," notes Michael Peterson, president and founder of Franchise Beacon, a full-service sales and franchise development firm. "We go through the process of a feasibility study, evaluating the ROI for the franchisor and for the franchisee and what the costs are going to be. Assuming everybody's bought in, we get them to the franchise market."

Think of FSOs as fractional sales teams, fractional marketers, and fractional CFOs,

says Keith Gerson, president of franchise operations at FranConnect.

"FSOs are so important, particularly to those emerging brands and somewhat to the mid-market brands, because they're going to handle all of the leads," Gerson says. "They're setting up the sales processes, managing the documents in many cases, and even taking care of discovery day. I think FSOs are gaining more traction because they're going to be able to work with and generate as many as 10 to 15 or 20 deals for a franchise organization over the course of the year, depending on the brand."

In the case of Renovation Sells, Valente credits the groundwork done before launching a franchise offering for the brand's fast start. The company worked with BrandOne for a year, mapping out the entire franchise sales development blueprint from scratch before presenting Renovation Sells to broker networks.

The sales education process included a marketing strategy, drip campaign, video, and other forward-facing tools that highlighted differentiators of the brand, which provides renovations that help homeowners build future equity or sell faster at a higher price.

"We're in the business of selling dreams," Valente says. "But to properly sell that dream of becoming an owner, you have to market that dream properly, so the forward-facing marketing strategy and content are very important. You have to make sure it's done right with all the tools that allow people to see what it's like to become a franchisee."

## The rise of FSOs

The rise of FSOs has broadened the franchise development landscape for franchise brokers and lead generation networks, which have distinct roles as high-quality lead providers. (See related story in Q3 Franchise Update magazine.)

Each week, franchise industry veteran Red Boswell introduces franchisors to multiple FSOs with sales development expertise. Boswell, president of the membership-based franchise consulting network International Franchise Professionals Group (IFPG) and FranchiseWire, calls the relationship between FSOs and brokers a "match made in heaven."

"FSOs bring legitimacy," Boswell says. "The consultants trust the best FSOs and the best franchise development reps. It's a relationship and takes time to build. The

best FSOs tend to have really good processes, accountability, and full-time, dedicated franchise professionals who know how to frick and frack with the broker, take folks through a defined and clear process, and get deals done.”

The mainstream arrival of FSOs has prompted franchise broker consulting companies, like performance-based Business Alliance Inc. (BAI), to beef up their broker education.

“We’ve had training with our consultants on how to work with FSOs because they are different from working directly with a franchise company,” says Natalie Barnes, BAI president. “It’s been hard for us to determine how we vet franchises in our inventory that work with an FSO. Does an FSO know how to handle referrals? Do they know how to take a candidate through the process? Just like franchising consulting, there are some really good ones and not-so-good ones. It’s like that in the franchise world as well.”

While good franchise sales organizations have strong relationships with reputable brokers and lead generation networks, franchisors must also be aware of the commission and monthly membership costs associated with this lead flow source.

“A zor using an FSO and brokers is going to get nothing. Don’t ever expect to get a penny if you’re working with an FSO and the emphasis is working with broker groups because the FSO usually gets a good half of it, and the broker group usually gets at least half of it,” notes Boswell. “You’re in it for the royalties; you’re not in it for the money on a franchise sale.”

### Clear expectations

Teaming up with a savvy, strategic growth partner who knows how to scale and create value can be an excellent move for a bright franchise future, but it’s not right for everybody.

“You have to understand what your growth plan is, what you can sustain, and what you

want to do because that will determine not only which FSO you use, but if you are going to use an FSO or not,” Valente says.

Aligning your goals and culture with the right FSO and having clear expectations are critical to the success of the FSO-franchisor relationship.

“If you’re looking to get better franchisees and build a brand that’s going to be more sustainable, that’s going to have the right people, and have the respect of the brokers so you will get the leads, a good FSO will help you get there,” says Franchise Beacon’s Peterson. “Will a good FSO save you money on your startup when you first become a franchisor? Yes. During the franchise sales process? Not necessarily. We will make sure the money is directed in the right place. We’ll stop you from wasting money on some things and save you massive amounts of time. It’s definitely not a money-saving proposition; it’s a building-the-brand-right proposition.” ■

## How brokers and FSOs differ

As pointed out in last issue’s story on brokers, understanding third parties in franchise development can be confusing for franchisors and franchisees alike, particularly with the ubiquitous and interchangeable use of “consultant” by professionals throughout the industry.

While franchise brokers and FSOs have a common goal in pursuing leads and sealing deals, their roles in franchising are as distinct as those of franchisor and franchisee: Brokers are high-quality lead providers.

FSOs are outsourced franchise development.

“Franchise brokers are extremely high-quality lead providers,” says Red Boswell, president of the franchise consulting network International Franchise Professionals Group (IFPG) and FranchiseWire. “We do stay involved throughout the process with a lead to help the franchisor and the candidate move through the process efficiently and confidently. But we do not replace any steps in their franchise discovery process, nor do we replace anyone on their franchise development team, and that franchise development team might be an FSO.”

As an extension of the franchise brand,

an FSO executes a significant part of the mutual evaluation process with a franchisee, freeing the franchisor to focus on enhancing operations and growing their business by keeping franchisees profitable and happy.

“Understanding the complexity of the relationship with the sales process is one of the benefits and one of the reasons we do what we do and why brokers work with us,” says Michael Peterson, president and founder of Franchise Beacon. “My first deal in 2022 was 1,485 days from the first call to the franchise agreement. We did one recently that was 55 days. Franchise sales are complicated.”

The cost to bring on these franchise development specialists varies by FSO and the scope and complexity of the services they provide. These often are negotiable based on the size of the franchisor, number of units sold, and the support level the brand requires. Traditional FSOs typically charge a monthly retainer and a commission on the sale of a franchise agreement. Others require equity stakes in exchange for value-added services or, less frequently and more controversially, royalties.

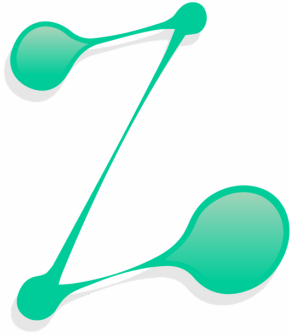
It’s essential for franchise brands to understand what FSOs are not, says Peterson.

“FSOs generally are not franchise brokers, and they are not lead generators,” he says. “We are not in any way going to bring you people to buy a franchise. You, as a franchisor, are going to somehow generate those leads. We may manage that process for you, but you are writing the checks and making the decision. If you are looking for someone to help you generate leads, you need to go with a broker. It’s the one thing I think people really miss: There’s literally no overlap between us and a franchise broker.”

Aligning with the right franchise brokers and/or FSOs can result in a rewarding stream of prospects. But it’s still up to the brand and their franchise sales organization or team to turn a warm lead into a signed and sealed franchisee.

“It’s the franchisor at the end of the day that’s doing the closing,” says Keith Gerson, president of franchise operations at FranConnect. “The franchise sales organizations often are similar in that they’re doing all the work, all the heavy lifting, making the calls, and communicating the sales process all the way through. But it still requires the franchisor to approve the deal and bring them across the finish line.” Or not. ■





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# Connecting with a top-notch FSO

Like so much in franchising, teaming up with a franchise sales organization (FSO) is all about the relationship because finding the right fit is a two-way street.

The team at BrandOne, an FSO that works with 15 brands, considers their company a franchise growth organization. “It’s really not about selling. It’s about partnering with franchisors to help them achieve their growth objectives,” says Kurt Landwehr, BrandOne’s founder and chief brand officer. “Every client is different. We have some clients whose goal is to recruit 10 to 15 new franchisees a year. We have some clients who can handle 50 to 100 new franchisees a year. It depends on each individual organization, and we get alignment around those goals.”

Landwehr’s insight was part of FranConnect’s recent roundtable webinar discussion, “Discover the Game-Changing Potential of Franchise Sales Organizations,” moderated by seasoned franchise pro Keith Gerson, president of franchise operations at FranConnect.

Franchise Update listened in on the discussion with Landwehr, who was joined on the panel by BrandOne client Michael Valente, founder and chief executive officer of Renovation Sells, and Robert Stidham, chief executive officer of Summa Franchise Consulting and the founder of the full-service franchise sales outsourcing firm, Franchise Dynamics.

Identifying a strategic growth partner that will serve as an extension of your brand requires the same type of meaningful due diligence needed to outsource other expertise, like legal and marketing services. Franchisors need to consider more than just the number of deals an FSO can close.

As a former franchisor, Landwehr shared some of what he would look for in an FSO to align around key brand objectives.

“Do we have shared values? Are these people I trust, like, and respect? Do they have a successful track record?” Landwehr says. “I would want to speak to their current and former clients to validate the things that we’re talking about and their ability to get the job done. I’d want to know about the industry relationships they could leverage on my behalf inside and outside of franchise development.”

FSOs are well suited for franchise brands with compelling Item 19s, the infrastruc-

ture to handle multi-unit opportunities, and capital for growth.

Stidham says franchisors seeking to forge a relationship with an FSO should expect the same type of thoughtful due diligence in return.

“We want to see the pilot units, what this model is built for. We want to get into your house and ask a lot of questions,” Stidham says. “We are risk-based and obviously fronting a lot of the costs and resources, and we hope to get our money back over time from sales commissions, fees, and other services we can deliver on the consulting side. There’s a risk to the FSO as well.”

Before Landwehr evaluates a concept for its financial performance, franchise offering, and unique points of differentiation, the team takes a deep industry dive.

BrandOne, which associates with roughly one in every 20 companies it considers, looks for high-growth industries, under-competitive environments, and sectors that are fragmented and offer opportunities to consolidate.

A winning partnership with an FSO also requires franchisors to be willing to give up some control of their company to scale.

“Ultimately, the client has to get to a place mentally and emotionally where there’s trust, but they’re willing to give us control of the process,” Stidham says. “If the franchisor can’t get there, this doesn’t work particularly well.”

Outsourcing the time and expertise it takes to develop a franchise sales process and find, qualify, and educate candidates about Renovation Sells has allowed Valente to build the enterprise value of the brand with high-quality franchisees.

While final approval rests with the franchisor, an FSO’s ability to manage the expectations of a qualified candidate, who may be putting their life’s savings into the hands of the brand, is critical to success.

Closing in on nearly 50 locations nationwide, Renovation Sells boasts a stellar lead-to-conversation rate with one in every 15 promising prospects managed by BrandOne becoming a signed and sealed franchisee of the Chicago-based renovation company.

“I use this stat that roughly 80% of the U.S. wants to be entrepreneurs, but only 15% are,” Valente says. “When you get

down to it, a lot of this is managing the fear of the candidate who wants to become an entrepreneur, so they understand what it’s really like to work for themselves, and that’s one of Kurt’s main jobs.”

The cost to accelerate growth with franchise development specialists varies by FSO and the scope and complexity of their services.

“Every project is widely different,” says Stidham, who has worked with companies of all sizes in every franchise sector. He typically includes a lead generation marketing component that provides for internal organic marketing and/or aligning with broker organizations. He charges a service fee to offset third-party costs, including technology and liability insurance. In addition, a portion of the franchise fee should be assigned to offset the acquisition costs of getting the franchise owner into business.

Weighing the financial aspect of teaming up with an FSO starts with understanding the future value of a franchisee.

“Here’s what I would tell you as a former franchisor: I would write these checks until my pen ran out of ink,” Landwehr says. “If an FSO could bring me a high-quality new franchisee that I couldn’t find on my own, and I got the lifetime value of that new franchisee to help me build my business and enterprise value, the check you have to write to the FSO pales by comparison.”

Stidham agrees and adds that the hidden value of using the know-how of an FSO is the collection of best practices left behind when the two sides part ways after goals are achieved.

“This is not expense; this is investment,” Stidham says. “When I say investment, you should anticipate putting out a definable set of resources, including marketing dollars, for an expected rate of return that manifests in franchise sales, revenue, and royalty. You have to, as a CEO or leader, make the decision that you’re willing to invest in your vision, your business, yourself, and your franchise partners for growth.” ■





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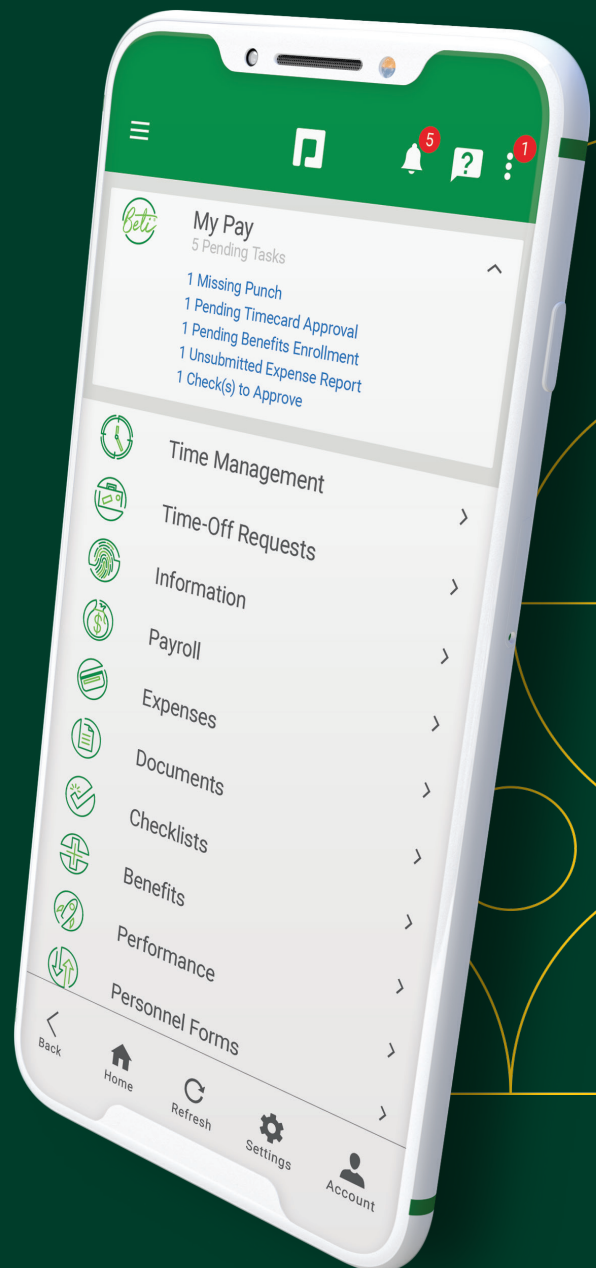
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\*A commissioned study conducted by Forrester Consulting on behalf of Paycom in June 2023. Results are for a composite organization representative of interviewed clients.

# What are your operations team's key roles and objectives, and how do you support them?



## A.J. TITUS

*President*  
Signarama and Starpoint Brands

Serving in a dual leadership role as president of Signarama and president of Starpoint Brands, I rely on my operations teams to help me steer the ship and ensure we're all collectively moving toward success each day.

At Signarama, our versatile operations team is led by Chuck Gerardi, our vice president of operations. He oversees our development and training efforts as well as our technology team, focusing on integrating solutions that streamline workflow and enhance efficiency for our franchisees.

Being a large franchise system with 700-plus locations worldwide, our operations department expertly manages the day-to-day franchisor activities while adapting to the ever-evolving needs of our franchisees. Operations plays a pivotal role in ensuring the success and uniformity of our brand, serving as the backbone to guarantee that each franchise location adheres to our brand standards and provides the high-quality experience our customers expect from Signarama.

Additionally, our marketing team collaborates regularly with operations to foster open lines of communication between the corporate team and franchise owners to collect feedback, communicate new initiatives, and share best practices. Regular communication efforts through newsletters, webinars, and short-form videos address challenges and align opportunities swiftly.

At a local level, our dedicated team of field representatives plays a crucial role in guiding our franchisees through their entrepreneurial journey, offering continuous support through ongoing communication, in-person visits, and setup support. Also crucial at a local level is having supportive vendor partners. Our vendor team regularly engages with industry providers in both service and equipment arenas, ensuring the Signarama network has access to 24/7 support and the latest technologies. This allows us to consistently deliver excellent products.

On the Starpoint Brands side, I turn to my vice president of operations, Donna Wichman, to ensure a smooth and efficient operating process for all nine of our brands, which are Signarama as well as Fully Promoted, Transworld Business Advisors, Venture X, Office Evolution, The Great Greek Mediterranean Grill, Graze Craze, Network Lead Exchange, and Cannoli Kitchen Pizza. Donna has her ear to each of these brands' respective operations teams and is there to provide high-level support.

As president of both entities, I provide strategic direction and resources to drive growth, profitability, and overall success. I work closely with each operations team to execute on our goals and objectives and facilitate seamless information flow. This critical function not only furthers key goals and objectives, but helps to identify them. ■

“During training, new owners are briefed on the standardized processes that have been carefully perfected over the past 25 years of business.”



## KATIE DILLS

Senior Vice President  
The Cleaning Authority

At the core of The Cleaning Authority's operations is a team of business coaches committed to upholding our mission to positively impact the quality of life for our customers, employees, and franchise owners. Our business coaches, who are also experienced franchisees, are dedicated to securing the network's collective success and are key players in helping push forward the brand's vision to be the dominant residential cleaning franchise in our markets. To achieve this, we have implemented a new regional support structure, pairing business coaches with both new and existing franchisees for personalized mentorship and guidance.

This company-wide support structure begins the moment a franchisee signs and continues in the weeks leading up to and through new franchise training. During training, new owners are briefed on the standardized processes that have been carefully perfected over the past 25 years of business. These processes include our Detail-Clean Rotation System and Professional House Cleaning Checklist, which ensure that each of our customers receive thorough, quality service every visit.

After training, franchisees transition over to the freshman coach, Matt Canonica, to build a strong foundation, so franchisees execute the system and allow the business to grow and scale. We rely on data and operational KPIs to drive strategic decisions during coaching calls.

Franchise owners then transition over to sophomore support, led by Barry Newberg, business coach. He elevates the franchisee's business into a finely tuned machine and coaches new owners to follow a roadmap, ensuring that certain benchmarks are met along the way.

After a franchisee is in business for 24–30 months, a dedicated regional business coach provides continued support and mentorship. Each business coach reaches out to the franchisees in their respective area with one-on-one counseling occurring weekly or on a quarterly basis to ensure they operate at the highest level.

By working closely with a dedicated team of business coaches, franchise owners can harness the expertise of fellow owners to propel their businesses forward. Coaches help identify areas for improvement, celebrate successes, and provide skills and knowledge needed to exceed customer expectations.

Our business coaches and regional support structure play a pivotal role in our collective success. By focusing on dedicated and robust training, quality control measures, and a culture that values the input of our operators, we have been able to maintain a high level of achievement. We remain dedicated to ensuring a consistently exceptional experience for our customers and franchisees. ■





*We closely analyze the overall ratings and feedback on platforms like Google, Yelp, and Uber Eats, which allows us to provide necessary support and follow-ups based on the results.*



## **RACHEL WALL JAIVEN**

*Marketing Director*  
Häagen-Dazs Shops

At Häagen-Dazs, we prioritize three key areas of support across our operational teams: brand reputation, sales and revenue growth, and training.

Twice a year, we conduct brand inspections that focus on key elements, such as service, cleanliness, and overall environment within our shops. Our mystery shopper program allows us to gauge and enhance the customer experience when visiting our shop locations. We also closely analyze the overall ratings and feedback on platforms like Google, Yelp, and Uber Eats, which allows us to provide necessary support and follow-ups based on the results.

On a national and local level, we work to empower our team members by educating and supporting them on all upcoming brand marketing initiatives, closely monitoring

inventory, utilities, and cost control support. We provide effective strategies to help drive foot traffic whether it's in a traditional storefront or a nontraditional location.

Continuous hands-on and in-shop training for our owners, shop managers, and frontline team are integral to our brand's reputation, which is why we offer our Häagen-Dazs University training program. This includes a comprehensive brand overview, app tools, training videos, and operational manuals for service excellence—all aimed at supporting our operational teams. ■



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“The corporate management team and I are always looking to form relationships with companies that can potentially decrease the cost and stress of operating a park while continuing to uphold the standards of a premium trampoline park venue.



## ROBERT MORRIS

VP of Development and Global Operations  
Altitude Trampoline Park

At Altitude Trampoline Park, we aim high to ensure that all franchisees “Experience the Altitude Difference,” which consists of a trusted business model, a clear path to ownership, and the constant supply of support and resources. The operations team is responsible for guiding franchisees through the ownership process, connecting them with seasoned owners to share the best practices and national vendors and manufacturers that provide a mix of revenue opportunities for individual parks.

Because identifying target audiences and securing large warehouse spaces are not easy tasks, Altitude franchisees are backed with the support and tactical thinking of the operations team to power the franchise journey. In this way, the corporate management team and I are always looking to form relationships with companies that can potentially decrease the cost and stress of operating a park while continuing to uphold the standards of a premium trampoline park venue.

The role of the operations team does not end after the opening of a park. Instead, we continuously work to ensure the businesses are running as efficiently as possible. Throughout the franchisee journey, owners are presented with a plethora of operational add-ons that have proven to be successful at specific locations, such as gamification with virtual reality, membership programs, and website tech support. Each month, we share webinars to celebrate victories within the

company, such as impressive sales or great guest reviews at specific locations. We also give company-wide updates to bridge the gap between the franchisor and franchisee.

The operations team is responsible for presenting franchisees with our best-in-industry online training systems that aim to retain employees, increase safety precautions, and improve customer service. Additionally, we hold an annual convention, which gives me the opportunity to express my gratitude for the hard work of all owners and general managers in person and offer support by providing insights for driving sales. At the convention, we offer an expansive trade show featuring our vendors and various presentations from guest speakers with a strong understanding of franchise management.

I enjoy assisting the operations team in implementing the most effective business practices and supporting franchisees in their day-to-day tasks. Through clear communication and collaboration, we have been able to foster an environment of strong teamwork, sparking a passion in franchisees to sign multiple units and driving the franchise to nearly 100 locations. We truly credit the operations team with supporting Altitude Trampoline Park in its growth as one of the leading family-friendly entertainment franchises with parks that are centrally located, easily accessible, and budget-friendly centers for family fun. ■





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# Is Everybody Successful?

Profitable franchisees sell for you

Written by **EVAN HACKEL**

In the franchising world, there's often a disconnect between what franchisors prioritize and what drives franchise sales. The buzz is always about selling more franchises. Yet, when the topic shifts to improving training or nurturing franchisee relationships, the room goes silent.

This is a critical misalignment. The most potent strategy for selling more franchises is ensuring your existing ones are not just surviving but thriving. The number one key to selling franchises is having successful, profitable franchisees who will tell potential franchise owners, "I am successful, and this is a great franchise to own." If your franchisees are not successful and you're having trouble selling franchises, stop selling franchises and invest in your system.

The average potential franchisee is going to call between five and seven current franchisees to get a referral. It takes only one negative referral call to kill the deal. The misery index is the likelihood that a deal is going to die because the potential franchisee gets one or more negative reports.

According to a 2023 survey by Franchise Business Review, 32% of franchise owners are unlikely to recommend their franchise to potential new owners. In addition, 83.6% of the time a potential buyer is considering your franchise you will have to overcome a bad reference. That's the misery index.

Potential owners will rarely tell you they're not buying because of bad reviews. They ghost you or make up excuses.

Many franchisors will give potential buyers a list of franchisees to call—franchisees they know are going to say good things. If you believe potential buyers are only going to call those franchisees, I have some swamp land to sell you.

## Your fundamental goal

The fundamental key to selling franchises is to have successful franchisees. I want you

to note that I did not say *happy* franchisees. Your goal should be to have your franchisees be financially successful. Typically, this will make them happy, but a certain set of franchisees will not be happy. Perhaps that is because you push them or prod them to do things they do not like. However, an unhappy, highly profitable franchisee is going to give you a good referral. They're going to say, "I'm doing really well financially, but I would like it if the franchisor was more flexible."

If that is what your franchisee says, the prospective franchisee will focus on, "I'm doing really well financially."

Many franchises are led by leaders who are appeasers. Their goal is to make everyone happy, but they won't create the standard of excellence necessary for the franchise system to be high performing. This will lead to happiness, but not profitability and not great references. They will say, "I really like my franchisor, but I'm not making a lot of money." That is not the kind of validation you want.

## Steps to excellence

A great franchisor knows how to lead with vision, push people beyond their comfort zone in a positive way, and create an economic model that is highly profitable. Even then, there will be some franchisees who are not happy because they're being pushed out of their comfort zone.

It's a sad fact that most franchisors do not invest in the systems and support necessary to give their franchisees the tools to be financially successful. Here are the key things you need to have and do well:

- **A clear vision.** Your leadership team must articulate a vision that resonates with everyone in the system, from top to bottom.
- **A shared business plan.** Share your plan across the system to ensure everyone is aligned.

- **Swift onboarding.** A streamlined onboarding process that quickly leads to profitability is a win-win for everyone.
- **A great franchise operations manual.** It should be a living document that franchisees actually use.
- **Great training.** It should offer a blend of online and in-person training that's continually updated and monitored for effectiveness.
- **Expert consultants.** Your franchise business consultants should be partners in your franchisees' success.
- **An engaged franchise advisory council.** It should function as a two-way street with franchisees feeling heard and management taking actionable steps based on their feedback.
- **Current technology tools.** The right technology can be a game changer.
- **Proven marketing programs.** Yours should be tried, tested, and proven to drive results.
- **Open communication.** Establish a culture where open dialogue is encouraged and everyone knows their role in the communication chain.
- **Celebratory conventions.** Your events should serve as both educational platforms and celebrations of collective achievements.
- **Recognition.** Recognizing and celebrating success boost morale and set the stage for future achievements.

## Final thoughts

By focusing on these pillars, selling franchises becomes less of a sales pitch and more of a natural progression. Your existing franchisees will validate your system and become your most compelling sales agents. A network of profitable, successful franchisees is the best sales strategy you could ever have. ■

**Evan Hackel** is CEO of Ingage Consulting and Delta Payment Systems and an advisor to Tortal Training. He is an author, speaker, and entrepreneur who has been instrumental in launching more than 20 businesses and has managed a portfolio of brands with systemwide sales topping \$5 billion. He is the creator of Ingaged Leadership and author of <Ingaging Leadership Meets the Younger Generation.> Reach him at ehackel@ingage.net, 781-820-7609, or [www.evanhackelspeaks.com](http://www.evanhackelspeaks.com).



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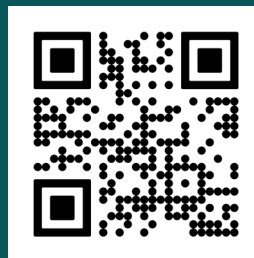
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# CONTRAST, COMPARE, COMPETE

## Performance benchmarking guides you to the next level

Written by **PAUL WILBUR**

**T**aking time for introspection is always a valuable endeavor. This principle holds true for personal growth and for the success of your franchise. We need context that comes from assessing our progress and our relationships with others. If we are to properly prepare for 2024, we need to understand how we compare with our competitors.

### Performance benchmarking

Performance benchmarking for franchises involves a methodical, objective process of evaluating performance in relation to peers and best-in-class systems. This evaluation encompasses system growth, unit success, turnover, financial metrics of both franchisor and franchisees, franchise offering terms, support programs, franchisee satisfaction, and marketing practices. The aim is to recognize the strengths and weaknesses of your system in comparison to competitors and establish targets for advancement. Common metrics include:

- **System growth over time**, including new units added annually, units transferred, renewals, etc.
- **System geography**, encompassing projected growth, available territories, and competitive landscape
- **Franchising programs**, such as multi-unit agreements and area development and the use of incentives
- **Fee structures**, covering initial fees, royalties, startup marketing, and other requirements
- **Initial investment considerations**, including unit and territory size definitions and real estate arrangements
- **Unit financials**, such as AUVs and EBITDA
- **Recruitment strategies and marketing messaging**, involving the use of brokers, area representatives, social media, and opportunity sites

- **Support programs and staffing**
- **Franchisee profiles**, distinguishing between multi-unit owners and single-unit operators as well as evaluating franchisee satisfaction levels

Getting a view of all this information about yourself and where you stand against your peers is invaluable.

### Who are your peers?

Identifying the right peers is crucial to the usefulness of the process. Be sure to consider the competitive landscape separately for your customers, prospects, and employees.

If you are a small brand with fewer than 100 units or operating for only a few years, does it make sense to compare yourself to well-recognized national brands when looking at customers? You might be able to learn from them, but their operations probably are too different from yours at this point to help much. What about ownership? Do independent brands operate the same way as brands that are part of a platform or that have PE investors behind them?

Consider who is competing for your franchisees' customers. From your system-wide perspective, you may say that these other industry brands are direct competitors, but if you ask your franchisees, they may be thinking locally. Who is located near them and competing for the same dollar?

Think about franchisee recruitment. Which brands are competing with you for prospects? Do initial investment and the financial model determine your competition? If a prospect doesn't join you, do they go to another brand in your industry or look at other businesses? Maybe what you want to compare is your offering terms, sales process, and messaging. The same approach applies to employee recruitment.

Take both a wide-angle and a narrow view at the same time. Understand if your entire industry is growing or struggling but also

compare new unit sales to brands that are competing for the same franchisee prospects. Further, be aware of new brands in your sector. They could have an innovative or more operationally efficient offering with great appeal to your prospects.

### The benefits

Why do all this work? There are enormous benefits to benchmarking.

**Improved decision-making.** Benchmarking provides data-driven insights that inform decision-making. It allows businesses to make informed choices based on industry best practices and competitor performance.

**Identifying performance gaps.** By comparing their performance to that of competitors, franchises can identify gaps that may highlight areas that require immediate attention and improvement.

**Setting realistic goals.** Why do your new year's resolutions fail? Sometimes, it's because we are too ambitious. Benchmarking helps you set realistic, achievable goals. It provides an understanding of what others in your industry are achieving, allowing companies to set targets that are both challenging and attainable.

**Enhanced operational efficiency.** Benchmarking encourages the adoption of best practices, leading to increased operational efficiency. You can learn how others are addressing similar problems.

Performance benchmarking stands as a powerful tool for evaluating and improving your franchise's performance in today's dynamic markets. When wielded effectively, it offers insights that drive informed decision-making, boost operational efficiency, and foster a customer-centric approach. By striving to learn from the best and continuously enhance your performance, you position your franchise for long-term success in a competitive world. ■

As COO of FRANdata, **Paul Wilbur** is instrumental in building the research and consulting framework at FRANdata. Paul plays an integral role in the strategic development of FRANdata's suite of franchise solutions. As a close to 20-year veteran at the company, he is the franchise business model expert and plays a key role in fostering the strategic advisory relationships to some of FRANdata's biggest clients.

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# FRANCHISING THE WORLD OVER

## Predicting global development for 2024

Written by **WILLIAM EDWARDS**

**T**he upcoming year could be excellent for international franchise development in multiple countries. While we have political and economic challenges in several countries, others have strong interest in new franchise investment. We are out of the Covid-related business investment slowdown. Going forward, the right relationships will be key to your franchise's international development in 2024.

### Trends

Phenix Salon Suites' United Kingdom licensee, a multi-unit, multi-brand operator, owns and operates Snap Fitness, Starbucks, and Subway franchises. The U.S.-based Flynn Group is a franchisee of six brands and will develop Wendy's in Australia. In the Philippines, the Bistro group has licenses with TGI Fridays, Randy's Donuts, Denny's, Olive Garden, Texas Roadhouse, and other international brands. These international licensees have significant infrastructure and real estate clout to power growth, resulting in increased country royalties for franchisors.

Multi-brand franchisors, such as Inspire Brands and Propelled Brands, have strong training, support, and marketing technology resources to make the most of licenses in other countries.

In multiple countries, people are making post-pandemic moves from corporate jobs to owning their own businesses. Consumers are open to foreign franchise brands, and capital availability for new projects remains high in many countries.

However, there are challenges. Interest rates have gone from almost 0% to 18% or more in two years. Government regulation of business—especially small business—seems to be accelerating. Elections can bring uncertainty and changing policies, making it difficult to plan for growth. It's not always easy to conduct business across borders. And wars and rumors of war aren't good for bottom lines.

### North America

The U.S. continues to see new franchise growth despite high interest rates and increased government interference. Mexico is seeing new franchise growth in spite of civil unrest in Guadalajara, Greater Mexico City, and the Monterrey area. Investors in Canada remain conservative but open to new investment.

### Central & South America

In Central American countries, the pandemic and government policies are limiting interest in new brand investments. Brazil shows signs of investment policies that may improve the registration and startup of new franchises, but because 95% of franchises are local, it will remain a challenge for foreign franchises to establish a significant presence. Peru and Chile have major government policy problems that hinder their economies and new investments. Finally, Argentina has 100%-plus annual inflation.

### European Union & United Kingdom

Spain, Italy, and the United Kingdom are seeing good interest in new franchise development. Spain has the lowest unemployment in the European Union and high interest in new franchise unit investment. However, it is difficult to find new retail and restaurant locations. Northern Italy has seen increased interest in new foreign brands. The Czech Republic, Hungary, and Poland have been impacted by war and are less likely to have local companies willing to invest.

### Africa & the Middle East

Saudi Arabia is seeing immense new franchise development due to changing social rules, a new franchise law, growing consumer demand, and available capital. The United Arab Emirates is an area where foreign franchises do well, but it is becoming saturated with F&B brands. Africa is limited due to corruption, buying power, and economic and political challenges.

### The Near East

India is the positive standout but remains a challenging place to actually sign and operate licenses successfully. Kazakhstan is open to foreign brands and has a growing middle class. Pakistan has seen good foreign F&B brand entry in recent years, but the economy and spending power is a challenge. Most other countries in the area have severe economic and political issues, making it difficult to operate.

### Asia Pacific

There is very high interest in franchising in Australia as a result of corporate layoffs and high home equity. In Japan, old-style companies are seeking to diversify by acquiring the rights to foreign franchise brands in the F&B and fitness sectors. In China, there is a lack of investor interest. Government policies do not support private business growth. Existing foreign F&B brands will continue to see rapid unit growth, but new brand entry will be severely limited in 2024. Indonesia and the Philippines are the next most active for new franchise development with high GDP growth rates and pro-growth governments. Korea remains hampered by onerous franchise sector regulation. There is some light at the end of the tunnel for new franchise investment into Malaysia, but up-front registration with the government will limit growth. New Zealand remains a high-quality market for new franchises with high GDP and per capita income.

### Wild cards

Where else might we see new interest in 2024? Panama, France, Thailand, and Morocco have potential for new franchise investment.

### Bottom line

A significant number of countries will be open to new investment in 2024. With a solid strategy and the right partners, your brand could be poised for international growth. ■

**William Edwards** is CEO of Edwards Global Services (EGS) and a global advisor to CEOs. 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. Contact him at [bedwards@edwardsglobal.com](mailto:bedwards@edwardsglobal.com) or +1-949-224-3896.





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# BOOST YOUR 2024 SIGNINGS

## 4 steps to attract candidates to discovery day

Written by **ART COLEY**

**M**ost franchise brands use some version of discovery day in their process to recruit new franchisees. I've seen the event titled differently, but it is the step where the candidate meets and engages with leadership and support team members. Regardless of how you have it titled and organized, the discovery day step is critically important and usually results in a high conversion to signings and new franchisees.

I get lots of questions around best practices for a discovery day.

- "Does an in-person event produce better results than a virtual event?"
- "Where should discovery day be in the process? What step?"
- "What should the conversion rates be from an application to attending discovery day? From discovery day to a franchise agreement signing?"
- "How do we know when a candidate is ready and prepared to attend discovery day?"

These are questions you should be asking. They deserve attention from every brand. For now, let us keep our focus on this simple mathematical truth: If you as a franchise executive and leader want to sign more new franchisees in 2024, you must have more candidates attend discovery day.

If you agree and believe that you need more candidates attending discovery day, here are four proven best practices that will improve your application to discovery day conversion rate and increase the number of candidates attending your next scheduled event.

### 1. Set the expectation at the beginning.

Discovery day is part of your process. If a candidate is having a step one session today, the candidate would be expected

to attend discovery day within the next 30–45 days if the candidate proves to be qualified and invited. Too many recruiters treat this event as if the candidate is planning a vacation. This special meeting is offered like an item on a calendar for the candidate to choose when convenient. Wrong! If the candidate can't attend the one or two dates offered, there are other issues. Get those on the table and discuss them right now.



2. **Ask the candidate.** If your candidate has completed the required steps and requested actions and is qualified to attend discovery day, they should be aware of that fact, and you should ask for their commitment to attend. If the answer is "no," or you are getting delays, the pushback on committing should be the next topic of discussion.

3. **Help them understand what it looks like.** Share the agenda and walk through it with them. Share videos, photos, and testimonials. Take the mystery out of what is going to happen. A well designed and effective discovery day is an incredible event that will connect the dots for all that they have

been learning and discovering about your brand. In other words, if the candidate has earned the right to attend, sell them on why being there is a benefit to them.

4. **Provide a reimbursement.** Offer up to \$1,500 toward travel expenses for completing your discovery day step. If virtual, consider turning that investment into a discovery day preparation kit. A kit might include materials for the event along with a gift card to their favorite restaurant for dinner, a coffee mug, water bottle, T-shirt, and more. And please don't make any reimbursement or gift cards conditional upon signing a franchise agreement. Think about how much you've already invested to get a qualified candidate to this point. If the candidate meets brand requirements and it is time to have your executives and support team meet them, make this direct investment. By putting unconditional dollars on the table, you make a strong statement about the purpose of the meeting and show that your brand is dedicated to the best outcome for both parties. You'll see quickly why the ROI on discovery day reimbursement is an easy decision.

You have worked hard to prepare for 2024—strategy for lead generation, budgets, appointment setting, training for the team, website updates, metric analysis, and more. I'm asking you to run one more conversion analysis. What would it mean to your 2024 results if you increased the ratio from application to attending discovery day by 10–20%?

Let's go to work! ■

**Art Coley** is CEO of CGI Franchise. Using the proven Recruitment Operating System® (ROS), Art and the ROS team help franchise companies implement and execute a predictable, repeatable, and sustainable franchisee recruitment program. The company is based in Temple, Texas, and works with brands worldwide. Contact Art at 281-658-9409 or [acoley@cgifranchise.com](mailto:acoley@cgifranchise.com).



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