



# Focus **on** Franchising

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## Welcome!

We hope that all of our readers enjoyed the summer. Franchising usually takes a break during the summer months, but that wasn't the case this year. There was encouraging activity on all fronts, from selling franchises to starting new franchise systems.

We have some very interesting articles in this issue, and we hope that they will be of interest to all of our readers. We encourage feedback; please contact us with your comments and suggestions at [franchise@farrellfritz.com](mailto:franchise@farrellfritz.com). Enjoy the issue!

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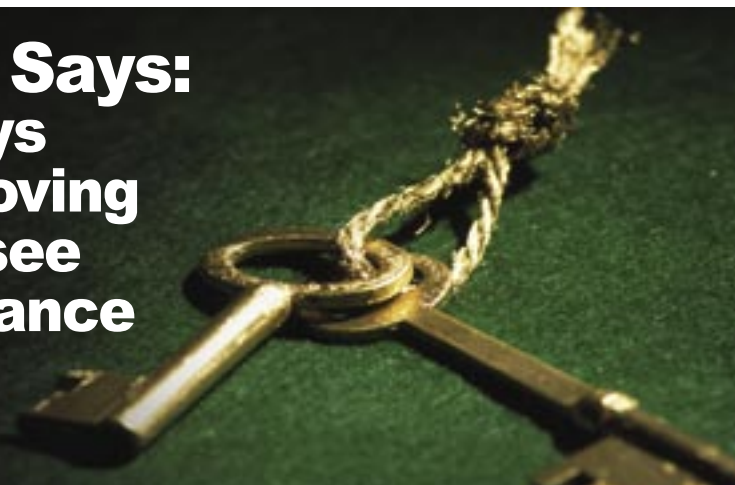
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## Survey Says: Two Keys To Improving Franchisee Performance

By Marc W. Horowitz



All franchisors want great performance from each of their franchisees. It's a matter of dollars and cents (because that's how franchises grow and stay profitable) . . . as well as a matter of sense! It's not hard to figure out that the more franchisees can produce at your point of distribution - their store or location - the more you make as the franchisor. So, the question is: **what can you do to help improve franchisee performance?**

Over the last few years, our firm has talked with a number of franchisors and more than 100 franchisees in a variety of industries (service, food and non-food). We learned quite a bit about some of the things that work, and others that don't, with regard to improving performance at the franchisee level. Here are two of the most significant things we learned:

### 1. It pays to listen.

One thing was blatantly consistent throughout our conversations with franchisees: their desire to be heard by corporate. Invariably, franchisees want to know that their voices are being listened to and respected; they need to feel that they have credibility with their parent companies. Most significantly, we found that the franchisees who believed their voices were heard and respected by the franchisor were usually the same ones who demonstrated an ability to operate successful units.

That is not to say that just because you listen to them, they will do well. It **is** to say, however, that if you **don't** listen to them, there is a greater likelihood that they will **not** do well. Consider the old adage that "you can't give what you don't have." Then think about how you want your end users to be treated by your brand representatives, your franchisees. The obvious conclusion: when franchisees are heard, so are their customers!

### 2. It's better to assist than enforce.

Another interesting dynamic seems to exist when franchisors dispatch their field representatives to visit the units. Some systems send out their reps with the best



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**Events Calendar**

**November 4 - 6**

West Coast Franchise Expo. For further information, go to [www.wcfexpo.com](http://www.wcfexpo.com).

**November 10**

New York State Bar Association program: Franchise, Distribution and Licensing Law. For further information, contact Harold Kestenbaum: phone, 516-227-0642; email, [hkestnbaum@farrellfritz.com](mailto:hkestnbaum@farrellfritz.com)

**December 2**

Farrell Fritz Quarterly Franchise Forum. To reserve a place, contact Helen Rajcooar: phone, 516-227-0641; email, [hrajcooar@farrellfritz.com](mailto:hrajcooar@farrellfritz.com).

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**Two Keys To Improving Franchisee Performance**

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of intentions - to support, to guide, to nurture, and to share “best practices” while assisting the franchisee in problem-solving on every level. In other organizations, field personnel are regarded as the “gestapo,” whose only role is to be compliance officers for the franchisor, to surprise the franchisee and “play gotcha” throughout their periodic visits.

Again, the significant thing we found in our interviews is that, when field reps were perceived as being there to help, franchisees not only welcomed them with open arms, but also reported that their sales were steadily improving and expressed interest in buying additional units.

Conversely, to no surprise, franchisees who perceived field reps as a threat and spy for corporate reported that they did not feel successful, had trouble making ends meet, and were not likely to buy another unit. A cynic could argue that they feel threatened and unsuccessful because they are weak franchisees. Yet, if they were helped to envision a successful future for their franchise and supported in reaching that goal, results might differ.

Consistently, franchisees asked for regular communication from corporate about the support available to them, including new product information. They also wanted their input about these matters to be considered. It’s no coincidence that in 100 percent of the franchises studied, franchisors reported that when they listened seriously to franchisee input, customer morale improved and franchisees became more optimistic about success. In every case, improved relationships between corporate and franchisees led to greater productivity on both sides.

Want to know more about how you can improve franchisee performance? Ask them or ask us! We’d be happy to help you to facilitate that.

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