

FIVE HABITS OF THE HIGHLY SUCCESSFUL FRANCHISOR

Faegre Baker Daniels' franchise team has known more than a few franchisors in our day. Over the years, we've seen firsthand the habits that make a successful franchisor, and we understand the business practices that lead to great franchise brands. Check each of the applicable boxes below to see how you measure up.

HABIT 1: UNDYING DEVOTION

The highly successful franchisor has an undying devotion to the brand.

- You understand that your brand is not your mission statement or marketing campaign, but is how you are perceived by your customers. It's all about the customer experience. (Are you delivering on the brand promise you make to your customers?)
- You have a process in place that allows your brand customers to tell you whether you are delivering on that promise. (We promise. We deliver.)
- You take actual actions to ensure that not only does your management team have an undying devotion to your brand, but so do your franchisees and their employees as they are on the front line with your brand customers.
- Your franchisees and their employees are empowered to address customer concerns so the customer has a positive brand experience rather than feeling disappointed or frustrated if the brand promise is not met.

HABIT 2: BALANCING COMPETING INTERESTS

The highly successful franchisor is keenly aware of the competing interests of the franchisor, franchisee and system as a whole — and balances them properly.

- You have developed a relationship of interdependence and trust between franchisor and franchisee, and, as importantly, your franchisees would say the same and feel their voice is heard.
- You maintain a clear distinction between the role of the franchisor (develop, evolve and enforce the system) and franchisee (provide capital and unit management, follow the system, “play by the rules”).

- You deal with free riding franchisees (those franchisees who do not play by the rules) through the creation and implementation of a strong franchise agreement, which includes enforcement provisions.
- You have established a culture of franchise collaboration and voluntary compliance (but vigorously enforce compliance when needed).

HABIT 3: STACKING THE DECK

A highly successful franchisor stacks the deck with “ace” franchisees.

- You understand that franchise sales/recruiting is a separate business from operations and your core business.
- You have implemented a franchise development process that is focused on determining if the opportunity you provide franchisees is the right fit for the candidates.
- You are focused on recruiting high quality franchisees. You seek quality over quantity, and protect the brand by walking away from marginal candidates.

HABIT 4: FOCUS ON THE BOTTOM LINE

The highly successful franchisor is obsessed with the franchisee's bottom line.

- You know that franchisors are only as successful as their franchisees and are driven to maximize the franchisee's bottom line.
- You have established a corporate culture, mission statement and organizational design that lend themselves to franchisee buy-in and their bottom-line success.
- You have established business success drivers (KPIs) and discuss those with franchisees on a regular basis.

- You have the appropriate field support/consultants in place who view the franchisee's bottom line as one of their top priorities.

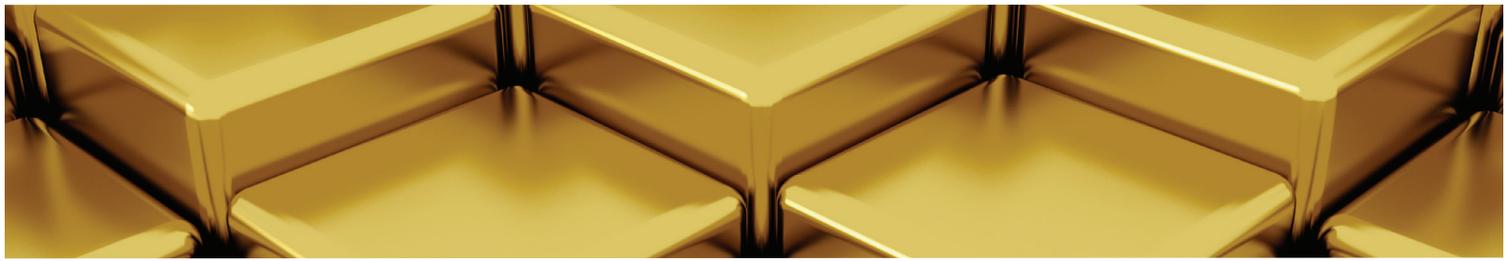
HABIT 5: EMPOWERMENT

Highly successful franchisors empower their franchisees.

- You support a franchisee advisory council or other similar franchisee committees.
- You understand the difference between power and control as it relates to the franchisee role in your system. (You don't give up control or your decisionmaking authority, but you seek franchisee input on key systemwide decisions.)
- You give your franchisees the tools to meet their goals within your system's framework.
- Even though you may make the decisions critical to your system, your franchisees feel their voice is heard through a culture of collaboration.
- If a franchisee fails, you don't always attribute it to “not following the system”; rather, you ask why didn't that franchisee follow the system.

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HOW DID YOU DO?

15–20 CHECKS

Congratulations. You're a highly effective franchisor. But that doesn't mean you should stop improving. The most effective franchisors continue to lead their franchise systems to the next level. Keep up the good work and remember that innovation and change are critical to your system's ongoing success.

7-14 CHECKS

You're doing the right things, but there is still room for improvement. Take a step back and evaluate what is working well and why. Build on those successes by using the same rigor and approaches to other areas of your organization and franchise system that may not be as effective. Look for ways to include your franchisees so their voice is heard. That doesn't mean you give up your decisionmaking authority, but you design ways to collaborate more effectively with your franchisees.

0-6 CHECKS

You have a tremendous opportunity to make meaningful change that will make a difference to you and your franchisees. In order to do so, though, you must recognize that you are getting the results you are designed to get. Meaningful change will require fundamental changes to your organization and the design of how you do things. Again, the key is that you can't keep doing more or less of what you are doing. It's time for fundamental change.

WANT TO LEARN MORE ABOUT THE FIVE HABITS?

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