

Habit 3: Stack the Deck With "Ace" Franchisees

FAEGRE BAKER
DANIELS

What Produces Ace Franchisees?

- ▶ Creative development:
 - ▶ One size *does not* fit all
- ▶ Establish and then work a selling system and a sales process.
- ▶ Know your ideal candidate and what motivates them. Motivation can be more crucial than a candidate's background

Golden Nugget

Understand that *franchise sales/recruiting* is a *separate business* from your operational business and then develop and follow a system that focuses on *recruiting high quality franchisees*.

Franchise Sales v. Franchise Recruiting

In a Franchise Sales Process,
the Franchisor:

- ▶ ***Sells to anyone*** willing to buy.
- ▶ Looks for buying signals and opportunities to close.
- ▶ Focuses on recruiting a ***quantity*** of franchisees.
- ▶ Maximizes growth by accepting ***marginal candidates***.

In a Franchisee Recruitment
Process, the Franchisor:

- ▶ ***Selects*** only those who both match the profile of a successful franchisee and whose objectives can be met with a high degree of probability.
- ▶ Focuses on whether or not the candidate is a ***good match***.
- ▶ Seeks ***quality*** over quantity.
- ▶ ***Protects the brand*** by walking away from marginal candidates.

Most Successful Franchisors

- ▶ Choose recruiting path over the selling path. Be “over the top” responsive but do not chase prospects. Prospects must be engaged.
- ▶ Focus on selecting franchise candidates who match the franchisor’s profile of a successful franchisee and are likely to achieve the candidates’ objectives. Develop a detailed profile of an ideal candidate.
- ▶ Be willing to say “no,” as too many marginal candidates will create challenges for years in the future.

Franchise Expansion

- ▶ As appropriate, the franchisor considers meaningful expansion opportunities for successful, well capitalized multiunit franchisees.
- ▶ The franchisor has a franchise resale policy available when a franchisee fit is not right or a franchisee decides to move forward on its exit strategy.

Other Considerations

- ▶ Consider how a group of prospective candidates (first time franchisees or experienced franchisees) would evaluate your brand-- what you think you are saying and looking like are not necessarily how prospects are interpreting things.
- ▶ Be prepared to explain that the franchise business model is different than a candidate previous corporate job.
- ▶ Be real on what it will take from a commitment standpoint to get through the challenging early times.