

Habit 4: Obsess over the franchisee's bottom line

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The Truth

The true franchisor is only as successful as its franchisees.

Why?

- ▶ Unsuccessful franchisees are especially motivated to free ride.
- ▶ Unsuccessful franchisees go out of business.
- ▶ Unsuccessful franchisees create conflict within the System.
- ▶ Unsuccessful franchisees kill validation.
- ▶ Unsuccessful franchisees can lead to adversarial franchisee associations.

Everything the franchisor does must be driven by an obsession with the franchisee's bottom line.

Together

All stakeholders acknowledge that franchisors are only as successful as their franchisees and are driven to maximize the franchisees' bottom line. In turn, franchisees recognize that their franchisor must be successful in order to lead the brand.

The Culture

The franchisor has created a corporate culture, mission statement and organizational design that lend to franchisee buy-in and franchisee bottom-line success.

How do you measure success in your franchise system? How do your franchisees measure success? How do you measure franchisee success? Get to a mutual understanding.

KPI's Are Critical

The franchisor has established business success drivers (KPIs) and discusses those with franchisees on a regular basis.

KPIs must be specific to the industry, the brand, and the system.

Use benchmarks to monitor, measure and motivate franchisees (individually and within the system)

Have a financial training component in place for your franchisees.

The Role of Field Support

The franchisor has the appropriate field support/consultants in place, and the franchisees embrace field visits with a mutual level of accountability to focus on best practices that will make a difference at the unit level.

Make sure your field staff and franchisees are trained the same way.

Accountability

Franchisees accept and assume responsibility for their own unit level success or failure without making excuses and blaming others.

Provide franchisees with technology and training and the opportunity to grow.

If everything is in place, hold each other accountable with frank and open conversations.