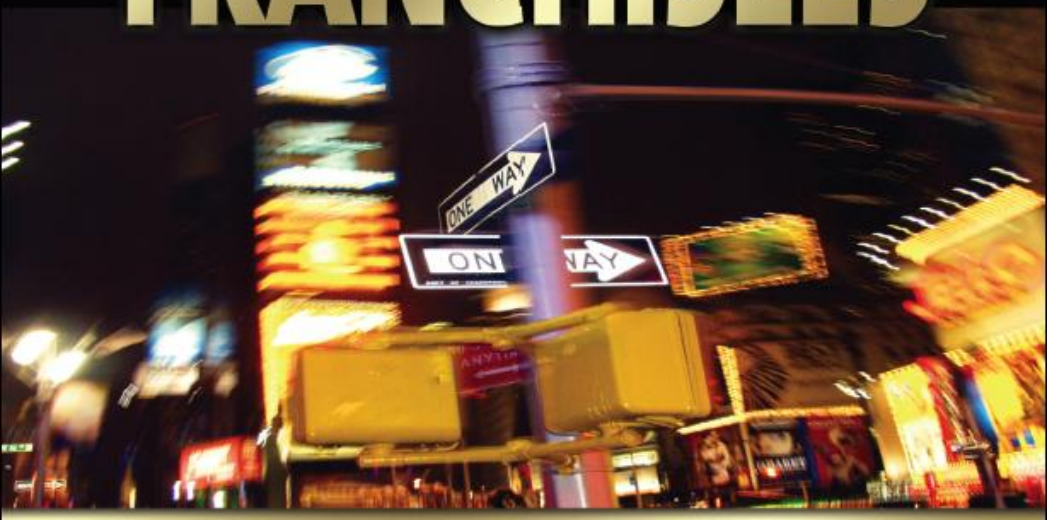
DEVELOPING PEAK-PERFORMING FRANCHISEES



Street Smart Franchising for Franchisors

FRANCHISE PERFORMANCE GROUP

Dedication

We dedicate this book to those selfless franchise professionals with the passion, dedication and desire to help franchisees succeed, regardless of whether franchisees recognize it.

We salute you.

Joe Mathews and Deb Evans, Franchise Performance Group

Developing Peak-Performing Franchisees

FRANdata, a leading franchise business research firm, estimates there are over 3,500 American franchise brands with more than half a million units, representing more than 250 industry sectors. It reports that more than 150 brands a year choose franchising as their primary distribution model and growth strategy for their products and services.

However, most franchisors never achieve significant returns on their investments. Why? How can franchisors avoid stagnation or decline?

The Franchise Performance Group believes franchisors stagnate primarily because they don't understand and therefore fail to master the fundamentals of the *franchisor business model*. Under this model, a franchisor makes money in two or more ways:

1. Franchise fee revenue
2. Royalties
3. Product sales
4. Ancillary sources, such as product rebates, technology maintenance fees, etc.

Of these, franchisors report that royalties are by far their most important revenue source, the lifeblood of their businesses.

Who pays the highest royalties? *Successful franchisees.*

Who needs little support and consumes the least amount of time and resources? *Successful franchisees.*

By contrast, underperforming franchisees consume most of the franchisor's time, talent, and financial resources and pay the least in royalties. Too many underperforming franchisees bury franchisors.

Simply put, not every royalty dollar has the same value to a franchisor.

The Impact of Underperforming Franchisees

Once a company decides to franchise, it is playing a different game. Now, in addition to marketing their products and services, franchisors must recruit high-quality franchisees, train them to become peak performers and collect as much as they can in royalties and recurring revenue. Franchisors can clean carpets or make tacos brilliantly *but still fail as franchisors* because they fail to recruit high quality franchisees and teach them how to win.

Developing Peak-Performing Franchisees was written to show franchisors how to help franchisees flourish, producing long term, predictable, and sustainable recurring revenue streams.

Developing Peak-Performing Franchisees will help franchisors:

- Build peak-performing franchisees,
- Maximize royalty collections,
- Manage franchisee resistance,
- Accelerate franchisees through the learning curve and beyond break-even.
- Manage franchisees' strengths and shortcomings,
- Anticipate and prevent franchisees' performance breakdowns,
- Deliver effective training that imparts knowledge, builds skills, and ramps franchisees up faster than before,
- Coach your franchisees into a breakthrough in results,
- Increase franchise sales by creating positive franchisee validation,
- Strengthen franchisee-franchisor relationships by creating a culture of success and achievement,
- Foster an environment in which franchisees and franchisors work together to dominate the market, …*AND*

Create a culture in which franchisees and franchisors hold each other accountable for maintaining positive relationships and ensuring each other's long-term success.

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Introduction

Welcome to *Developing Peak-Performing Franchisees* by Joe Mathews and Deb Evans of Franchise Performance Group.

This book is designed to assist franchise executives such as CEOs, COOs, and VPs of operations, area developers, operations support, and marketing professionals … or anyone else on the franchisor's staff that interacts with franchisees.

Our objective is simple: to help you maximize royalty collections by creating a community of peak-performing franchisees, *and maintaining it for the long term.*

This book is a companion to our training and consulting programs on the same topic. It summarizes and reinforces the knowledge and skills acquired during these programs, such as:

- How do I get franchisees to follow the system?
- How do I ramp franchisees up faster?
- How do I create a breakthrough in results?
- How do I work with franchisees who don't like to be told what to do?
- How can I continue to add value to peak performers?
- How do I cut through the "us vs. them" mentality and create a bond of trust?

And most important,

- How do I save franchisees from failure?

If you are reading this book, chances are you have an enormous responsibility. Franchisees are counting on you to help them reach their financial and quality of life goals, those compelling reasons they bought the business in the first place.

Supporting franchisees is the most difficult, thankless, and important job in franchising. You must produce results by managing a group of franchisees you have little authority over, professionals with disparate backgrounds, skills, knowledge, motivations, and management styles. Some are owner-operators; others hire managers. Some franchisees run family businesses; others hire key employees. There's no one-size-fits-all approach for helping them succeed.

Franchise Performance Group has studied this problem for a long time. We've networked with some of the most innovative thinkers in franchising, performance coaching, adult learning, and human behavior. This book will show you a system for helping your franchisees succeed.

Our Approach

In Chapters 1-7, we will discuss the individual pieces to the performance puzzle. Chapters 8 and 9 will put those pieces together and show you how to help franchisees create a breakthrough in results.

Learn more about the authors and their introduction to *Developing Peak-Performing Franchisees* by listening to their podcast via BlogTalkRadio: http://bit.ly/yoPhHl

Chapter 1: KASH Formula for Success

Franchisees become peak performers when they discover and master the **KASH formula** of your franchise:

- **Knowledge**: Franchisees need specific types of information to win. Educated franchisees have high levels of product, service, and operational expertise. They understand the business model inside and out. They know the key activities that produce the greatest results. They understand how to create raving fans for customers.

- **Attitude**: An "attitude" is the story franchisees tell themselves about their business. For instance, a peak-performing franchisee may relate to their product and service offerings as exceptional. On the other hand, underperforming franchisees often see their product and service offerings as lacking value. Keep in mind these franchisees are in the same business, offering the same products and service, but experience them differently. Peak-performing franchisees often have more powerful relationships to their business, customers, employees, suppliers, and representatives of the franchisor than underperformers.

- **Skills**: Franchisees use skills to translate knowledge into results. Skillful franchisees are polished, effective and adept at sales, hiring and retaining employees, marketing, customer service and other tasks.

- **Habits**: Habits are how franchisees spend their time. Every franchise business has a select number of activities which, when a franchisee skillfully executes them, will drive most of

the results of the business. Those same businesses will have activities that will suck a franchisees time, money, and resources dry, yet produce little results. Franchisees who maintain the habit of spending more time on those highly productive revenue-producing activities generate better results than their underperforming counterparts.

Franchisors are KASH dispensers.

They are in the business of delivering KASH to franchisees, who then deliver CASH back to them in the form of royalties and other forms recurring revenues. KASH creates CASH, but KASH *always* comes first.

- Knowledge consists of the "mental maps" that show franchisees what to do. The owner of an automotive franchise has to know how to write a customer service order depends on one's knowledge about how to write the order. Skill describes how this person communicates the cost of the repair to the customer without creating a trust issue or sticker shock. In short, knowledge describes what to do; skill describes how to do it effectively. Both elements are equally important.

- Attitude is the lens through which franchisees view the world, the meaning they place on events and how they respond to them. For example, if a franchisee's attitude toward a complaining customer is, "This customer is the lifeblood of my business," he's more likely to solve the problem in a way that reflects that attitude — hopefully earning a lifetime customer in the process. Another franchisee with the attitude, "This customer is a pain in the neck," probably will drive the customer away dissatisfied and perhaps prompted to tell other customers about the bad experience.

- Habits are the actions franchisees take to convert knowledge, skill, and attitude into long-term, sustainable, outstanding results. With practice and refinement, learning from mistakes, and through sheer hard work, franchisees will eventually produce outstanding results almost unconsciously and seemingly effortlessly, similar to what happens when an athlete "enters the zone." Helping franchisees achieve outstanding results as an outcome of habit is The Holy Grail of a franchise professional.

Like a savings account or mutual fund, KASH values are not fixed. They fluctuate with how much franchisees have learned. How you support franchisees depends largely on their existing KASH balances.

The importance of KASH-rich franchisees

KASH-rich franchisees produce the greatest royalties and consume the least amount of resources. They are the financial bedrock of any franchise organization. Their strong royalty production subsidizes weaker franchisees' support. They fund management salaries, drive initiatives, pay the franchisor's rent and keep the lights on. Their competence helps franchisors validate their business models. Because KASH-rich franchisees dominate their markets, they help franchisors do the same, and competitors hesitate to engage in head-to-head battles with other franchisees. KASH-rich franchisees are essential to a franchisors' success. Franchisors do not win the game of franchising unless a vast majority of their franchisees earn the KASH necessary to win also.

Some underperforming franchisees become deaf to the franchisor's maxim: "Follow the system." KASH-rich franchisees show their peers what's achievable and validate the franchise system. They earn more customer satisfaction and repeat business than underperformers. Their customers become "community brand ambassadors" and "raving fans." They broadcast their satisfaction, driving other customers to the brand.

People like you go to work each morning inspired to help franchisees win. You love to watch new franchisees evolve into competent businesspeople. You find it thrilling to drive by one of their branded vehicles or brick-and-mortar locations and say, "I helped create that."

The Cost of Underperforming Franchisees

For every peak performer are many average and below-average franchisees. Every franchisee that struggles or fails exacts a financial and human cost on everyone in the franchise system.

Franchisees that struggle or fail can and often do lose substantial amounts of money. If they used their homes for collateral, they may lose them. If they invested their savings, they may lose their retirement security and children's education funds. With these losses come stress-related illnesses and depression. Struggling franchisees also pull down other franchisees. The franchisee community often develops a "foxhole" mentality and relates to fellow franchisees as "brothers in arms." Watching a peer struggle or fail can emotionally devastate franchisees.

Franchisee failure allows competitors to establish a beachhead, emboldening them to go after more markets and attack the livelihoods of other franchisees.

Underperforming franchisees leave customers doubting the brand's products, services and value. You can almost hear the customer thinking, "If this product or service was any good, the business would be busier. I had better shop the competition."

Struggling franchisees make it increasingly difficult for franchisors to recruit new franchisees. Prospective franchisees want to invest in a franchise they think is flying high, not crashing and burning. As franchisees struggle, they often complain to other franchisees about the franchisor, creating an "us vs. them" mentality, fracturing the

culture and diverting everyone's attention from competing for new customers to infighting.

Let's not forget the emotional toll struggling franchisees take on the franchisor's support staff. Employees go to work feeling helpless and guilty, thinking, "What more could I do to help?" Eventually, the support staff either stops caring or quit, further undermining the corporate culture and putting the system at risk. Operations staff begins accusing franchise development staff of selling franchises to "mouth-breathers" and "knuckle-draggers" who don't follow the system. The franchise development team retorts, "These are highly qualified people, and you're not helping them. Fix the stupid system!" Executives have to contend with a civil war in the franchise system. Over the years, we've seen it happen often, and it's an ugly picture.

When things really break down, failed franchisees sometimes sue, trying to recoup some of their lost investment by dragging the franchisor through legal muck. Lawsuits force franchisors to waste time, attention, and money protecting themselves rather than improving systems.

In short, *struggling produces more struggling*, creating a vicious cycle downward. Conversely, *success breeds more success*, creating a virtuous cycle upward.

Key Points

The franchisor's operations support team is the link between the system and the franchisee's execution of it. The ops team members hold the most important job in franchising, working on the front lines to help franchisees win. Yet few franchisors offer them even remedial training in adult learning, performance coaching, business consulting and conflict resolution — all keys to managing successful franchisees. This reminds us of a scene from the movie *The Untouchables* in which Sean Connery mocks a knife-wielding mobster for "bring(ing) a knife to a gunfight."

Chapter 2: The Entrepreneurial Mindset

Have you ever owned a business? Do you know what it's like to operate with negative cash flow? Have you ever woken up at 2 a.m., wondering how you will make payroll? Have you ever been in a situation in which everyone was getting paid except you?

If not, do you *really* understand what a franchisee goes through?

Business owners don't worry about the same things as employees. Franchise operations professionals frequently don't understand the differences, but the good ones acknowledge and bridge them. This results in more trusting franchisee relationships and better performance. Franchise support teams who don't get what it is to be a franchisee, often bark commands and make demand *expecting to hear:*

- "Yes, sir. Right away, sir."
- "Your wish is my command."
- "Consider it done. Is there anything else you want me to do?"

However, what they often hear is:

- "No."
- "Heck, no."
- "Don't let the door hit you on the way out."
- "Let the door hit you on the way out, what do I care?"

- “If I wanted a boss, I’d get a job.”
- “Who died and crowned you king?”

Why do operations professionals and franchisees so frequently find themselves at odds? They come to the business from different perspectives. These differences are summarized in the next table.

If you explore these differences and find yourself saying, “How can I fix or change franchisees?,” you are attacking the problem from the wrong direction. Franchisees may never change, so you need to adapt to understand, support, and drive results from franchisees as they *are*. The change starts with you.

Table 1: Franchisee/Operations Professional Differences and Potential Sources of Conflict

Characteristic	Franchisees	Franchisor Support Staff
Risk Tolerance	Higher risk tolerance and lower needs for security. Willing to play a high-stakes game to achieve their objectives.	Lower risk tolerance and higher needs for security. Generally not willing to "bet the farm" to achieve their objectives.
What's at Stake	Might lose houses, savings, retirement, and kids' college educations. Failure is unexpected and not an option!	Might lose bonuses or advancement opportunities, but a few franchisee failures *are normal, acceptable, and expected*.
Compensation	Have 100-percent performance-based compensation.	May have salary + bonus compensation, insurance, sick days, vacation time. Many would never consider working on 100-percent performance-based compensation.
Tolerance for Systems, Standards, and Uniform Procedures	Lower tolerance for others' systems and procedures, viewing them as curtailing personal freedom or adding unnecessary steps. Natural tendency to resist systems they have not created. ***Important Note*** If franchisees could follow systems and procedures others design, *they would all have jobs!*	Higher tolerance for others' systems and procedures. View these as franchisees' means to success. Natural tendency toward systems compliance.

Characteristic	Franchisee	Franchisor Support Staff
Tolerance for corporate hierarchy	Less tolerance for corporate hierarchy and reporting relationships. Often step over reporting relationships and go straight to the decision maker. When they feel franchisor is overly involved, they view them as "the boss," or worse, "the enemy," and resist.	Greater tolerance for corporate hierarchy and reporting relationships. When they feel franchisees aren't respecting the org chart, they tend to treat them as subordinates or as "the enemy" instead of as business partners or teammates.
Goal/Result Orientation	Goal-oriented/results-oriented.	Goal-oriented/results-oriented.
Success Benchmark	Measure success by whether they are living the life they sought when they joined the franchise.	Measure success by franchisor benchmarks and key performance criteria.
Problem Solving Style	"Outside-the-box" and concerned only with individual issues, not setting precedent.	"By the book" and concerned with setting precedents.
Commitment	Highly committed to achieving their personal objectives.	Highly committed to franchisees' success.
Strategic/Operational Focus	Strategic/visionary focus. Have complete profit-and-loss (P&L) responsibility.Play the game of business with their own money.	Operational/tactical focus. May be responsible for departmental budget but typically does not have P&L responsibility. Play the game of business with other people's money.

Effective support professionals understand these differences and know how to step into franchisees' shoes without judgment or criticism.

"Before you criticize someone, you should walk a mile in their shoes," a comedian once said**.** "**That way**, **when you criticize them, you are already a mile away from them and you have their shoes."** That's funny, but that guy would probably be a lousy franchisee support professional.

Key Points

Working individuals fall into one of two categories – employed or self-employed (entrepreneur).

Wikipedia defines an entrepreneur: *as an owner or manager of a business enterprise who makes money through risk and/or initiative.*

An entrepreneur is often less tolerant of corporate policies and procedures and corporate structure *they do not create* than their employed counterparts.

Therefore, those risk-taking entrepreneurs most likely to invest in a franchise are also most likely to resist the people and processes they just invested in. That's why supporting a franchisee is as much "art" as it is "science."

Developing a cohesive team of peak-performing franchisees is less about changing franchisees *and more about changing the franchisor's approach towards supporting franchisees*.

Chapter 3: Understanding Franchisees' Behavioral Styles

In the early 1920s, an American psychologist named William Moulton Marston sought to create a model that would allow him to predict and explain how normal people react to both situations and other people. To test the accuracy of his new theories of behavior, Marston needed to create a system of measurement. Incorporating some of Carl Jung's personality theories — including the concept of four distinct personality and behavior styles — Marston created an assessment tool that measured the following behavior characteristics:

1. Dominance
2. Influence
3. Steadiness
4. Compliance

Dominance measures how people respond to problems. Franchisees who are high on dominance attack problems head-on and seek out potential problems before they occur. They are driven by a need to control the world around them, challenge themselves and produce results. They are highly entrepreneurial and possess a high tolerance for risk. Franchisees who are low on dominance tend to let events unfold and see what happens.

Influence measures how people respond to others. Franchisees who are high on influence are outgoing and build strong relationships. They are also very entrepreneurial and have a high tolerance for risk. Social recognition, relationships and fun drive them. Franchisees who are low on influence tend to be distant and private.

Steadiness measures how people respond to the pace of their environments. Franchisees who are high on steadiness desire predictable and slower-paced environments where they can see projects through to completion. They are driven by a need for stability and security; they avoid risk and are not very entrepreneurial. Franchisees low on steadiness desire change and like to multi-task.

Compliance measures how people respond to structures or rules created by others. Franchisees high on compliance thrive in highly structured environments in which they know exactly what is expected of them. They have the lowest risk tolerance and seldom own businesses. Franchisees low on compliance like to make their own rules and prefer to manage themselves.

The name of the DISC theory and assessment tool comes from these four characteristics. Marston's tool turned out to be a remarkably accurate predictor of the way people speak, listen, process information, make decisions and produce results.

Franchise Performance Group believes DISC is among the best available tools for both identifying a franchisee's unique brand of genius, predictable weaknesses, and potential sources of conflict between you and the franchisee. DISC theory shows that through consistent patterns of behavior, franchisees become typecast actors in their own movies, playing the same character again and again. The way franchisees react to certain people and business situations can be measured and anticipated with a shocking degree of accuracy.

In this chapter, you will identify which one or two of the four possible typecast characters you and your franchisees match. This will empower you to step outside your style and communicate with and support franchisees according to their style.

The characters:

- Action Hero
- Comedian
- Faithful Sidekick
- Private Eye

Action Hero

Action Heroes are outgoing, hard charging, risk-taking, task-oriented, efficient, disciplined, organized, results-oriented and "take charge" characters. They make decisions quickly and emotionally, relying on

instinct and "gut feeling" rather than information or logic. They usually do not follow or even read franchise operations manuals. They're driven to assume control, exceed goals, achieve results, challenge themselves and create efficiency. They speak pointedly and directly, "telling it like it is." They hold strong opinions and are often closed to new information that contradicts them. Action Heroes pay little attention to details, preferring headlines, highlights and bottom lines. They are often perceived as poor listeners. Their strong personalities can easily bowl over weaker ones, causing conflict. They worry that others will take advantage of or control them, so they often question the personal motives, integrity, and loyalty of their operations support staff. Action Heroes resist processes and systems they did not create; however, they will follow a system if it achieves a desired result.

To Action Heroes, a franchise is a win-win strategic alliance and an efficient method for solving problems and achieving results. Frame all your conversations around the topics of efficiency and results.

***Famous Action Heroes*: Hillary Clinton, President George W. Bush, Michael Jordan**

Core Strengths

- Visionary: Results-oriented and goal-focused. Seldom loses sight of goals or the big picture.
- Decision maker: Strategic, tactical, takes action.
- Efficient: Always pushes for the quickest, easiest, simplest, and most efficient way to produce results.
- Responsible: Strong leaders. Takes charge.
- Implementation: Finds a way to make things happen. Very action-oriented. Entrepreneurial, takes risks.
- Excellent at multi-tasking.

What can you expect to see from this person?

- Moves quickly
- Wants to get to the bottom line immediately.
- Resists following operational procedures.
- Forms strong opinions and resists testing perceptions against the facts.
- Craves control.
- Will tell you what is on mind; don't be afraid to ask. Expects you to respond in kind. Shoot straight, do not sugarcoat, avoid, or mince words. Doing so will create a credibility issue.
- May challenge your motives or integrity.
- May be curt or impatient. Quick to show anger.
- Will hold you accountable for your words.
- Has strong opinions and will share them with you.
- Doesn't like to be made wrong.
- May fight before solving problem.
- Is very goal-directed and likes to win.

The Ideal Meeting or Support Conversation

- Create an agenda, state it up front and stick to it.
- Don't chitchat; get right down to business.
- Don't try to make friends; they're looking for a strategic alliance, not a buddy. Stick only to business issues.
- Don't over-promise.
- Let them voice opinions.
- Don't take offense or make their impatience or anger mean anything because they don't. Take impatience and anger as a sign of stress; uncover what the underlying issue is. They speak directly; they will tell you.
- Ask questions and make suggestions. Do not tell them what to do.
- Ask up front what they want to take away from the meeting or conversation.

- State your objectives up front.
- Learn what motivates them and what winning looks like to them. Help them see how they can win with your franchise.
- Recap objectives at the end. Ask if they were met; if not, what was missing?
- Let them speak.
- Move and speak quickly.
- Stick to the headlines and put the details in writing. Don't leave action items open. Write down who is going to do what when, then follow through.
- Don't interrupt, but expect interruptions
- End the meeting with clear action steps.
- When setting the next meeting or conversation, discuss the objective of next meeting up front.

Comedian

Comedians are fun-loving, outgoing, empathetic, risk-taking, people-oriented, charming, affable, creative, enthusiastic, talkative, optimistic, trusting, and highly influential characters. Like Action Heroes, Comedians also make decision on instinct and emotion-based rather than information and logic. But while Action Heroes focus on tasks, Comedians focus on people: . quality relationships, fun and social recognition. Comedians look for reasons to believe in, trust, and like others. Like Action Heroes, they listen more to headlines, highlights, the bottom line, and the big picture rather than details. They have trouble saying no and tend to over-promise. When communicating with this character, put the details in writing. Comedians can be disorganized and have trouble managing their time.

Like the Action Hero, they resist processes and systems. They like to "wing it."

To Comedians, being a franchisee is about being in business for yourself, not by yourself. It is about working with extraordinary people through powerful relationships and working in unity to achieve outstanding results.

Frame your conversations around teamwork, synergy, and getting results through people.

***Famous Comedians*: Oprah Winfrey, Jon Stewart, Will Ferrell**

Core Strengths

- Has creative problem-solving ability. Will work to avoid conflict with franchisor and other franchisees.
- Sees the big picture. Goal-oriented.
- Consensus builder. Will work to influence other franchisees into his way of thinking.
- Works well with others. Functions well on a team.
- Easy to talk, relate to.
- Optimistic and trusting.
- Outgoing, team builder.
- Builds quality relationships.
- Makes work fun.
- Strong skills or aptitudes in sales and marketing. Can drive sales.
- Good customer service skills.
- Democratic manager, good at soliciting feedback.
- Entrepreneurial and a risk-taker.
- Quick to make decisions or to implement.
- Likes change, fast pace.
- High degree of confidence in own abilities.

What can you expect to see from this person?

- Moves quickly.
- Wants to get to the bottom line.
- Resist following processes.
- Forms strong opinions and resist checking out perceptions against the facts.
- To avoid a conflict, may not tell you everything on his mind. Tendency to hold back "negative" information.
- Will be quick to give you credibility and trust.
- Makes decisions based on gut or feelings and dismisses facts if they contrast. Doesn't always check facts.
- Does business only with friends.
- Poor time management and a tendency to over-promise and under-deliver.
- May overlook information suggesting a problem. Operations on basis of hope and optimism rather than data, information, strategies and tactics. Confuses feeling good with achieving results.
- Fears being rejected. Will work to earn being accepted. Wants to be wanted.
- Wants to meet face-to-face.
- Will go off on tangents and waste time.

The Ideal Meeting or Support Conversation

- Create an agenda. Tell person upfront what needs to be accomplished.
- Chitchat, leave room to socialize.
- Show interest in franchisee as a person.
- Keep it informal.
- Let franchisee voice opinions.
- Ask upfront what the meeting or conversation take away should be.
- Recap objectives at the end.
- Let your guard down and let them get to know you.

- Give them clear next steps and follow up if next step doesn't happen. It is best to lay out next steps in writing.
- Ask if objectives were met; if not, what was missing?
- Let franchisee speak. May go off on tangents; ask questions that bring person back into focus.
- Move quickly and speak quickly.
- Don't interrupt, but expect interruptions.
- Don't cut franchisee off or person will feel rejected. Get person back on track by asking a question.
- End the meeting with clear, written action steps.
- When setting the next meeting or conversation; agree on the objective up front.
- Make conversations upbeat, positive, and fun.
- Move quickly.
- Stick to the headlines. Put all details and action steps in writing.

Faithful Sidekick

Faithful Sidekicks are warm, dependable, good-natured, structured, methodical, systems-oriented, open-minded, consistent, persistent, levelheaded, pragmatic, objective, sincere, and empathetic team players. Like Comedians, they are people-oriented, but unlike Comedians are more introverted and less emotional. Where Comedians are driven by having fun and attaining social recognition, Faithful Sidekicks are driven by the need for security, stability, and belonging. Faithful Sidekicks need to see how they fit in and what role they will play. They make informed decisions slowly rather than emotional decisions quickly. They are known to be highly detailed, organized and patient. They can see both sides of an issue. They are the best listeners and the easiest to get along with of all the four characters. Since they are introverted and

prefer predictable environments, they are often seen as timid, possessive, risk-averse, and resistant to change.

This character is probably under-represented among the ranks of franchise owners because of their high need for security. However, larger, more mature franchisors with well-defined systems (such as Great Clips and Dunkin Donuts) may see more of these styles than other franchisors, because they will be seen as a "safer" investment than smaller chains.

Famous Sidekicks: Gandhi, Mother Teresa, *To Kill a Mockingbird's* Atticus Finch

Core Strengths

- Objectivity.
- Very methodical and process-driven.
- Functions well within a structured environment. Will follow the franchise system.
- Great listening skills.
- Empathetic.
- Team players, model franchisees.
- Servant leaders.
- Easy to talk to, relate to.
- Highly analytical.
- Very persistent, consistent.
- Builds quality relationships.
- Strong customer skills.
- Democratic manager, good at soliciting feedback.
- Likes steady pace.
- Will gather information and make data-based decisions.
- Can see both sides of an issue.

What can you expect to see from this person?

- Wants details.
- Prefers a structured process. Wants to know the steps up front.
- Will check out perceptions against facts. Open to new information.
- To avoid a conflict, will not tell you everything on his mind. Tendency to hold back "negative" information.
- Need to earn trust. Will start off a process distant and warm up gradually.
- Dislikes hype.
- Will do business with people they trust.
- Very organized and detailed. Will remember and write down what you say and promise.
- Risk averse. Will shut down or go away if pressed for decisions.
- Fears a loss of stability or security.
- Wants to meet face-to-face.
- Moves slowly.
- Resists change.
- Possessive. Resists giving up roles and responsibilities to employees even if it means not growing their business.
- Doesn't multi-task well. Prefers to do one thing at a time.

The Ideal Meeting or Support Conversation

- Create an agenda. Say up front what needs to be accomplished.
- Leave some room to socialize.
- Show interest in franchisee as a person.
- Keep it informal, but structured.
- Ask questions that draw out franchisee's opinions.
- Help person discover your business as a secure investment.
- Ask upfront what the meeting or conversation take away should be.
- Be logical. Give facts, not opinions.

- Let the merits, data, and information of your programs and plans speak for themselves.
- Recap objectives at the end. Ask if objectives were met; if not, what was missing?
- Let decisions be the next logical step after gathering all the facts.
- Slow down the pace of the meeting.
- Let your guard down and let them get to know you.
- End the meeting with clear action steps.
- Set up appointments for next calls.
- When setting the next meeting or conversation, define up front the objective of the next meeting.
- Focus on the next step. Getting them too far ahead may shut them down.

The Private Eye

Private Eyes are precise, exact, focused, detailed, neat, systematic, polite, logical, professional, open-minded, and slow paced characters. They are the most analytical, compliant, and methodical of the four characters. They are driven by an internal need for perfection and want clear instructions about what is expected of them. Their motto is, “Tell me how you want that done, and I’ll do it.” They are task-oriented, and once they are clear about what is expected, they direct themselves. Unlike Action Heroes, who seek control over others, they prefer to work alone. They pride themselves on being informed, poring over information and analyzing data before making decisions. Private Eyes can be seen as aloof, critical and antisocial. They also can be seen short-sighted, fearful, risk-averse, and resistant to change.

Famous Private Eyes: Bill Gates, *Harry Potter's* Hermione Granger, Al Gore

Core strengths

- Objective and open to new information.
- Very methodical and process driven.
- Quality driven.
- Functions well within a structured environment. Will follow the franchise system.
- Great listening skills.
- Will find holes in your system. Brilliant at creating processes and procedures that plug the holes.
- Diplomatic.
- Highly analytical.
- Very persistent, consistent.
- Conscientious.
- Democratic manager, good at soliciting feedback.
- Pays attention to the details.
- Likes steady pace.
- Will gather information and make data-based decisions.

What can you expect to see from this person?

- Moves slowly.
- Wants the details of the franchise system.
- Prefers structured processes.
- Will check out perceptions against the facts. Open to new information.
- To avoid a conflict, may not tell you everything on their mind in order. Tendency to hold back "negative" information.
- Need to earn trust. Will start off the process as distant and may never warm up.
- Can be too picky or legalistic.
- Slow to react to problems.

- Resists change.
- Very organized and detailed. Will remember and write down what you say and promise.
- Risk-averse. Will shut down or go away if pressed for a decision.
- Will appear as skeptical, but are proud of keeping an open mind.
- Fears being criticized.
- Very process-driven.
- Wants clear instructions about what is expected of them. Needs clear, step-by-step written processes.
- Can lose track of the big picture.

The Ideal Meeting or Support Conversation

- Create an agenda. Tell them up front what needs to be accomplished and what is expected of them.
- Stick to business. Stick to the agenda.
- Keep it formal and structured. Stick with the professional and respect their privacy.
- Ask questions that draw out their opinions.
- Yours will be a formal business relationship; don't try to make friends.
- Ask up front what the meeting or conversation "takeaway" should be.
- Be logical. Give facts, not opinions.
- Let the investment decision be the next logical step after gathering all the facts.
- Recap their objectives at the end. Ask if objectives were met; if not, what was missing?
- Slow down the pace of the meeting.
- Give strong positive feedback that they are on the right course.
- End the meeting with clear action steps.
- When setting the next meeting or conversation, discuss the objective of next meeting up front and focus on next steps. Getting them too far ahead may shut them down.

- The Private Eye is the least entrepreneurial of the four styles and therefore underrepresented in franchising.

As you read these profiles, you will see why some franchisees naturally gravitate toward some parts of your system and resist others. Some styles are poor at critical areas of business, perhaps to the point of being untrainable. For instance, Comedians most likely will never become highly detail-oriented, but will be great in networking and outbound sales. Private Eyes, on the other hand, are brilliant at organization but cannot reliably pound the pavement and sell. There is an old saying, "You can teach a bird to swim, but isn't it smarter to get a fish?" By understanding your franchisees' strengths and limitations, you can best employ their particular brand of genius for maximum benefit.

By the very nature of their business, certain franchisors attract certain styles. For instance, if you are a newer (under five years old) or smaller (under 100 units) franchisor, pay particular attention to people with Action Hero and Comedian profiles. They have the highest risk tolerance and are early adopters. Many small to mid-sized franchisors have a disproportionate share of these profiles in their systems. Often, more established (over five years old) and larger (400 units or more) franchisors will see more Faithful Sidekicks and Private Eyes than smaller, less defined systems because larger brands will be perceived as lower risk investments.

How can you predict someone's style?

We are going to make it look clearer cut than it actually is. Most people are a composite of two styles but are dominant in one. People also vary in intensity, so some people's personalities will be more pronounced than others. For learning purposes, we created logical extremes to help you distinguish someone's dominant style. Following the simple advice we present will provide you a practical place to start identifying and adapting to other's behavior and communication styles and knowing in advance what they need from you in a meeting or conversation.

The best way to predict style is to run a behavior assessment profile. The DISC assessment tool can be administered online, the results are immediate, and the assessment takes less than 15 minutes. These tools are amazingly accurate and useful. Contact us and we can show you how to get started.

But running reports isn't always practical, and you may need to do a "quick read" on the fly. The best way is get an accurate "quick read" is to ask yourself two questions when you meet someone:

1. Is the person more outgoing and expressive or introverted and reserved? Outgoing, expressive people tend to be Comedians or Action Heroes. Introverted, reserved people are Faithful Sidekicks or Private Eyes.
2. If the person is outgoing and expressive, ask, "Is he more informal and personal or distant and professional?" Outgoing, expressive, informal, and personal means Comedian. Outgoing, expressive, distant, and professional denotes an Action Hero.
3. If the person is introverted and reserved, stop right there. Chances are you aren't going to get any additional cues, because they are not expressive. Since about 80 percent of introverts are measured to be Faithful Sidekicks, go with the odds. Sidekicks and Private Eyes are very similar, so the distinction isn't that important anyway.

You will only be minutes into a meeting or conversation before you make this distinction. This puts you in a perfect position to adapt to them.

Key Points

What style or styles do you most closely represent? Think about the employees/franchisees you have the most problems communicating with. What styles do they most closely represent? While you speak

and act according to your style, others listen and respond according to their style, creating consistent breakdowns in communication and results. How do you need to adjust your style to match theirs to improve your communication and effectiveness?

Many breakdowns in relationships or communication are caused by style differences.

Chapter 4: Driving Franchisee Performance

Three Tools in the Operations Support Toolbox

The franchisor's support team has three basic tools to accelerate a franchisee toward peak performance:

- **Training**
- **Consulting**
- **Coaching**

When used in combination and at the right time, they produce breakthroughs in results and performance.

Training, consulting, and coaching *are separate conversations or modes* designed to produce different results. Franchisor support teams need to become experts in each to accelerate franchisees through the learning curve and into peak performance.

In this chapter we will distinguish the differences between the three modes. In the following chapters we will discuss training, consulting, and coaching best practices in greater detail.

Training

Training teaches franchisees *how* to perform, conveying information they need to win. Provide opportunities for franchisees to practice, refine, and lock in what they've learned.

Training delivers the **K**nowledge and **S**kills components of the KASH model of success we defined earlier.

Training involves teaching franchisees how to fish. The first thing a franchisor needs to do is explain, "What's a fish?" Franchisee training should be highly structured and remedial. Assume franchisees know nothing about your business. Many franchisors send remedial information ahead of training so they can maintain interest.

- When you adopt the role of a trainer, the assumption is you know more than your franchisee. This will create a hierarchical relationship and a different dynamic than in the other two support modes. This hierarchy is not a bad thing, just the short-term nature of the trainer/trainee relationship. This relationship will evolve into a peer-to-peer relationship over time.
- In training, information should flow from trainer to trainee. Picture a new franchisee saying, "In our CPA firm, we didn't do it your way; we did it (such and such) way…" and the trainer responds, "That probably works great in a CPA firm, but we are learning how to run a muffler shop, not an accounting practice." However, listen to franchisees' questions as they may help you locate weaknesses in your training program.
- In training, franchisors speak and demonstrate more than listen. When you do listen, check to make sure your franchisees are "getting it." The relationship between the ops person and franchisee in training mode is more directive than collaborative. There may be moments or training exercises involving collaborative learning, but the overall communication is more directive.
- When franchisees train, they focus intently on building knowledge, skills and winning habits. Your mantra as a trainer is, "Learn, learn, learn, practice, practice, and practice." Remember, practice does *not* make perfect; practice makes

permanent. Only perfect practice makes perfect. Monitor and control the new franchisees' practices, making sure they have perfect practice.

- When you train, franchisors sometimes assume incorrectly that if they show franchisees what to do, they will do it. As a trainer, make sure you monitor practice and close that gap!
- Make sure you are training on business as well as technical skills. Remember, franchisees are not joining your franchise to learn how to unclog a drain; they want to make money and achieve a lifestyle by unclogging drains. Teach them how to deliver the product and market, manage, and promote a business.

Consulting Overview

Consulting is about identifying and fixing problems quickly, based on the support professionals experience of what does and doesn't work in your business.

Consulting is like firefighting; the support person is suddenly called in to take care of a problem fast. While consulting is separate and distinct from training, franchise support teams however should always look for opportunities to help train franchisees after the fact so franchisees avoid repeating a mistake. Franchisees' greatest learning moments occur during these post-breakdown discussions.

When support teams consult, they rely on their own expertise and speak from a place of authority. They direct and franchisees act. Over time, though, it's best to back off and let franchisees diagnose and treat their own problems as they learn what it takes to win.

Coaching Overview

Coaching is about execution. It's about showing a franchisee how to look at their business properly ("Attitude" in "KASH") and adopt winning habits ("H" in "KASH").

Here's what differentiates consulting from training and coaching.

When you coach, you assume franchisees are already experienced and well trained. So:

- You address situations in which franchisees know what to do but aren't doing it.
- You hold your franchisees accountable for "getting some fish in the boat," assuming they already know how to fish.
- You collaborate with franchisees, treating them as peers.
- You focus on results. If they're unacceptable, create a breakthrough. If they're good, make them better.
- When franchisees fail, you ask what happened instead of issuing orders. Coaching assumes franchisees have the solution somewhere within them already, and it's just waiting to come out. By asking the right probing questions, the support person helps franchisees diagnose their problems, implement their own solutions and build safeguards to prevent the problem from recurring.

How do these modes differ? Say a franchisee's sales figures are low.

Training Mode	Consulting Mode	Coaching Mode
"Let's hold a sales training program for your salespeople." The problem is assumed to be caused by insufficient training and a lack of knowledge. ***The solution resides with the trainer.***	"Let me follow your salespeople, hear what they are doing wrong and figure out a solution." The consultant assumes the salespeople or franchisee cannot identify the problem or craft a solution themselves. ***The solution resides with the consultant.***	"How many calls are you making? What reasons are customers giving for not buying? What has changed since last month? What do you need to do differently?" The coach assumes that the right questions will prompt the salespeople or franchisee to identify the problem and find a solution. ***The solution resides with the franchisee.***

Notice how each mode begins with different assumptions. If the support person only knew training, he would assume that all the franchisee or salesperson needed was to know what to do. If all he knew was consulting, he would fix the problems himself and bypass the franchisees, fixing the problem in the short term but failing to empower them to solve their own problems long term. This eventually leads to overdependency on support staff and stunts franchisees' growth.

If all the ops person knew was coaching, he would assume a gap between knowledge and execution and help franchisees solve problems themselves. "The system works," the coach says. "Where are they not working it, and how do they get back on track?"

Coaching does not work well unless the franchisee already possesses a strong foundation of knowledge and skills.

Key Points

Successful operations professionals mix and match their training, consulting, and coaching hats as the situation demands. Regardless of the hat they wear, their goal is always to maximize their franchisees' results and profitability.

Using all three techniques *at the right time* will produce breakthrough results for your franchisees. In Chapter 8, *Franchisee Lifecycle,* you will learn what we mean by "the right time."

Chapter 5: Training Best Practices

If your goal is to build peak-performing franchisees, training is essential. New franchisees must learn all about their business model — what they sell and how. Experienced franchisees need training on new products and services or new challenges facing the business, or to simply build on their knowledge and refine skills. In this chapter, we will discuss:

- Practical techniques for successful training
- The *Knowledge Training Model*
- The *Skill Training Model*

When franchisees aren't trained properly at the start, they waste their money and franchisors' resources just getting off the ground. That leaves both franchisor and franchisee playing an endless game of catch-up that stunts growth and heightens risk.

Training programs must have clear objectives to meet business goals. They must define the tasks and skills franchisees must master — keep accurate books, hire and retain key employees, marketing, sales — and clearly define performance and quality standards. For example, successful pizza chains require franchisees in training to show they can prepare, cook and deliver pizzas within a specific time to satisfy customers.

Detailed, clear manuals are franchisors' and franchisees' first line of defense. Franchisees who can quickly find answers to common questions save time, money and energy; many franchisors now have online manuals with search functions that allow franchisees to save even more time. These manuals *need to be written*: Too many

franchisors rely on "show and tell" presentations that fade from memory instead of written content that lasts and serves as a permanent resource.

How do you know an operations manual contains enough detail? Someone should be able to pick up a manual, follow the step-by-step instructions and open and operate a competitive business. When franchisors lack well-defined systems with clear instructions franchisees can easily access, *franchisees are forced to create their own sub-systems because the franchisor is leaving them guessing.*

Another common pitfall is what franchisees call "the data dump" or "drinking from the fire hose."

Training programs need to be paced and consistent with how adults learn.

Adult learning principles

Franchisees are adults, and franchisors must train them that way. This means franchisors need to take into account the unique ways adults learn. Adults want to know why they're being taught something, and want to help direct the lessons. They want diverse, interactive, fun experiences that help them solve practical problems. Franchisors should always:

- ***Put training into the proper business context***. For instance, keep tying the training back to how and why their processes and procedures are efficient, make money, and satisfy customer needs.

- ***Check for understanding***. Ask franchisees what additional training *they* think they need.

For instance, Fish Window Cleaning surveys their franchisees three months after they complete training. Per the survey results, Fish has updated their training to include additional hands-on training and less classroom time.

- ***Focus on application.*** Encourage franchisees to apply what they learn as quickly as possible. For instance, one franchisor who teaches franchisees four basic buying styles and selling tactics for each style, had franchisees access the buying styles of waitresses, waiters, and other restaurant patrons during lunch and dinner breaks during that session.

- ***Solve problems.*** Nothing Bundt Cakes sets up customer situations during training, such as a customer who demands a refund. The trainer asks franchisees to explain how they would handle the customer, and then she has them demonstrate it until she's satisfied.

- ***Use visual aids.*** Most adults are visual learners. A quick-printing franchisor incorporates other companies' training videos to teach their franchisees sales techniques and listening skills.

- ***Use group exercises***. One national convenience store and gasoline distribution franchise used computer simulations in which groups of franchisees would compete against each other in pricing strategies and marketing promotions. The program would access the near term, mid-term and long-term impacts of the decisions. The winners would show immediate gains that would last over both the mid-term and the long term. Franchisees were shocked at how often successful short-term decisions undermined long-term profitability.

- ***Control the learning environment.*** Have clear boundaries and get agreement that the franchisees will honor those boundaries. For instance, "We will start exactly at 8am. During that time, we would like cell phones off. Are we in agreement?"

- ***Make it personal.*** The best way to make training stick is to clearly demonstrate how it will help the franchisees make money. i9Sports, asks franchisees to write down their revenue and profit goals at the beginning of training, then helps them develop business plans with a 36-month cash flow planning tool. This tool allows franchisees to model scenarios while immediately seeing the relationship between key business levers and their future profits. The franchisor's business coaches then use the same financial goals as an ongoing point of reference and coaching tool to assist each franchisee.

Remember — tying training methods to business goals is the key. When a member of the support team trains a franchisee on sales, he doesn't just have the franchisee read a book. He has the franchisee role-play answers to common objections, listen to audiotapes of an effective sales call, and perhaps shadow other effective salespeople. Then the owner would practice what they learned by making cold calls, conduct interviews and make presentations. The support person

Franchisors need to impart the requisite knowledge and skills to franchisees as quickly and efficiently as possible to propel them through the learning curve and past the break-even point to sustainability.

The techniques used for imparting knowledge are different than those used to impart skills. Let's explore those differences.

<u>The Knowledge Training Model (Giving away "K" in KASH)</u>

- *Read*
- *Apply*
- *Discuss*
- *Test/Verify (Post-training assessments)*
- *Sign off*

Read: Franchisors need to have the information they want transferred written down in an easy-to-follow, step-by-step approach that a franchisee can easily search or access.

Apply: Help franchisees implement the knowledge they learned. Ask questions. Create individual and group exercises. Observe them in action. Role-play sales situations. Let them see how the information applies to what they are doing.

Discuss: Have franchisees review their notes. Let the franchisee ask questions and create an open dialogue. Help them understand why the franchisor does business one way and not another.

Test/Verify: Offer a quiz or have the franchisee give you a "hands on" demonstration showing that the knowledge was effectively transferred. For instance, have them schedule labor for a week or close out the cash register to show you they know how. Or you can informally ask questions about what you just taught to see how much they are absorbing. Computer Explorers, the nation's leading technology education franchise, conducts eight weeks of post-training conference calls to measure franchisees' retention levels and fill in learning gaps.

Sign Off: Does the knowledge appear to have been effectively transferred? Is the franchisee "getting it?" If so, sign off and move on. In addition many franchisors have the franchisee actually sign off that the training was received, negating some franchisees' tendency to dismiss the franchisor later in the learning curve by saying, "They didn't teach me that in training!" As one Director of Training from a major food service brand says, "We don't want to rub the franchisee's nose in the fact that they received the training but to acknowledge it so that we can address the need and move forward."

The Skill Training Model (Giving away the "S" in KASH)

- *Read*
- *Role Model*
- *Perfect Practice (to establish winning habits)*
- *Test/Verify*
- *On the Job Refinement*
- *Test/ Verify*
- *Sign Off*

Read: Again, have the "how to's" written down as a reference tool. Remember, conversations have little staying power.

Role Model: Show franchisees how tasks are effectively, skillfully, and efficiently completed. Medical schools teach surgery using the "See one, do one, teach one," training model. Here, they are seeing one. Next, they will do one.

Perfect Practice: Franchisees should practice in a controlled environment, away from the normal hectic pace of business. For instance, one quick print franchise and another national convenience store chain built a mock storefront on their corporate campus for franchisees to practice what they learned in training in a controlled environment. Fish Window cleaning has a fully operational flagship window cleaning center at the corporate training center that is used for hands-on training in a real world environment. The operations support teamwork side-by-side with the new franchisees as they provide front line service and support as they anticipate the needs of the customer.

Test/Verify: Are the franchisees completing their tasks the right way in a controlled training environment? Do they know what to do and know how to implement what is being asked? AlphaGraphics has

new franchisees create prospect lists prior to coming into training class. New franchisees make calls as training facilitators listen and observe the calls from another room. Facilitators then review the outcome of the calls with the franchisee.

On-the-job refinement: Now it's time for a franchisee to demonstrate what they learned real world, uncontrolled "combat" conditions. For instance, Menchie's frozen yogurt operates a training center attached to their flagship store where franchisees are close to the action and can serve customers under close supervision.

Test/Verify: In a "live fire" environment, franchisees should exhibit at least the minimum acceptable performance for the task at hand.

Sign off: How did they do? Do they get it? If not, what is missing?

Another great way to nail down your training is to bring franchisees into your initial or ongoing training programs to serve as an assistant to the facilitator or trainer. One business service franchisor used to bring in franchisees with six months' experience to serve as an assistant to the corporate trainer during new franchisee training. New franchisees benefitted from hearing how their training applied "in the real world." When these assisting franchisees taught new franchisees (while under the supervision of an experienced trainer), they also learned the business at a whole different level.

One of franchisors' biggest training mistakes is to bring in only seasoned franchisees to help. The best franchisees are often very good at certain tasks; they perform them naturally and no longer can teach them effectively. They are unconsciously competent. Imagine asking Arnold Palmer, "Teach me to swing like you." Great golfers are more focused on the strategy part of the game, like where they want the ball to land, than on the mechanics of their swing.

They may have determined short cuts or personalized some systems that work for them but not for a novice franchisee. A trainer's worst nightmare is to have an experienced franchisee say, "I know corporate

tells you to do it this way, but let me show you what works in the real world."

So solicit the help of franchisees who are just beginning to perform well. They are "consciously competent." They think about the mechanics of what they're doing and are best at communicating that to new franchise owners.

We covered the "K" and the "S" in "KASH," what about the "A" and the "H?"

Now, you may be asking whether or not "Attitude" and "Habit" have their own training model similar to "Knowledge" and "Skills." The quick answer is "No." Coaching is a better tool for creating attitude change. We will discuss coaching best practices later.

Habits are formed by frequently repeating tasks. Remember, practice *does not* make perfect. Practice makes *permanent*. Only *perfect* practice makes perfect. Bad habits form as easily as good ones.

Common Training Mistakes

- Systems are not properly documented, leaving information gaps which a franchisee may feel compelled to fill on their own.
- Training programs are "data dumps," requiring trainees to absorb too much information in too little time.
- Trainees offer knowledge but not experience. David Sandler, founder of Sandler Sales Institute often said, "You can't teach a kid to ride a bicycle in a seminar." Nor can you in a classroom or with a book. Kids learn to ride bikes by falling down a lot and scraping their elbows and knees until they finally achieve balance. So it is with franchising. It's often impossible to predict when in the process success will happen, so don't force the issue. Franchisees get KASH when they get it. Nonetheless, franchisors should have a track record that

shows franchisees get it eventually, before they run out of the other kind of cash**.**

- More emphasis is placed on training than on consulting and coaching after training. Knowledge is overrated. Why do so many people smoke? Don't they know it causes cancer? Why are so many adults obese? Don't they know how to order a salad and exercise on a treadmill? On its own, knowledge doesn't necessarily make a difference. Consistent and skillful implementation of knowledge is what produces results. Many franchisors assume that if franchisees know what to do, they will do it skillfully. They forget about the big gap between knowledge and execution. Experienced franchisors acknowledge and then bridge that gap.

Key Points

Many franchisors take a "one and done" approach to training and assume that one intensive classroom training session will do the trick. Unfortunately, no matter how well material is delivered, there is a

limit to how much information one can digest and implement right out of the block. Think about what your franchisees need to know before they open, after they open, and at major points in their learning curve. The goal is to provide training "just in time," when the content is most relevant and franchisees can apply it. For instance, i9 Sports breaks training into four distinct phases and uses a combination of face-to-face classroom training, Webinars, and on-location training spread out over the first 12 months of start-up. Other franchisors bring their franchisees back into training three to six months into the business, when the franchisees can put the training in better context.

Chapter 6: How to Consult with Your Franchisees

According to Alan Weiss, consulting expert and author of *Million Dollar Consulting*, consulting is the process of providing specialized expertise, content, behavior, skills, or other resources that help a client — in your case, the franchisee — to improve their current performance. In his view, consulting is all about adding value by driving results.

The franchisor's support team needs to understand the following when consulting franchisees:

- The process of consulting
- Techniques for managing franchisee's resistance

As mentioned earlier, consulting is different from both training and coaching. With training, you help the franchisee acquire the knowledge ("K" in "KASH") and skills ("S" in "KASH") to perform a task *himself*. With coaching, the franchisee already knows how to perform a task, but may need to be held accountable for doing it consistently. Coaching, as we will discuss later, completes the "KASH" formula for success by helping franchisees with formulating winning attitudes ("A") and habits ("H").

With consulting, the focus is on deploying *your* knowledge and skills to fix an immediate problem. Consulting involves troubleshooting problems that are holding the franchisees back or identifying and providing whatever is missing to accelerate their growth. While the process for consulting and coaching is similar, the key distinction lies in who authors the solution. In consulting, the franchisor does most

of the identifying and crafts the solution. In coaching, the franchisee identifies and solves their own problems guided by probing questions asked by the franchisor.

The process of consulting

Consulting typically moves through five phases:

1. Fact finding and diagnosis
2. Feedback and decision to act
3. Defining roles and responsibilities
4. Implementation
5. Measuring results

Most consulting is done after the franchisees have completed initial training and are open and operating.

Fact-finding and Diagnosis

Many times, the initial problem raised by the franchisee is not the real issue at all. A skilled consultant will listen to the franchisee but look beyond what they hear to determine where the breakdown or problem really exists.

For instance, a franchisee may say, "I can't find quality employees. They quit for an extra dollar an hour." A franchise ops person in consulting mode will hear their feedback but not assume the pool of employees is the problem. They will begin to peel back the layers and ask questions like, "What is occurring in the hiring process?", "How does the franchisee manage existing employees and what is the impact of their management style on turnover?", "What is going on with the franchisee or company which results in such high turnover?"

The ops person will seek to identify:

- What actually happened?

- Is this the actual problem or just a symptom of another problem? What are the events, thoughts, processes, structures or actions that caused the problem in the first place?

- Is the problem focused or wide-ranging? What other people, processes, systems or results are affected? Do other franchisees have the same problem? If so, what happened?

- Who within the franchise "owns" the problem? Who is responsible?

- Who else within the franchisee's operation can share information about the problem?

Feedback and the decision to act

Once the operations support staff has identified the problem, they need to communicate it with the franchisee and secure the franchisees' commitment to resolve it. Don't play "the blame game"; stay focused on what must be done to fix the problem.

Also, support staff should not be surprised if their feedback triggers some resistance. It is more likely the result of the franchisee's defensiveness, resistance to change or avoidance of responsibility rather than a personal attack against the support team. Again, to lessen franchisees' resistance, focus on "What is missing" and "What happened," and "What must be put in place," rather than "Who is at fault" or "Who is to blame."

Keep in mind, often the franchisor support team may identify a different cause of the problem than the franchisee and therefore a different solution. If the franchisee doesn't see the franchisor's recommendation as an appropriate solution, *expect resistance*. Do not assume they will buy in. If the franchisee does not commit to act, everything that is supposed to happen next will break down. Do not

confuse a franchisee's silence with agreement. Listen for both agreement and a commitment to act.

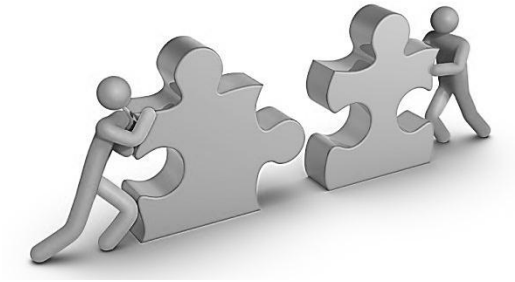
Lastly, the support team needs to be able to set quantifiable goals and measure results. The support team and franchisee must work together to determine, "How we will know the problem is solved?" and "What do we need to measure?"

Defining Roles and Responsibilities

Once a problem is identified and the franchisee commits to resolution, the next step is to create an action plan to establish who is responsible for doing what by when. In this phase, both the franchisor's support team and the franchisee need to know what they can expect from each other. The support staff also needs to address franchisees' mixed emotions — they want their problem solved but may chafe at their perceived loss of control over their businesses, so the franchisor's support staff needs to be ready to address any feelings of inadequacy or resistance. Finally, both franchisees and the support team want a plan in place to resolve any similar problem in the future.

Implementation

The support team and franchisee must do whatever it takes to solve the problem — whether they call on the marketing department, other franchisees or anyone within the system who might be able to lend their expertise in a given area. The support person's role is to harness the collective genius of the system to resolve problems.



In larger franchise systems, support staff has the benefit of more specialized knowledge. For instance, if they determine the franchisees' location selection is an issue, they can have the real estate department contact the landlord and get concessions. Smaller systems do not have this luxury. If the franchisor doesn't have "specialists" on their payroll, they must cross-train their support team to become good "generalists."

Whether franchisees are working with specialists or generalists, the goal is the same: Get the problem solved and ensure it doesn't happen again.

Measuring results

Back in the step "Feedback and the Decision to Act," we discussed how to set measures for performance and indicators of success. For longer-term solutions such as one year out, the franchisee and support team should have an end goal combined with a set of monthly benchmarks consistent with the long-term goal. The benchmark becomes the franchisee's and support team's early warning system. If the franchisee misses the benchmark, the goal is at risk.

If that happens, the support team should start the consulting process over again, beginning with fact finding and diagnosis, asking questions such as, "Why wasn't the benchmark hit?" "What happened?" "What is missing?" "What additional resources are required?" and so on.

The consulting process assumes that franchisees implemented what they agreed to during the "defining roles and responsibilities" phase. Of course, this doesn't always happen. The first time it doesn't, let it go and keep following the normal consulting process. The support team may need to adjust benchmarks and modify goals, but otherwise carry on as if nothing is wrong.

The second time it happens, the franchisee has established a pattern of resistance. The consulting process has broken down. It is time to confront the franchisee by identifying and eliminating the root causes of their resistance.

Practical techniques for managing resistance

According to Peter Block, consulting expert and best-selling author of *Flawless Consulting*, the hardest part of consulting is coping with a client's resistance to willfully implement the consultant's advice. Sometimes, even when a problem is correctly diagnosed and the right solution presented, franchisees may still stonewall. Block suggests that their resistance is more emotional than rational. It seems to be intrinsic to both the franchisee-franchisor relationship and the franchisees' learning curve.

For example, the franchise support team may recommend that the franchisee hire and train a salesperson. The franchisee may be attached to that role and resist giving it up: "I got us here. No one can sell like I can. My customers want to do business with the decision-maker, not some powerless salesperson."

The franchisor's support staff must learn how to identify resistance. In our many years in franchising, seldom have we heard a franchisee say, "I am resisting implementing your business advice. I don't want to implement it and you can't make me." Resistance takes subtler forms:

- Endless requests for more information and no action.
- Frequent rescheduling or postponing of calls or meetings.
- "I'm too busy."
- "I am already working 24/7! How much more can I do?"

- Total silence, in spite of repeated attempts to solicit a response.

- Surprising looks of confusion over easily understood problems, as if "confusion gas" was suddenly piped into the room.

- Stoic, "deer-in-the-headlight" stares as a knee-jerk reaction to your business advice.

- Killing the messenger. A surprise personal attack on the franchisor's or support team member's credibility, authority, or worth.

- Blaming the system. Franchisees think, "I am working the system, but the system is not working. It's not my fault. The system is broken."

Support team members should never take resistance personally. Their resistance stems from a feeling of loss of control and personal vulnerability. Franchisees, by nature, resist structures and systems they don't create. Resistance is part and parcel of the franchise business model. It will never go away. Never *ever*.

Block suggests walking the franchisee through the following three-step process:

1. Identify it. Watch for verbal and nonverbal cues. Block believes resistance is easier to see than hear. Pay attention to body language. When a franchisee moves away from you, points a finger, clenches a fist, rolls his eyes or shakes his head, seize the opportunity to practice dealing with the franchisee's resistance.

2. Pick up the cues from the franchisee and then describe what you are hearing and seeing. Examples would include (support person talking):

- *"You are being very quiet."*
- *"You look angry with me."*

- *"You seem stressed."*
- *"You appear confused."*

3. Practice silence. The franchisee will respond to your description of their resistance with their reasons and justifications. Their acknowledgement will help them become less defensive and more likely to work on the problem. During conference calls, pay close attention to tone of voice. Listen carefully for signals of distress and resistance.

Consulting is best done when franchisees lack the knowledge (K) or skills (S) to diagnose problems and craft solutions. They depend on the support team's KASH to navigate them through their learning curve. When the franchisee has acquired the necessary KASH to achieve acceptable results, the support team should stop consulting and start coaching. Too much consulting may create an unhealthy dependency cycle on the franchisor.

Key Points

Effective consulting happens in five stages:

1. Fact finding and diagnosis
2. Feedback and decision to act
3. Defining roles and responsibilities
4. Implementation
5. Measuring results

Franchisees naturally tend to resist solutions they didn't create, so make sure they "buy in" along the way. Deal with any resistance immediately or risk hurting results later.

Consulting is primarily done earlier in the learning curve before the franchisee has the ability to define their own problems and craft solutions.

Chapter 7: How to Coach Your Franchisees

Coaching is the third mode franchisors use to impart the KASH formula for success. Coaching is generally done in two levels. The first level of coaching is very similar to consulting, but with one key difference. When consulting the support team helps define problems, craft solutions, and may have a role in the implementation of the plan. When coaching, the support team asks questions designed to help franchisees diagnose their own problems and craft their own solutions. The support team would have little to no role in the implementation of the plan.

When franchisees first join a franchise system, they form a dependent, hierarchical relationship with the franchisor. Franchisors teach; franchisees learn. As franchisees accept the business model, the relationship matures, and franchisees expect to be treated more as partners than underlings. Franchisors must respect, embrace and encourage this change for a franchise system to succeed.

In professional sports, coaches devise winning strategies, but ultimately the team has to execute them to win. From the sidelines, coaches sometimes see things players miss because players are focused on playing, and the coach can focus on observing. Coaches communicate those observations to the players, watch the clock and scoreboard, and help players adjust tactics and strategy as the game progresses. But it's always the players' game to win or lose.

That's what a mature relationship is like between franchisors and franchisees.

Coaching is the support mode designed to alter the franchisee relationship from one of dependence, to independence, and ultimately interdependence.

Elements of coaching include:

- Goal setting and benchmarking
- Strategic and tactical planning
- Measuring results
- Debriefing and accountability
- Creating new challenges
- Designing conflicts

Coaching is done in two phases or levels. *Level One Coaching* involves everything on the previous list from goal setting through accountability. *Level Two Coaching* involves creating challenges or designing conflicts. Support staff resorts to Level Two Coaching only when Level One isn't working.

Notice how "enforcing compliance" is missing from the list. When franchisees are engaged in their business and communicate well with the support team, compliance is seldom an issue. Sure, franchisees wander off the reservation from time to time, but as long as the franchisee-franchisor relationship is healthy, they almost always find their way back.

Level One Coaching

Goal Setting and Benchmarking

Coaching must establish a clear target, and it must be *the franchisee's goal*, not the franchisor's goal. Franchisees are more motivated to hit their own objectives. Support people should draw out franchisee goals through simple questions, such as, "What do you want to achieve?" Once they express their objectives, support staff should help clarify objectives until they pass the S.M.A.R.T. test:

S = Specific. “I want to significantly increase my sales” is general. Ask, “By how much?”

M = Measurable. If the franchisee answers, “Ten percent,” the franchisee and support person have a way to tell identify whether the franchisee met the goal.

A = Attainable. The franchisee, *not the franchise support person*, has to believe he can reach the goal. People are wired to aim only for targets they believe they can hit. Attainability is subjective. Support people can set unrealistic goals, and franchisees will set their sights lower. Sometimes, it’s the franchisee who sets the target too high. Rather than risk hindering the franchisee’s efforts, the support person should simply say, “I don’t know how to achieve this objective,” rather than, “That’s impossible!” Then the two should start piecing together how they might achieve that result.

R = Relevant. The franchisee needs to believe the goal is worthy of the effort. Often, franchisors set high sales goals for mature, comfortable franchisees, thinking they’ve grown complacent. But the franchisee may already have reached their lifestyle goals after years or decades of hard work. “I have all the money I can spend,” the franchisee thinks. “Why should I kill myself?”

T = Timetable. Franchisees should always set a reasonably short deadline for reaching their goals. Deadlines create urgency, which spurs action, which leads to results.

Once the goals are set, the franchise support person should help the franchisee establish benchmarks by working backwards from the goal. For instance, if the franchisee wants to increase sales 10 percent by the end of the year, where does he need to be at the end of November, October, September …?

Strategic and Tactical Planning
After setting benchmarks, support staff should help franchisees craft a strategic or tactical plan. Say the franchisee wants to increase sales 10 percent by December 31st. The support staffer learns the franchisee's lead-to-close sales ratio is 25 percent, normal for that chain. Together, they determine that the franchisee must make four additional cold calls per day to reach the 10 percent increase goal. If at week's end the franchisee has made only two extra calls per day, both franchisee and support person know the franchisee will miss the benchmark unless the franchisee doubles his lead-to-close effectiveness.

Debriefing and Accountability Calls
Support staffers must hold franchisees accountable for hitting their benchmarks so they can make adjustments. If franchisees are off track, the support team should prompt franchisees to diagnose their own problems by asking such questions as, "Why do you think sales are off this month?" and "What did you do differently?"

Support staff should avoid judgment, such as, "Don't you think by rejecting our advice and cutting your advertising budget, you decreased your customer flow just like we predicted you would?"

Let's say a mature franchisee's sales are off for two months in a row. Start probing. Assume the franchisee has the knowledge and skills to find the solution but just can't access it. Support could ask:

- How much are you spending on marketing?
- Where are your advertising dollars going?
- When are they receiving it?
- What are you offering?
- Which advertising vehicles work? Which don't?
- How many new customers return?

Franchisees may respond to these kinds of questions with confusion or other forms of resistance. If that happens, don't jump into

consulting mode by supplying the answers. Stay in coaching mode until it's clear they really don't know and they aren't resisting:

Franchisor: "Why are your advertising offers not drawing in customers?"
Franchisee: "I don't know."
Franchisor: "What do you think?"
Franchisee: "I'm not sure." (Acting confused.)
Franchisor: "What offer could you make that you know they would respond to?"
Franchisee: "Last time, we did a 'buy one, get one free' and customers flocked in."
Franchisor: "Did you see residual sales?"
Franchisee: "We had eight weeks of improved sales, then they leveled off."
Franchisor: "How can you use this information to drive your business?"
Franchisee: "I can do a 'buy one, get one free' every nine weeks."

In time, most franchisees learn how to implement the system and prosper. In that case, franchisors just need to encourage and support franchisees to keep improving their execution and results. But sometimes franchisees' business plans fall apart, and franchisees simply fail to do what they need to. What then?

Level Two Coaching

Creating Challenges

Often, when a franchisee ignores the support team's advice, the support team takes it personally. Support people who don't control their frustration can create a powder keg with the franchisee and damage the relationship for good. Here are some techniques for challenge franchisees without alienating them.

- Determine why the task wasn't done. The franchisee could have a logical reason, so you should hold off on the heavy artillery.

- If there's a good explanation, stress the importance of staying on track and get the franchisee "back into the game" as quickly as possible. Pinpoint the source of the error. For instance, if the franchisee is not paying royalties on time, have the franchisee set a reminder in Microsoft Outlook or Google Calendar or, better, set up an automatic bank draft.

- If the franchisee lacks a solid explanation, remind him why he's in business and how the plan helps achieve his goals. Ask the franchisee if he still believes the goals are worthwhile and attainable. If so, have the franchisee recommit. If not, it may be time to ratchet back or change course. Maybe the franchisee's ladder is just leaning against the wrong wall.

In any case, secure the franchisee's commitment to complete the next task in the plan and hold the franchisee accountable until he completes it.

But even that approach can sometimes fail. A few franchisees will continue to slip up or avoid responsibility. When that happens, it's time to design a conflict.

Designing Conflicts

When a franchisee repeatedly fails to execute plans for no valid reason and makes no effort to get back on track, the franchisor is dealing with a potential failure. It's time to raise "the red flag," get firm and design a conflict.

Conflict is not necessarily a bad thing. When used properly, it can be an effective tool to catalyze action. *Conflict is not fighting*. When you fight, you focus on winning, not creating a positive result. It's important to remember that the conflict is not between the franchisee

and franchisor; it's between *the franchisee's stated objectives and corresponding actions*. The franchisee is in conflict with *himself*. The conflict has nothing to do with the support team personally. When things get personal, fights result. Remember: Stick to the facts. Don't assign motive or make things personal. Your goal is to arm the franchisee with the tools he needs to solve the problem.

Here's a true story about VP of a business service franchisor who successfully designed a conflict with a franchisee who failed to meet his goals and showed no sign of improvement.

First, the VP accurately described the situation: "Let's agree that you aren't following the system. We've had multiple conversations about the importance of following our system, which you committed to do before you signed your franchise agreement and completed training. We granted you a franchise based on this commitment. Later, you agreed to take (such and such) actions by (such and such) dates to bring yourself into compliance and achieve results. These actions were never taken. This brings us to a crossroads. I see three choices you can make. First, you take the necessary steps to follow and master the system. Second, you send me a letter acknowledging that you are not following the system, taking full responsibility for your results, and absolving us of having to support you under our franchise agreement. Third, you can take no action which then puts me in the awkward position to default you under the franchise agreement. Please don't make me default you. This is not the course of action I wish to take. When will you let me know your decision?"

The VP controlled the choices. The franchisee was made clear about the outcomes of the choices and was empowered to choose.

The good news? The franchisee got the necessary jolt. Within two years, the franchisee was a top performer and a brand advocate to other franchisees.

Sometimes a franchisee needs a breakdown to create a breakthrough.

There's a big difference between designing a conflict and making a threat. When you design a conflict, you avoid judgment and equip the franchisee to make decisions and accept responsibility for the consequences. You freely accept whatever they decide with no attachment to the outcome of their decision. When you issue a threat, you make a demand to coerce an action with severe consequences attached to saying no. While the franchisee may respond to this instance of your use of force, they have long memories and may look for the first opportunity to push back, like when a franchise candidate calls to validate the system.

If you choose to design a conflict, use this structure.

1. Schedule a conversation as soon as possible. Do not use email or snail mail, which usually make the message harsher than the writer intends. Do not procrastinate, but allow enough time to move beyond anger or resentment that might infect the conversation.
2. Stick to facts, details and events. For example, ask the franchisee, "What is happening from your perspective?" and "How do you view the situation?" Avoid assigning motives or value judgments, such as, "You must want to fail!" or "You are trying to get away with something."
3. In objective and neutral terms, ask the franchisee what he thinks is the logical outcome of his actions. For example, "If you continue your present course of making fewer than recommended sales calls, where will your sales be at the end of the year?" "What will be the impact on your cash flow?" "Are you prepared financially to cover your losses?"

   For more egregious compliance issues, explain what the operations team must do in response. For example, *"Our*

marketing system calls for you to spend approximately 5 percent of your projected sales in advertising. In addition, you need to make 10 cold calls a day. You have indicated you would step up your spending and marketing efforts to the recommended levels but failed to follow through on that commitment. We are at a crossroads. Here are your options. First, you can follow through on your commitments as originally discussed. Second, you can submit an alternate plan that shows us how you will get back on track. Third, you can fail to act, which will trigger a default notice, which will give you only 30 days to solve the problem. Lastly, you can sell your franchise and go in a different direction. What would you like to do?"

4. Set a deadline for the next step, and confirm the franchisee's agreement with both the step and the deadline.
5. End the meeting cordially.

A franchisor's operations staff will inevitably encounter situations like this. It's important for them not to be authoritarian; franchisees typically resist being told what to do, and the more a franchisor tries to control the franchisee, the more the franchisee resists, which turns into a vicious cycle. Once the franchisee-franchisor relationship is defined more by command, control, and resistance than collaboration, actions and results, it's often best for the franchisee to leave the system.

Exerting authoritarian control should be a last resort. It's much better to remain in problem-solving mode, in which franchisees are free to choose their direction.

Two other things support staff should avoid:

- **Legalism**. Don't get lost in minor infractions that don't really affect results. Distinguish between what's important and what's not. Every franchise system has "brand essentials" like how the

logo is used and "minor details" which in the long run, aren't worth risking the relationship over. Pick and choose your battles.

- **Abdication.** Letting the crucial things slide. Sometimes, franchisees with strong personalities can intimidate and steamroll the operations team, and the ops team lets it happen to avoid a major conflict. Remember what's at stake: the integrity of the system and brand.

Key Points

There are two schools of thought about how to best encourage a franchisee to follow the system.

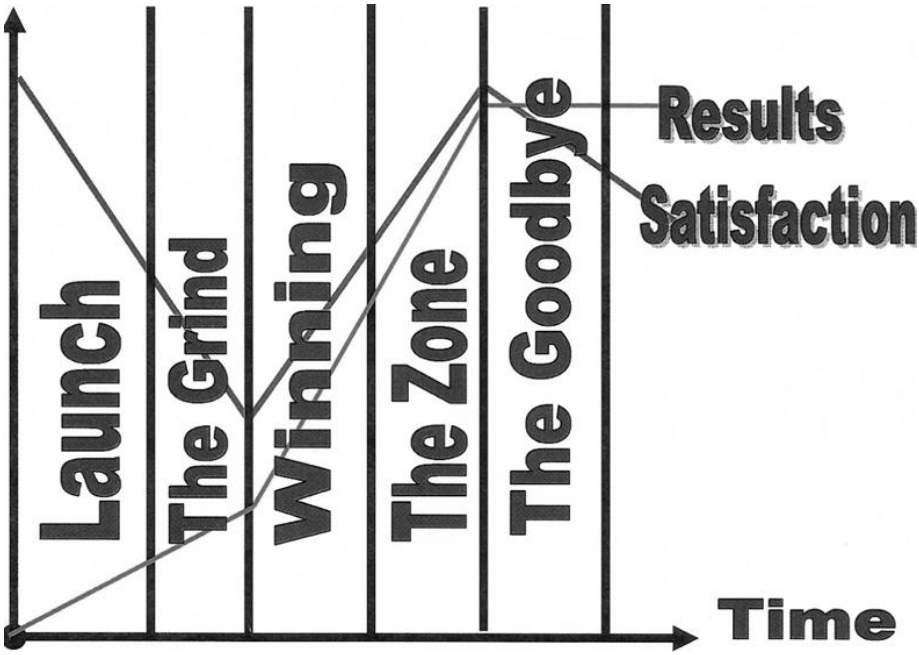
- The first school promotes the "carrot and stick" approach — motivate through incentives (the carrot) and, if that fails, punishment (the stick).
- The second, more powerful approach: Teach franchisees to become thoroughbreds, then open the pen and let them run! And they will, because that is what thoroughbreds were born to do.

Coaching is not about micromanaging, enabling, rewarding, punishing, or forcing franchisees into action. Coaching is about helping franchisee evaluate their available options and choose the right actions which produce the greatest results.

Chapter 8: Franchisee Lifecycle

How Franchisees Evolve Over Time

Just as people evolve through stages in life, franchisees evolve through stages in business based on their results and satisfaction levels: The Launch, The Grind, Winning, The Zone, and Goodbye.



This chapter will help support teams identify where franchisees are in their life cycles and give them proven strategies to accelerate franchisees through the learning curve. This is the most important chapter, the one you will reread, mark up and refer to. We will discuss how franchisees' KASH (knowledge, attitude, skills, and habits) changes within each stage and how franchisors need to tailor their support (training, consulting, and coaching) to help the franchisee successfully navigate to the next stage.

Franchisees go through emotional fluctuations, from the joy at opening (Launch); to the frustration of minimal results despite huge effort because of frequent mistakes (The Grind); to satisfaction from success (Winning); to mastery of the franchisor's business model (The Zone). Pay particular attention to the inverse relationship between franchisees' results and satisfaction in the first two stages of the learning curve.

We answer four important questions.

1. What is the predictable learning curve and life cycle of a franchisee's business, and what happens during each stage?
2. How can a franchisor accelerate franchisees through the learning curve and into The Zone (where they pay the most royalties and consume the fewest resources)?
3. What is the proper combination of franchisor support (training, consulting, and coaching) that accelerates franchisees through each stage?

Let's look at The Launch from the franchisor's perspective. Many franchisors make little or no money from franchise fees, which usually cover the cost of running the franchisee recruitment department. Most franchisors rely entirely on royalty income or other forms of recurring revenue to create an acceptable return for shareholders. Peak-performing franchisees pay the highest royalties, purchase the most products, and generate the most revenue while at the same time requiring fewer franchisor resources than lower performers — making them *the franchisor's highest-margin customers.*

Franchisees in Launch and The Grind generate the lowest royalty revenue and product sales because they're just starting. When franchisors support them adequately, new franchisees consume most of franchisors' time and management resources, so franchisors tend to lose money on franchisees until they grasp the KASH success formula. Meanwhile, franchisees in Winning or The Zone subsidize

these owners' support and training. Therefore, franchisor success depends on how well and how quickly it gives franchisees the necessary KASH. When mature franchisees — in business three years or longer — aren't winning, the whole franchise system may implode under the weight of the franchisees' support needs.

Flashback: Three Modes of Franchisor KASH Distribution
The three ways franchisors will help franchisees accelerate through the learning curve are training, consulting, and coaching. When used in combination and at the right point in their business lifecycle, these modes will work together to achieve the same goal: franchisees' peak performance.

Some franchisors instinctively support their franchisees correctly. They may train, consult, and coach their franchisees at the right time and in the right combination without even knowing the difference or what to call it. Others understand the differences and the timing, and have a proven system for supporting franchisees. A third group, consisting of unskilled franchisors, doesn't know the differences or the timing and may never bother to learn.

The goal of training is to transfer knowledge and skills (K and S of the KASH model). The goal of coaching is to help franchisees to stay inspired and think about the business and franchisee-franchisor relationship in the most powerful way (A for "Attitude") and to develop and maintain winning habits (H). The goal of consulting is to identify problems correctly and fix them fast. During the consulting process, support teams will often discover training needs.

Successful franchisors know how to mix and match training, consulting, and coaching at the right times. We will look at how franchisees' needs change and therefore how the right combination of training, consulting, and coaching must also change, as franchisees move through the learning curve.

Launch

New franchisees are filled with mixed emotions — some fear, but mostly joy, hope and wonder, as if they can look across the years and see the life they're designing for themselves and their families as already occurring. These highly spirited franchisees move feverishly through pre-opening activities, such as securing a location and buying inventory, and hang on to the initial training instructor's every word. They leave training ready to make their mark on the world, eagerly serving their first customers and treating themselves and employees with kindness. They see mistakes as chances to learn. Money is tight, but they've expected that, and they are often right on plan. Franchisees know their results will come eventually if they diligently learn the franchise's KASH formula — and here's how franchisees' KASH fluctuates during each stage, and what it takes to graduate to the next level.

Franchisees' KASH Balance During the Launch

Knowledge

When franchisees launch, much of their business knowledge becomes irrelevant. In truth, when they sign their franchise agreements, it's also as if they signed a permission slip which allows them to be incompetent for a short time. However, they know the franchisor has the knowledge they lack, even if the franchisor crams so much knowledge into their craniums during training, they're afraid their eyes will pop out.

Attitude

Life is good. The grass looks a little greener, the sky a little bluer and birds are singing. Each day is filled with excitement, adventure, and awe. For the first time in a long time, franchisees feel they're being called into action. Instead of throwing shoes and curses at their alarm clocks, franchisees often wake up before it rings, charged with the electricity of an exciting new day.

Skills

New franchisees don't demonstrate polished on-the-job behaviors,

which is normal, so Launch is a time for deep personal and professional development. Franchisors are typically skilled at imparting knowledge to franchisees but often ignore skill development, leaving franchisees to develop skills on their own. For instance, a franchisor may have documented and taught franchisees how to sell, the product's benefits and what sets it apart from the competition. But the franchisor may have no continuation program to develop sales skills for franchisees who have never sold before.

Sales is a conversation, and good salespeople are expert communicators. Expert communication requires such refined personal skills as:

- Interviewing skills. The ability to ask pertinent questions to determine another's needs.
- Problem-solving skills. The ability to correctly identify needs and problems and craft effective solutions.
- Empathetic listening skills. The ability to put oneself where the customer is standing and see their needs from their perspectives.
- Speaking and being understood. Being able to relate information to a customer in a way that is relevant to the customer's needs.

While many franchisors have correctly documented their sales process, fewer franchisors can identify gaps in franchisees' skill sets and develop programs to fill them in. How many franchisors have programs that teach franchisees how to listen? When franchisors don't teach these skills, franchisees develop them on their own or do without.

Habits

The second franchisees open their doors, they start forming habits…and good habits form as quickly as bad ones. Franchisors should closely observe whether new franchisees invest time and energy in high-priority activities or busy work that produces little. New franchisees should budget time for learning and skill

development, which can determine how quickly they develop and generate profit.

Strategies for a Successful Launch

More Training

Training isn't a one- or two-week event after franchisees sign their agreements but an ongoing process. Remember, many franchisors' training programs are data dumps, the training equivalent of taking a sip of water from a fire hose, and conducted in the vacuum of a classroom setting. Once franchisees begin executing, they discover the context they lacked in training. Depending on how complex the business model is, franchisors should supply three to 12 months of training, skill development, coaching and mentoring designed to boost franchisees to competency. Many franchisors haven't accurately accessed a normal franchisee's learning curve and have a plan in place to accelerate their KASH.

Many franchisors have regular regional and national conferences that offer additional training, networking and panel discussions. But these forums may not meet franchisees' specific needs when they need it. Most offer little opportunity for role-playing, skill development, or additional on-the-job training.

Franchisees have successfully completed their Launch when they become frustrated and disillusioned with the learning curve. Put another way, their attitude goes in the toilet. Instead of whistling "Zip-a-Dee-Doo-Dah," they hum B.B. King's "The Thrill is Gone." The thrill isn't really gone; it's just hiding for a while.

The Grind

Think about what happens when you pick up a new hobby, like golf. Adults who start playing golf are usually thrilled to learn the game. They get fitted with clubs and shoes, purchase loud, checkered short pants, go to the driving range, and sign up for lessons with teaching pros. At first, they don't take mistakes too seriously. They let themselves hit pop-ups and "worm burners," take out Texas-sized

divots and land in the woods, trap, or lake. It's all part of the learning process.

Then something happens. Golf ceases to be fun. In fact, it becomes infuriating. Now, when a ball splashes into the lake, the bag follows. The jolly hobbyist transforms into an aggravated killjoy in goofy checkered shorts.

The golfer, like the franchisee, insists on a proper return on their investment. The golfer has entered The Grind. Once in awe of the gorgeous, peaceful course, leisurely exercise and camaraderie, the golfers now obsesses over hitches in his swing.

The game hasn't changed, just the golfer's perspective toward it. Golf is value-neutral, neither good nor bad; it just *is*.

Same with franchising. As franchisees progress through the Launch, they revoke their own learning privileges and demand a return on their investment they don't yet have the KASH to produce. Work is no longer play but hard, frustrating *work*. Franchisors and franchisees alike treat The Grind as a bad thing. Some franchisees may feel their momentum has stopped or even reversed.

But The Grind is a good thing! The Grind is a sign of progress, because after the Grind comes Winning. Franchisees generally don't jump from The Launch into Winning without going through some Grind.

Once, a new franchisee trainee became distraught during initial training. The astute trainer took her aside and asked what was wrong. She confided, "I am upset because I know the other franchisees are getting the business quicker than I am. I am behind the rest of the class."

The trainer smiled. "Do you think that when you leave here, you are going to know everything you need to know to become successful,"

he said, “or do you think your real training begins when you leave here?”

“I know I will have a ton of work to do when we leave here,” she replied.

“Will you do what it takes?”

“Absolutely!”

The trainer chose his next words carefully. “Consider for a second,” he continued, “that not only are you not behind the rest of the class, *I am secretly declaring you the valedictorian!* Everyone else is relishing in the joy of his or her start up. You have already moved into the frustration of the learning curve. Congratulations. You are at the head of the class.”

The trainer knew that pain meant progress.

Consider the difference between two types of pain. The first is like headache pain. We consider this pain something bad, something that shouldn’t be. We do whatever it takes to make it go away.

There is also a second type of pain, like exercise pain. During exercise, muscle burn or fatigue becomes a desired result. “No pain, no gain!” we say. We see exercise pain as a sign of progress, of winning.

Too many franchisees experience the pain of a business’ learning curve as headache pain rather than exercise pain, and as a permanent rather than temporary state.

Remember how children learn how to ride a bike. When they’re sprawled on the sidewalk, bleeding from the elbows and knees, what would lead them to believe that in the next ride they will achieve balance? But then it happens. Flawless skin may seem preferable to

cuts and bruises, but you can't achieve balance without first falling down.

The Grind ends with an empowering "now I get it!" series of experiences — and once franchisees "get" their business, it's permanent. The KASH formula becomes second nature. It's hard to describe The Grind to anyone who has never experienced it. Most franchise operational support professionals have never experienced it the way franchisees do. The franchisor's job is to accelerate the process of "getting it."

Franchisees' KASH Balance During The Grind

Knowledge:
Knowledge is steadily increasing, however gaps still exist. Franchisees still depend on the franchisor. While the Launch is a time of unconscious incompetence — franchisees don't know how bad they really are — The Grind is a time of conscious incompetence. Franchisees may become dejected and lose sight as to why they started the business in the first place. They don't yet feel empowered to produce acceptable results at will. This can be disempowering, frustrating and terrifying.

But franchisees can't let themselves surrender to the fear and frustration. They just have to work through it. We liken it to a first-time marathon. Of course it's not going to be easy. That's the whole point. Runners often hit a stage at about mile 18 or 20, when they think, "Oh, man, am I going to be able to finish this?" But they do. They've trained for it. Learning a new business for a franchisee in the Grind is like running a marathon without knowing exactly where the finish line is.

Attitude:
The bloom is off the rose. Results don't meet franchisees' expectations. Here is where franchisees and franchisors disconnect, and unfortunately it happens when franchisees need franchisors most.

An objective look at most franchisees' results would show a steady increase in performance, but franchisees often get frustrated with how much effort it takes to produce the results. Most franchisees are used to consistently hitting their personal and business goals. Many can't remember the last time they struck out. Franchisees forget how hard they had to work early in their careers. They forget what it is like to be "first-day-out-of-college" kind of incompetent. Many get sucked into *the false experience of failing* although they may actually be on or ahead of plan!

Franchisors don't measure a franchisee's experiences, just results. Many of the franchisor's support personnel have never owned businesses and don't get what The Grind is like, so they do not offer the emotional support franchisees need to endure it. Franchisors react to data. If the numbers don't show a problem, there is no problem. They assume franchisees will call them when there is.

Franchisees respond to The Grind generally one of four ways.

1. **Fighters fight**. This is common with Action Heroes. These franchisees create monumental problems out of small or nonexistent ones. They seem to cry wolf every time something doesn't go off as planned. They blame the training, products, competition, support, marketing, pricing, even customers. Franchisees think, "I am working the system, but the system isn't working." Franchisees strain the relationship with the franchisor support team at the time they need this team's efforts the most. Franchisees become like the child who is sprawled out on the sidewalk who kicks their bike yelling, "Stupid Bike!" Sometimes, the franchisor support team responds to their anger with a "what do these ungrateful @%&%#$!#! franchisees want now!" attitude. Franchisees become either curt or make efforts to dodge their calls altogether. When franchisees think the system isn't working, they start changing it to match what worked in their previous

business or career. These changes often don't work, prolonging their learning curve and miring them in The Grind. The chain of events creates more complaints and system experimentation, which in turn creates more Grind. Some franchisees get so caught up in a death spiral, they never acquire the necessary KASH to win and only produce marginal results. Most franchisees simply get it over time.

2. **Overly optimistic franchisees get caught up in false hopes**, which is common with Comedian behavior profiles. Franchisees hope things will get better, although they have no plan to acquire the necessary KASH to make things better. When the franchisor calls asking, "How are things going?" Franchisees respond, "Just peachy!" Franchisees don't dare admit to "negative thinking," although that is where they spend much of their day. Many franchisors aren't going to pick up on when franchisees are masking negative attitudes. Franchisors will assume when franchisees say they are "peachy," they are indeed peachy, instead of pretending to be peachy when the franchisee is actually petrified.

3. **Overly pessimistic franchisees have a Chicken Little "the sky is falling" experience**, confusing falling acorns with the collapse of the world as we know it. This is common with Private Eye and Faithful Sidekick profiles. These franchisees begin to expect failure and can easily gather the data to support their conclusions. "Just look at my results!" they say. In a learning curve, however, past results ARE NO INDICATION OF FUTURE FAILURE because every day franchisees can acquire new KASH, which increases the franchisees' capacity for producing results and increases what they can produce in the future. Think about the kid who has fallen off his bike.

Now he's yelling, "I will never ever ride this stupid bike!" Regardless, if the child gives himself permission to keep pedaling, he eventually will get it.

4. **Emotionally mature and balanced franchisees manage their emotions**, don't buy the false experiences and give themselves permission to learn. Franchisees treat themselves and others gently. They don't like mistakes — who does? — but they learn and move on. They take the business *one day at a time*, with an understanding that what happened yesterday can't be changed, but doesn't need to determine what happens tomorrow. They know success will come if they commit to acquiring the necessary KASH, and if they own their thoughts and emotions for one more day and do what they are supposed to, tomorrow will take care of itself.

Skills:
As franchisees develop the skills to win and focus time on mastering those activities which generates the most results, they will graduate from The Grind and into Winning.

Skill development is critical. A dull axe can still fall a tree. It just takes a lot more swings. If franchisees continue to value training and support means as they do results, their work becomes easier and they become more productive and efficient. Some franchisees cut back on time spent on developing their skills and fail to see how unproductive they've allowed themselves to become. They're like lumberjacks who have worn their axe blades to the handle but keep swinging away because they think they're just not working hard enough. *Thud, thud, thud, thud*…or they think, "First I need to knock down a few trees. Then I can sell the wood and then I can afford to sharpen my axe"…*thud, thud, thud.*

Habits
In The Grind, habits begin to gel, and bad habits can form as easily as good ones. Franchisees who have developed bad habits will continue to grind it out while growing in dissatisfaction. Winning franchisees get into the flow of the business, find the right rhythm, and acquire the necessary KASH.

Tactics to Help Franchisees Successfully Navigate The Grind

- Have franchisees working their businesses one day at a time. Help them plan their work daily and work their plan. Tell them to forget what happened yesterday and not to worry about tomorrow. Help them see they have the necessary capital, desire, and energy *today* to work toward their desired future. Get them to focus on acquiring the KASH they need to succeed. Get them to commit to doing the same thing tomorrow. Celebrate activity as much as results.
- **Give franchisees emotional support**. Find people who know how to lift franchisees' spirits and ask them to talk to the franchisees every morning to help them prepare for the day.
- **Help franchisees avoid "survival thinking."** Franchisees who think they're failing play "not to lose" — overcautiously — instead of playing to win. Baseball pitchers who surrender a few hits sometimes start aiming their pitches, trying too hard not to make mistakes. They lose movement and velocity which almost always leads to pitcher errors and more hits. Their fear of losing often manifests itself as losing. Franchisees who play "not to lose" cut ad budgets, lay off staff and run with skeleton crews, cutting short-term costs at the expense of future growth.
- **Treat franchisees gently**. Their mistakes are not bad or wrong; they just are. Help them learn and move on without dwelling on what went wrong. Franchisees who don't make mistakes aren't trying hard enough. Some franchisees heap blame on themselves after mistakes. Get them to cut it out and move on.
- **Encourage franchisees to seek help**. Help them quickly fix their problems. Learn how they see and define their problems.

Communicate with them regularly. The Grind comes from their disempowering and irrational belief, "My problems have no solutions" or "my struggles have no end."

- **Trust the learning process**. Franchisees aren't born masters. No OB-GYN ever delivered a newborn and handed him to Mom with the proclamation, "Congratulations! You just gave birth to an eight-pound, three-ounce peak-performing franchisee." All franchisees need to learn the KASH formula to win. Franchisees who succeeded in their prior careers generally find ways to win again.
- **Keep building knowledge and skills**. Coach them to hold them accountable for executing the system and help them manage their emotions.

Successful Support Strategies

More training: The operations support staff should monitor franchisees' on-the-job performance and help them develop good habits, improve their skills and continue to develop their knowledge of the system.

More consulting: Let franchisees burn up your phone lines. Keep close track of their key performance measures (labor and sales costs, etc.) and make sure they know what the measures mean. Regularly analyze their data and give them regular feedback. When new franchisees disagree with franchisors' recommendations, hold them accountable for executing the recommendations anyway. Much of the disagreement comes from their past careers and is irrelevant to their new businesses.

More coaching: Franchisees need consistent reminders of their goals and reasons for starting a business in the first place. They need constant reassurance that things will turn out fine, and help conquering their anxiety so they can make better, more rational decisions. Otherwise, they may dive into "survival thinking" and act rashly. For instance: A struggling franchisee lays off managers to save labor expense and decides to work open-to-close seven days a week.

Burnout ensues, and the business fails before it can work its way out of The Grind. What looked like a good short-term decision to save the business turned out to be a disastrous kill shot. To win, franchisees have to focus every day on high-priority activities that generate results.

Winning

Winning is a process. Like someone hand-pumping water from a well, franchisees in The Grind spend huge amounts of time, money, and energy pumping for a trickle of water — but they don't see the reservoir's worth that hasn't yet risen to the surface. Once the water starts to flow freely, it doesn't take much effort to keep it going. This is what Winning looks like. Franchisees that have acquired the necessary KASH begin to succeed not through one massive breakthrough but a series of small victories. Now they know the winning formula, *know* they know and can achieve victory after victory at will.

Now for the million-dollar question: Is Winning worth the pain and suffering of The Grind?

This is like asking a new mother if her child was worth the labor pains. Of course it was. The pain is a distant memory, replaced by the joy of being a mom. Same in franchising: The joy of a successful business moves the pain of The Grind into the history. And once franchisees experience that joy, few go back to working for someone else. Once a pickle, never a cucumber again.

Once franchisees are firmly established in Winning, they should start realizing their businesses and quality-of-life goals. There's no longer any doubt whether they can succeed. They know how. "When will my business turn the corner?" is replaced with "How high can I fly?"

Once a franchisee breaks through the Grind and enters Winning, they still are not completely out of the woods. Some franchisees slide back into The Grind by changing what is working well. A vitamin retail chain franchisee once told a story about customers who took his

vitamin supplements and felt 10 times better. "Some think, 'If I take 10 times that original amount, then I should feel 100 times better!' But instead of feeling better, they pollute themselves and throw up. Then they complain, 'These vitamins made me sick, and I demand a refund.'"

Why? The customer changed the winning formula. It can be the same with franchisees. Some feel compelled to make "minor adjustments," like emphasizing certain aspects of their business and deemphasizing others. Because they have not completely grasped the KASH success formula of their businesses, they may not fully realize how one aspect of the business affects others until it is too late. Then it's back to The Grind until they can figure out how to fix the problem.

For instance: A quick-printing franchisee entered Winning and started making a strong return on their investment. Against the franchisor's wishes, the franchisee invested heavily in new equipment that increased product offerings and capacity. But the new lines ramped up slowly and detracted from the core business. The franchise suffered. Once the franchisor convinced the franchisee to refocus on the core business, the business grew again.

While sophisticated franchisors should focus on training, coaching, and consulting when franchisees are still stuck in The Grind, once they graduate to Winning, franchisors should shift to making sure franchisees stay on course through sheer repetition. It seems odd — wouldn't franchisees want to stick to the formula once they've succeeded? Famed psychologist Albert Ellis often talked about the normal human tendency to know what works, do something else, and then pretend that's not what happened. He would say the winner's tendency to fold the winning hand is completely normal…crazy, self-sabotaging, and dysfunctional… but normal nonetheless. Don't let it happen. Keep watching closely and making sure they're still following the system without changing anything.

Franchisees in Winning face a second risk: Growth can begin to overwhelm franchisees who don't develop their teams. Through the franchisee's sheer determination and hard work, the business grows. The franchisee sometimes is afraid to give up some control to their teams in fear of slipping backwards into the Grind. They can only do so much and then they unwittingly limit their business to a level they can comfortably manage rather than maximizing the potential. Many home health care franchisees, for instance, start with grand plans to open multiple offices and manage a team of managers. Most start their businesses by cold-calling medical staff, such as hospital discharge planners, to build referral sources. Then, when growth forces the owner to hire and train a salesperson, the owner freezes, thinking, "I developed and nurtured these relationships. My customers want to do business with me, not the brand." The franchisee never relinquishes that role and become stuck in one territory.

Once it is clear the business will survive, it's imperative for franchisees to impart the KASH formula of success to their teams. It's hard for many franchisees to do. They're afraid of going backwards. Some hold on too tight, micromanaging and disempowering staff and driving them away as the franchisees physically and emotionally burn out. They become casualties of Winning.

Franchisee's KASH Balance During Winning

Knowledge
Franchisees in Winning know how to produce good results and have converted the frustration of The Grind into self-confidence. They can always learn more, but their success depends on skillfully executing what they know, not learning something new.

Attitude
Winning franchisees are empowered franchisees. The results they aimed for when they started are within reach. They say things like, "I can take some time off, and my staff will cover for me." All the

franchisees need to do is keep their foot on the gas and the steering wheel straight. Eventually, many franchisees in Winning start developing genuine humility, since their businesses can function without them.

Skills
Franchisees have developed and refined their business skills to the point where they're ready to train employees in the KASH formula.

Habits
Franchisees perform the high-priority activities that produce the greatest results. They have developed the rhythm and the flow of the business. They generate greater results more easily and predictably.

Tactics for Successfully Navigating Franchisees from Winning to Peak Performance

- Don't let franchisees fold the winning hand. Concentrate their efforts on training and developing their staffs and decreasing their personal value so their employees may increase theirs.
- Consider having these franchisees mentor other franchisees or act as assistant trainers in the franchisor's initial training program. Medical school professors have a saying: "See one, do one, teach one." They teach surgery by first letting the medical students observe surgery (to build their knowledge), then operate on patients (to build skills), and finally teach other students (to build winning habits). This is a brilliant strategy for cementing the KASH success formula in franchisees' memories.

Successful Support Strategies

Less training: These franchisees already know what it takes to win. It's all about execution now. They do, however, need to be trained as trainers to develop their staffs. Make sure franchisees understand all of their key performance indicators.

Less Consulting: Help franchisees diagnose their own problems and craft their own solutions. They know the winning formula. Hold them accountable for exercising it.

Once, a skillful but dependent franchisee called his operations support person to ask about exhibiting at a trade show. The support person didn't offer advice but asked, "How many leads and revenue did you hear other franchisees achieved by attending a similar show?"

The franchisee responded, "The cost per lead and cost per sale were excellent."

"Then what should you do?"

"I should sign up for a booth."

More Coaching: Work with franchisees on setting goals and strategic planning. Hold franchisees responsible every day for executing their plans and achieving results. Challenge and confront them when they veer off track.

The Zone

When franchisees enter The Zone, they produce outstanding results as if on autopilot. Franchisees have fully committed the KASH success formula to memory and produce outstanding results by force of habit. Keep in mind: Most franchisees will accomplish everything they're aiming for in Winning. The Zone is not a requirement for success; they occupy the far right wing of the franchisor's performance bell curve. These franchisees have highly developed teams and manage their businesses according to rational evaluation of key performance indicators. They assess their results against their goals and adjust to reach them.

For instance, if labor cost is high, franchisees will look into how they or their employees scheduled their labor. Franchisees will analyze customer counts during different periods of the day, looking for whether or not they were overstaffed and for changes in customer's shopping patterns. They will look for dropoff in individual employees' sales productivity and see if the "dollars-per-customer transaction" is falling. Each measure will give them a separate plan of attack. Franchisees will become expert consultants to their own businesses and head off small problems before they become major ones. Franchisees will play the winning hand again and again, *not feeling the need to fold it.*

Just as tennis great Roger Federer doesn't need to think about the mechanics of his stroke before he hits a forehand, franchisees in The Zone no longer need to think about the mechanics of their businesses. Separating them from the KASH success formula would require a lobotomy.

Picture yourself reviewing a detailed financial statement while sitting next to a CPA from a large public firm. You and the CPA are looking at the same financial statement. You see lots of numbers lined up in neat little columns, but the numbers don't tell a story. The CPA sees a clear pattern and a story behind the numbers. You may be looking at the same financial statement, but because you lack the CPA's financial acumen, you aren't seeing what he sees.

So it is with franchisees in The Zone. They don't see the business the same way as franchisees in The Launch or The Grind. They're masters.

Transitioning from Winning into The Zone *is not about doing more of what it takes to get into Winning*. The difference is attitudinal. In Winning, franchisees think about what they must do to win, create a plan and execute it daily. Winning requires more time invested in strategic and tactical planning. Franchisees in The Zone win automatically, with little thinking and less effort. Their business also seems to have taken on a life of its own, creating its own momentum.

Franchisees' KASH Balance

Knowledge
Peak-performing franchisees are walking encyclopedias, experts in their field. They know their customers, products, and where their industry is heading. They know the franchisor's corporate structure in and out and where to go for support.

Attitude
Peak performers are empowered with the sense of being able to design positive outcomes at will. They are winners, and they know it. Some become humble, attributing their success to the franchisor, their employees, and their Creator instead of their own personal greatness. Others revel in their "rock star" status.

For some peak-performing franchisees, their relationship to their business evolves again. No longer are they focused on just making money. They are now thinking about how to benefit others and the community. Their desire for success is replaced with a new desire for significance … profits for purpose.

Others get caught up in the trappings of success, like bigger houses, fancier cars, expensive toys, and luxurious vacations. Some franchisees may think they are bulletproof and immune from mistakes. Their puffed-up egos may entice them to take unnecessary risks that could result in future losses.

Other franchisees seem to take on less risk, believing they now have more to lose then they have to gain. They may balk at making strategic investments in their business that may leave them exposed in the future.

For instance, a high-volume sandwich shop owner watched a prime property being developed across the street from his location. While he could have invested about $100,000 to relocate his business to the better location, he took a pass, relying instead on what he thought was

the extreme loyalty of his customers. A competitor opened up in that location and cut his sales in half.

Skills
Peak-performing franchisees expertly execute their knowledge. They have highly defined personal and organizational skill sets, being able to produce greater results with less effort than their counterparts.

Habits
These franchisees execute like clockwork. They are role models of efficiency for other franchisees. Yet their greatest risk comes from their victories.

After conquering the last known civilization, famed military leader Alexander the Great is said to have wept because he had no worlds left to conquer. What was he to do next? Hit golf balls? *Winning, like losing, means the game is over.* The thrill of living and working lies in *playing to win*, not in victory.

Victory is overrated. Ever climb a mountain? How long did you hang out at the summit before you were bored out of your mind?

Franchisees in the Zone need to invent a new game to play or find a new mountain to climb, such as running multiple units, mentoring other franchisees, or getting more involved with their communities. If not, they will experience the anguish of having no more worlds left to conquer.

Successful Support Strategies

More training:
First, the franchisor has to help the franchisee define a new game, such as "operating multiple units." Then the training process starts all over. Franchisees enter "The Launch" of whatever they are planning next.

Many restaurateurs say running two restaurants is a completely different business from running one. It's not "more of the same." The owner must manage managers and cannot be in two locations at the same time. They rely more on staff than they did when they had owner-operators.

Less Consulting:
Start challenging franchisees and their staff to diagnose their own breakdowns and create their own solutions. Hold franchisees accountable for delegating tasks to key employees. Help them use the franchisor's key performance measures as a scorecard.

More Coaching:
Never let them win! When it looks like winning is inevitable, challenge them to design goals so lofty they can play the game indefinitely without winning or losing. Remember, these franchisees pay the most royalties and consume the fewest resources. Franchisors need to keep them around and motivated as long as possible.

The Goodbye

When homeowners purchase their first home, do they think, "This is a house I will live in the rest of my life," or were they thinking shorter term? Similarly, when they took their first jobs, did they think, "This is a good place to work for 40 years and then retire," or did they think it was a good place to cut their teeth, with thoughts of eventually moving on? Franchisees will eventually sell their businesses and move on, too, reselling to new franchisees who take their place or existing franchisees who are empire-builders.

Many consultants say the time to sell a business is when a business is at its peak market value. This doesn't always hold true for franchisees. That's like saying to a homeowner, "The time to sell your house is at peak market value." From a financial perspective, it's true; from a practical standpoint, it's simplistic. What if you have kids in high school? Do you pull them out and put them in a new school because your house has hit peak market value? What if you enjoy your neighborhood and like living in your town? Do you sever these relationships because the real estate market peaked? "Who cares about peak market value?" the homeowner thinks. "I like living here."

Just as there is a time to sell a home and change jobs, there will be an appropriate time for franchisees to sell their businesses, and it may not be when it hits peak market value. Assuming these franchisees have not run out of working capital, there are five major reasons franchisees will sell their businesses:

1. When franchisees have achieved what they set out to accomplish and nothing else about the business inspires them. It's simply time for them to do something new.

2. When franchisees realize they will accomplish everything they are looking to accomplish, although it hasn't all been achieved yet. It's just a matter of time, and they could wait for the results, but work has lost its challenge and they don't feel like waiting.
3. When franchisees don't like what they perceive to be the trajectory or direction of their business or industry.
4. When the personal costs of owning the franchise exceed financial benefit. When franchisees work long hours without taking vacations, for example, they may not be devoting enough time to their families, who outweigh any business benefit.
5. When another opportunity grabs their attention and they need to divest themselves of their current business to pursue the new one.

Franchisor are wise to spot franchisees who might sell and work out strategies to keep them actively engaged, since they consume few resources and generate the most royalty revenue. We outlined some of these strategies in *The Zone.* But regardless of the franchisor's efforts, there will be a time when a franchisee will exit.

Some franchisors complain that resales and transfers cannibalize the pool of new franchisees who want to open new units, and they want nothing to do with helping franchisees leave. We recommend franchisors help franchisees sell and gracefully exit the system as quickly as possible.

Too many franchisees who should have sold their businesses already hang around too long and become bitter. They long for "the good ol' days" when their businesses were fun and they were inspired. They may engage in gossip with other franchisees and end up destroying the integrity of the franchisee-franchisor relationship. They may take cheap shots at the franchisor and suppliers. They turn into the crotchety old neighbors who sit on their rocking chairs on the front porch, yelling at people who walk past. Not that the people walking past are doing anything wrong, but because the crotchety neighbor has

nothing better to do. The franchisor becomes a frequent and convenient target for franchisees with time on their hands and nothing left to win.

It's human nature. Franchisees are enthusiastic and bursting with optimism in The Launch; they grow bored and perhaps bitter after years of Winning and The Zone without new challenges to spark their interest. But if they don't act responsibly, they may create problems between the other franchisees and the franchisor. They will often seek out an audience with franchisees in The Grind!

Once, the President of a business service franchisor sat down with a seasoned franchisee to discuss the future of her business. This former peak-performing franchisee stopped participating in regional meetings, franchisee advisory council, and conference calls where she used to be an engaged participant. The franchisee was also complaining about the franchisor to other franchisees and began taking strong public positions against the franchisor on key strategic decisions.

After hearing the franchisee was simply bored with her business and was looking outside for new challenges, the President suggested the franchisee sell before sales dropped or expenses increased, diminishing the value and making the business harder to sell. The franchisee was taken by surprise. She asked, "Don't you want me in the system any longer?"

The President said, "Absolutely. But I don't believe that in your heart of hearts, you want to be in the system anymore. You just are holding on because you don't know what else to do."

The franchisee took a few days to think about it, then decided it was time to sell and find what's next. She exited the system with peace and dignity and her reputation within the franchisee community intact.

KASH Balance of Franchisees in Goodbye

Knowledge
Most franchisees in The Goodbye stage of their businesses have expert knowledge. They have seen it all. While there are always knowledge gaps to fill, new products being introduced, new vendors, or new industry data, these franchisees usually know what it takes to succeed and have coverted the KASH success model into habit.

Other franchisees fast-track from The Grind straight into Goodbye, believing the business will never produce their desired results and believing they made a bad decision to join.

Attitude
There may be a slow and steady erosion of the franchisees' attitude. Many have lost their motivation and drive. Work, which once felt like play, once again feels difficult and tedious. Some start blaming others or circumstances: "If my employees were more loyal, the franchisor was more responsive, my vendors weren't squeezing me, and my customers weren't so price sensitive, I would be happy." Since the business is often producing good results, there is little motivation to sell. However, their attitude will eventually affect results, and the business will track downward. Then they will look to get out during the decline, killing their resale value and extending the time it will take to find a replacement franchisee.

Most franchisors report significant sales increases when such a business transfers to new franchisees, often in double digits. What do these new franchisees have that the old franchisees don't More knowledge? More skills? Better habits? Certainly not. New franchisees will almost always have a more productive attitude than exiting franchisees. Their attitude drives their results higher. New franchisees are inspired; exiting franchisees are tired.

Skills
Franchisees in Goodbye are often highly skilled. However, one of their newly developed skills is cutting corners. They know how to cut back on their effort and still achieve some minimally acceptable performance. Some become highly skilled gossipers and complainers. No longer motivated by achieving peak performance, they are driven by not being hassled by employees, customers and the franchisor. Over time, their skills will erode and hurt performance.

Others learn how to delegate and start detaching from the business. They develop other hobbies and interests, which the business funds.

Habits
Many of these franchisees walk the path of least resistance. Some of the franchisees have gotten out of the habit of personal development and continual improvement and into just doing enough to sustain the status quo. If the franchise is no longer focused on perfectly executing the high-priority activities that drive results, results will flatten or track downward.

Franchisees in The Goodbye stage of their business *usually say long goodbyes*. They are like the last guests to leave the party, oblivious to the fact that the party is over. Because they have no other party to go to, they just hang out until someone snaps the lights off.

Franchisees in Goodbye need coaching. They need the franchisor to sit down with them and revisit what they are looking to achieve. They need to be asked, "What is left to be accomplished? What more is there to do? What's next for you?"

However, most franchisors don't measure attitude, just results. They don't know whether franchisees are winning (or have already won) *by the franchisees' definition of winning.* Many franchisors don't know how to coach franchisees out of their existing businesses and into exciting new ventures or challenges.

Overall, the franchising community has done an excellent job of developing trainers and consultants. Coaching is a largely ignored discipline within franchising, often confused with training and consulting.

Franchisees in Goodbye often don't need to be trained; many have the knowledge and skills they need to win. Nor do they need consulting; if they have an occasional operational problem, they generally have the ability to fix it. The franchisee lacks inspiring goals. All the training and consulting in the world will not make a difference.

Successful Strategies for Navigating Goodbye

When selling a business, franchisees typically respond one of two ways. The first group of franchisees may have sold businesses, or know others who have, and thus have a realistic idea of what their business is worth and what happens next. They sell a business the way others sell used cars. They know the business has a certain fair market value. They calmly contact the franchisor's franchise sales representatives and alert them of their intentions. They also enlist the services of a business broker to generate leads. They exit with dignity and grace.

The second group of franchisees dismisses the notion of "fair market value," assuming this concept does not pertain to their unique circumstances. Therefore, they have no realistic idea what their business is worth. They assign a monetary value equal to their pain and suffering in The Grind and add that to the asking price of their business, as if they are suing the new owners for punitive damages. When the prospective buyers do their due diligence and question them about the business, they experience it as a personal attack. "More pain and suffering," they think. "I am going to have to raise the price of the business." They exit screaming and yelling about such things as paying the franchisor's transfer fee, assuming someone somewhere is taking advantage of them.

Here is how franchisors can help.

Training:
Franchisors can train franchisees on how to value their business and what happens before, during and after the resale. Smart franchisors create and distribute a "resale packet" designed to outline the steps of selling a business and manage the expectations of exiting owners.

Consulting:
Franchisors can educate franchisees on what businesses have sold for in the past and how to determine fair market value for their businesses. Franchisors can help franchisees determine what financing terms they should consider offering new franchisees and help them put together a resale offering to show interested purchasers.

Coaching:
Selling a business is an emotionally taxing process. By then, franchisees have so much mentally and emotionally invested in their businesses, separation may be difficult. What are they to do now? Having nothing to do will make them want to hold on to their business longer, although they may have already lost interest. Franchisors should help franchisees determine what is next. Selling a business without the seller knowing what is next is like a homeowner selling a house and not having a place to live.

Key Points

Franchisees evolve in highly predictable ways, from Launch, through Grind, into Winning and The Zone and eventually Goodbye. Franchisees in Winning and the Zone pay the most royalties and consume the fewest resources, offering franchisors outstanding margins on royalty dollars. It's imperative for franchisors to master the art of accelerating franchisees through the Launch and Grind as quickly as possible and into Winning and the Zone where all parties are making money. It's just as important for franchisors to provide expert coaching to keep these "Winning" and "Zone" franchisees

actively engaged in their businesses (and continuing to pay royalties without making significant demands on the organization) and out of Goodbye (where the new owner repeats the Launch-Grind-Winning-Zone process.

Chapter 9: Creating and Maintaining an Achievement Culture

Ultimately, franchising is a two-metric business: franchisee profitability and franchisee satisfaction with the franchisee-franchisor relationship. Franchisors who have mastered and consistently implement the techniques discussed in this work have profitable franchisees. When franchisees see the effort the franchisor's support team makes on their behalf, they also become satisfied with the relationship.

For franchisors that develop peak-performing franchisees as a habit, eventually achievement becomes embedded in the culture of the organization and great results happen automatically, just as what happens when franchisee enters the Zone.

The organization's culture and values ultimately determine organizational behavior, which in turn determines effectiveness. The culture of the organization can be best described by how the franchisor and the franchisees answer the following the questions:

- Would franchisees say the value of the tools and support they receive is greater than or equal to the royalty dollars invested?
- Do franchisees, employees, and leadership of the franchisor trust each other and work towards crafting mutually profitable campaigns, offers and solutions?
- Do franchisees feel they are heard and understood?
- Does information routinely flow up and down the organization or just funnel down from on high?

- Would franchisees say they are informed about issues important to them?
- Would franchisee say they feel like an integral part of a team or low man on the totem pole?

Strong financial returns are not a substitute for strong franchisee-franchisor relationships and an actively engaged franchisee community. Enduring franchise brands offer franchisees both.

Franchisors with a strong, inclusive, collaborative, franchisee-friendly corporate culture will attract and retain more sophisticated and talented franchise candidates than more heavy-handed franchisors who resort to threats, punishment, and coercive command-and-control techniques to try to keep franchisees in line.

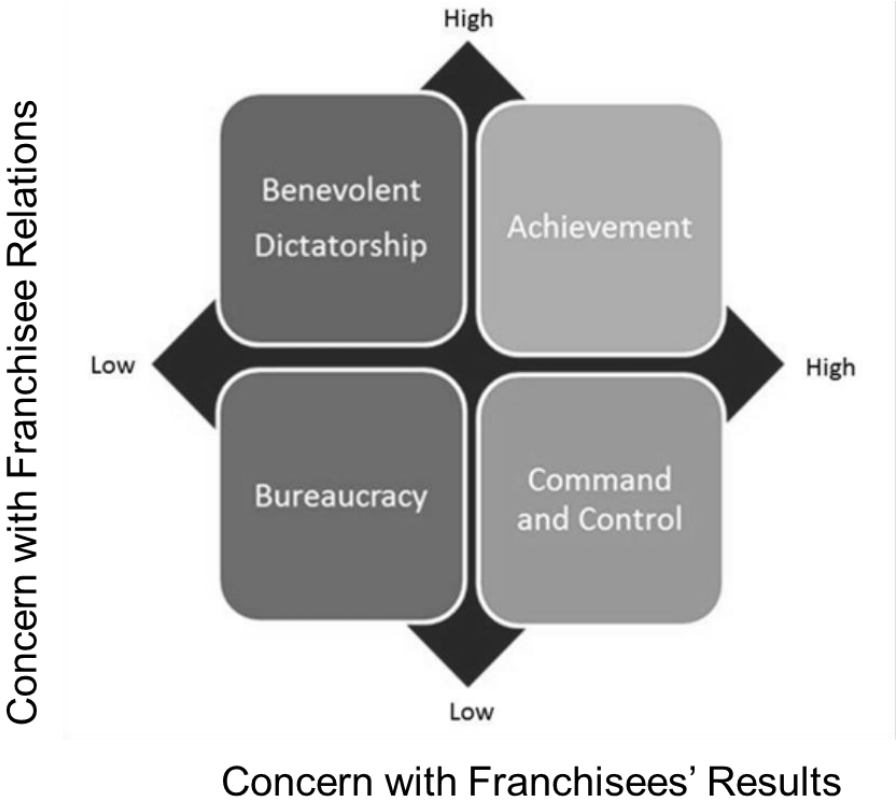
Ultimately, the franchisor's culture can be delineated and measured by two basic factors.

- The franchisor's perceived level of concern for franchisees' results and profitability.
- The franchisor's perceived level of concern for maintaining positive franchisee relationships.

Franchise Performance Group observes four common franchisor cultures. We will discuss them in order of effectiveness, starting with *the least effective first*.

Those cultures are:

1. Bureaucracy
2. Benevolent Dictatorship
3. Command and Control
4. Achievement



FPG Franchisor Culture Model © 2012

Keep in mind that at any time, any company can exhibit traits from any of these cultures. However, over the long haul, franchise organizations tend to exhibit a dominant pattern of beliefs and behaviors that we call "corporate culture."

The Bureaucracy

Bureaucracies are highly legalistic, highly layered companies that assign less decision-making responsibility and authority the lower employees go in the hierarchy. The organization seemingly exists to maintain itself, avoid responsibility, and elude accountability for results. When a franchisee is faced with a unique challenge or makes

a special request, the knee-jerk reaction throughout the layers of management is "No," coupled with "We don't do it that way," regardless of whether the organization's method works or serves franchisees or customers. Change is met with stiff resistance. Individual initiative is frowned upon. Employees and franchisees are expected to follow the rules, do what is expected and resist original thinking. Policies and procedures are set to control employees to ensure compliance, not drive results. Franchisees have difficulty identifying decision makers. Bureaucratic leaders seem to work in an impenetrable silo, surrounded by gatekeepers who do not let franchisees come through, or they dilute decision-making through a number of people or committees. Decisions become everyone's, and therefore no one's responsibility.

Impact on Employees and Franchisees

Ponder the employees and leadership that would survive in this franchise culture. Those franchisor employees who are dedicated, results-oriented, efficient, entrepreneurial, visionary, big-picture thinkers, or out to make their mark in the world would be ostracized. Eventually, they would quit or be fired. Only those who want to earn a steady paycheck while hiding out and avoiding responsibility would want to stick around. Think about the type of person whose goal in life is to secure a good job with the Post Office or Motor Vehicle Department. Are you picturing a real "go-getter, leader, and risk taker?" We mean no disrespect to those with loved ones working in either bureaucracy. We are merely saying they work there for reasons other than, "I want to make my mark on the world," or "I want to be part of a high-performance team."

Because bureaucracies value sameness and security over performance and efficiency, they remain a breeding ground for underperformance and stale thinking.

Now think about the quality of the interactions between the bureaucratic franchisor support staff and the franchisees under their charge. Would these conversations and communications pertain more to tactics and strategies about how to drive franchisees' sales and results, or would the conversations tend more toward what franchisees must do to continually stay in compliance?

Recently, a somewhat bureaucratic retail chain forced its franchisees to adopt a management information system at a cost of tens of thousands of dollars per location. Franchisees who beta-tested the system reported that the system had bugs and routinely lost data. Those in charge ignored the warnings and forced franchisees to adopt the new system at threat of default. It was more important to the franchisor that all franchisees operate from one flawed, standard system than several functioning systems. One year later, their newly adopted system still corrupts data and transaction information, making many reporting functions meaningless. Franchisees are livid over this but powerless to do anything about it.

Impact on Results

Paul Pieschel, franchising expert and corporate culture guru, said, "Franchising was invented to make businesses more decentralized, flexible, and nimble by completely empowering those closest to the customer, namely the franchisee. As you can see, bureaucracies are designed to create the opposite effect. Therefore, bureaucratic franchisors have little staying power in today's competitive marketplace because they kill off what we all know works." This is why most surviving bureaucracies exist in the public sector, where customers have no alternatives.

Recently Joe Mathews dragged himself down to the Department of Motor Vehicles to get his driver's license renewed. While being cattle-herded toward the middle of what he calls "The DMV's

customer discouragement and infuriation pen" (which they call "customer waiting area"), he noticed several small signs carefully placed next to each customer service window reading, "Profanity and abusive language towards employees will not be tolerated." He burst out laughing, thinking to himself, "Doesn't anyone in the DMV ask, 'What is it about the way we do business that makes normal people so riled up they routinely act profanely and abusively?'" But bureaucracies are not designed to ask such questions. If the DMV wanted to be completely honest with its clientele, the little signs would read, "You have to be here, we aren't changing, and we have zero interest in your opinions or complaints. So take a number, sit down, shut up, and have a nice day."

Benevolent Dictatorship

Benevolent Dictatorships are typically informal, folksy, often family-run companies in which the franchisor believes he exists to make franchisees feel good. "Feeling good," "being appreciated," and "loyalty to leadership" are more important than bottom-line results. This culture is commonly found in small, privately-held franchisors where the founder or owner places friends and family in key management positions, not because they are the most qualified people for their jobs but because they can be trusted to do the owner's bidding. An employee or executive must possess the right last name, marry into the family, play poker or golf with the owner, or be willing to fold up like a cheap suit and do the CEO's bidding without question. The CEO or owner isn't really out to build a powerhouse brand but a little fiefdom where employees, friends, and franchisees are taken care of. If you were a franchise candidate attending a Discovery Day, at first glance this culture seems informal, unassuming, and perhaps attractive to a new franchisee. But the dysfunctional underlying belief of leadership that perpetuates the existing culture is, "Employees and franchisees are incapable of

producing exceptional results on their own." They need to be "taken care of," as opposed to believing, "Franchisees and employees are highly capable and mature adults who need the tools, resources, and freedom to win."

This attitude creates a top-down, paternalistic culture. While interpersonal relationships are held up as important to the organization, these relationships are skewed toward a parent-dependent child relationship rather than a fruitful employer-employee or franchisee-franchisor relationship.

Impact on Employees and Franchisees
Because the founder or CEO has so little faith in the abilities of managers, staff and franchisees, the power, money, and authority is concentrated at the top. The founder or CEO is the puppet master, pulling the strings and making employees and franchisees dance to a tune only he or she hears. As long as employees of the franchisor keep dancing and don't ask a lot of questions like, "Why are we dancing? What is the song we are dancing to? What other dances could we be doing?" or Heaven forbid, "Can we pick our own song and dance moves?," they will survive.

As in bureaucracies, information mostly flows downhill, instead of up and down the organization. The CEO or founder makes decisions from their ivory towers and orders middle management to play the role of the town cryer who announces these decisions to the franchisee citizens of the fiefdom and then skip town before franchisees can respond.

Think of what happens to talented and upwardly mobile employees or skillful franchisees trapped within this kind of organization. The founder or CEO calls 100 percent of the shots. Those who want to see their own ideas implemented, wish to collaborate in the decision-

making process, or refuse to consistently do the bidding of the Benevolent Dictator Founder or CEO will not remain. They will find a culture that values performance and initiative. Think again of the type of leader or employee who would survive in such an environment — and those who survive often stay forever. Where else can they find such secure work, where superiors have such low expectations of personal performance and results?

We said the leaders at the top are committed to parental control. What does a parent need to be a parent? More children. So high-caliber and self-directed executives and employees of the franchisor will feel disempowered and eventually either quit, be fired, or mentally and emotionally "check out," compromising on their values to fit the culture. They won't change the culture because the culture won't let them.

Impact on Results

Think about the quality of training and ongoing support these surviving low-skilled officers and employees can offer franchisees. Will it be enough for results and action-oriented franchisees to win, or will they find it necessary to go outside the organization for tools and support? If these franchisees complain about either the quality of support or not being invited to participate in decisions, the franchisor will often respond with, "Don't these unappreciative franchisees know how hard we work? Don't they realize we are just trying to help them?" In this culture, the franchisor's kind intentions and franchisees' sincere appreciation are more important than outstanding performance and results.

"Bud," a "Benevolent Dictator," and majority shareholder of a national franchisor, does not give officers and department heads annual operating budgets. He decides case by case how his money is spent. He executes his own financial plan and seldom shares it with

others, keeping department heads guessing. The internal joke is, "We don't have budgets; we have 'BudGets,' as in, 'Whatever Bud wants, Bud gets." He regularly moves employees to different departments without consulting with the employees or their department heads. The CEO believes he knows best, and his employees and franchisees will understand over time.

Command and Control

Command and Control companies value a strong central authority rather than a diffusion of power. While power and authority may be more shared than in the "Benevolent Dictatorship" culture, it's still consolidated at the top. While data routinely flows from franchisees to the corporate office, decisions are more often than not handed down from on high. While franchisors may have advisory committees consisting of franchisees, these committees aren't typically decision-making bodies. They exist to advise the decision-makers who are free to accept all, some or none of the advice. Some of these committees are merely window dressing. If the committee makes a recommendation the franchisor was going to implement anyway, the franchisor can say, "Look at how well we listen to our franchisees!"

Franchisor leadership tends to disclose information on a "need to know" basis, hiding negative information and problems. While the franchisor leadership may say things like, "Franchisees are partners and stakeholders in the company," their attitudes and actions tell a different story.

Early in 2012, Joe Mathews posted on LinkedIn the notion that in all practical terms the brand is community property, and smart franchisors will enroll all stakeholders in building brand value, including franchisees, employees of franchisees, employees of the franchisor, customers of the franchisees and vendors. This idea was

mauled by other posters, who insisted it's legally the franchisor's brand, and it's licensed to franchisees — missing his point entirely.

Legally, it's clearly the franchisor's brand and the franchisor's responsibility to protect it. But from a marketing standpoint, customers have always made successful brands their own. Look at established brands such as Apple, Harley-Davidson, White Castle hamburgers and upcoming brands like Menchie's. These brands have passionate fans and seemingly create a life of their own. These companies offer their brands up to their core customers to build relationships on their terms. In response, customers become brand ambassadors and assume some of the responsibility for the brand's success.

Take, for instance, Snap-On Tools. Some independent studies show professional mechanics prefer Snap-On Tools to their competitors' tools to an exponential degree. Chances are, if you were a mechanic and someone asked you, "Who makes the best hand tool?," you would most likely say, "There's Snap-On and there's everyone else." To demonstrate the cult-like following of the brand, Michael Doweidt, Snap-On's franchising director, shares photos of men walking around NASCAR races with Snap-On tattoos on their shoulders, backs and forearms.

If this were a franchisee sporting the same tattoo in some "Command and Control" systems, at least one franchisor would declare this an unauthorized use of their logo and force the franchisee to make an appointment with a dermatologist to have it removed.

Menchie's, a high-flying frozen dessert franchisor, also has a dedicated following. Each month, their large conference room is packed to the rafters with motivated and engaged investors who originally walked into a Menchie's as customers and were "hooked"

by the whole experience. They walked in thinking about spending $4 on a cup of frozen yogurt; they walked out thinking about investing $375,000 in a franchise. Over the last 24 months, Menchie's has added 200 new franchisees to their system.

You can't command or control such brand excitement or customer loyalty. These relationships unfold organically and take lives of their own; it's like the saying, "If you love something, let it go."

"Command and Control" executives would say, "Baloney. If you love something, keep it under lock and key and limit access to those with security clearance."

Impact on Employees and Franchisees

Command and Control cultures stem from limiting and misguided beliefs about human nature. Let's compare these to the beliefs of leaders in an "Achievement" culture.

Command and Control Cultural Beliefs	**Achievement Cultural Beliefs**
Left to their own resources, people slack off. You need to stay on top of them if you want the job done right.	Most franchisees and employees want to perform well and do the right thing. If they know what is expected of them, provide the necessary resources and eliminate red tape and bottlenecks, they will typically deliver what we need when we need it.
People's individual goals are less important than organizational goals. If you work here, check your personal goals at the door.	Franchisees and employees want to achieve. My job as a leader is to encourage and celebrate individual achievement and align individuals' personal goals with organizational goals. It's counterproductive to assume that goal-oriented people are going to check their goals at the door.
We franchise because we want to build our company using other people's money. Franchising is a necessary evil if you want to grow quickly and have limited access to capital.	We franchise because our best chance of enduring success is to entrust our brand and trade secrets to skilled entrepreneurs who will typically execute better than employees.
You induce franchisees and employees to perform by rewarding behavior you want and punishing behavior you don't.	While I can always dangle a carrot or wield a stick to make a horse run, I'd rather breed thoroughbreds, then open the pen and let them run. They will run because that is what thoroughbreds were born to do.
Mistakes are unacceptable and avoidable. You must create processes and systems to minimize and eliminate mistakes.	Mistakes are normal and natural. If people aren't making mistakes, they aren't trying hard enough. People learn as much or more from mistakes as they do from success. Demonizing mistakes destroys initiative. I want employees and franchisees to try hard, win big and make some mistakes along the way. I just don't want them to *repeat* mistakes.
This is our brand; we license it to franchisees. We control the brand, and they use it with our permission and approval.	Our brand belongs to the community of stakeholders, such as customers, franchisees, employees of the franchisees, employees of the franchisor, and vendors. It's *our* brand, and we all need to accept responsibility for its success.

If you were a highly skilled, motivated, upwardly mobile franchise professional, in which of these two cultures would you rather work?

If you were someone looking to invest in a franchise, where would you put your money?

Impact on Results
Franchise Performance Group consultants have recruited franchisees for a combined 60 years. When asked, "Why do you want to start a business?," almost every franchise candidate says, "I want more power and control over my life and career." So you can clearly see why franchisees chafe against a Command and Control culture. That's why disgruntled franchisees so often sue franchise systems with this kind of culture, and why their franchisees so often band together against the company. They end up fighting each other for control rather than the competition for market share.

Many years ago, Joe Mathews had a conversation with a Command and Control founder and CEO of a franchised business service firm. He told Joe he wanted to build up a $500,000 legal "war chest" to protect his company from franchisee lawsuits. Joe found the goal bizarre. He thought to himself, "What kind of person feels the need to have that kind of cash on the sidelines ready to shovel to attorneys? What kind of person sees their franchisees as enemies on their border ready to attack rather than business partners with mutual goals of success?"

Given his mindset, of course he had a dysfunctional and self-destructive pattern of treating franchisees as enemies.

Several years later, a large group of disgruntled franchisees dragged the same person into a nasty class-action lawsuit. The founder/CEO, showing no awareness of how he had brought the suit on himself, told Joe he had already spent way more than half a million already in legal

fees. Think of how much time, money, and attention was diverted from growing both his and his franchisees' businesses. Think about what would have been possible had he the wisdom to treat franchisees with respect, settle the differences and move on.

A Command and Control board member of a food concept walked unannounced into a new franchisee's recently opened place of business. It was a peak time and the new franchisee struggled to handle the customer volume. The board member became angry and started barking out commands to the franchisee's employees, ordering them around. When the franchisee objected to what she believed to be inappropriate behavior, she was told, "We are the parent company, and franchisees are like children. They have to do what we say." After telling this story, she said, "I already have parents and don't need more. I wish someone told me I was going to be their child before they took my money." How motivated was the franchisee after the encounter? What is the predictable impact of this encounter on her results?

Achievement

The Achievement culture creates the most fertile ground for cultivating outstanding long-term results by providing an inviting work environment that attracts and retains highly skilled and self-directed franchise candidates, executives, employees and suppliers. Leaders see themselves as facilitators. They routinely consult with top-producing employees and franchisees to make sure they have what they need. They eliminate bottlenecks or barriers. They are not egocentric. They give the necessary power, authority and resources to those responsible for creating results. They are transparent with information. They are clear about the individual needs of employees and franchisees and work to align their individual goals with business objectives.

Pita Pit, a growing franchisor with operations in the United States and Canada, is such a company. Using *Developing Peak-performing Franchisees*© training and support methodology, Pita Pit's support team seeks to understand what drives their franchisees. The system's franchisee support director, Stephanie Powers, consistently demonstrates to franchisees how they can achieve their goals by following Pita Pit's system. The support team is trained in identifying franchisees' communication styles; adult learning principles; coaching techniques; and consulting best practices. The result: Franchisees are holding their own in a highly competitive QSR segment, and the once-stagnant franchise sales department is awarding more franchises.

Impact on Employees and Franchisees

Achievement cultures attract and retain top franchisor executives and employees and franchisee talent. Leaders, employees, and franchisees thrive personally and professionally within the teamwork-driven, results-oriented culture. The franchisor and franchisees are valued and respected. Employees of the franchisor are rewarded and promoted based on merit. Instead of consolidating power and authority at the top, the franchisor's leadership manages "bottom up" companies, dedicating time, money and energy empowering franchisees to spend resources, make decisions and produce outstanding results.

Franchisees and the franchisor enjoy rock-solid relationships. Both understand that each company needs to be profitable for both companies to win in the long run. When faced with a stiff challenge, they engage in "win-win" problem solving rather than "win-lose" fighting.

Key Points

Achievement cultures attract and retain highly skilled and dedicated

executives, employees, vendors, and most importantly new franchisees. These quality people are the franchisor's best bet to build growing companies and enduring brands.

When comparing leadership styles of the most successful empire builders in history, Napoleon Bonaparte reportedly once said, "Alexander, Caesar, Charlemagne, and myself founded empires; but on what foundation did we rest the creations of our genius? Upon force. Jesus Christ founded an empire upon love; and at this hour millions of men would die for Him." And of these empires mentioned, only one survived.

Congratulations!

You have reached the end of *Developing Peak-Performing Franchisees*. You now have the basic concepts you need to become an effective trainer, consultant and coach to your franchisees, wherever they are in their business life cycles. Now go out and develop some peak performers!

About Franchise Performance Group

Franchise Performance Group is consulting firm specializing in helping franchisors recruit, train, and develop a community of peak-performing franchisees.

Developing Peak-Performing Franchisees is a companion guide to our training and coaching program for franchisor's support team. This program is ICFE-certified and eligible for 300 CFE credits per participant. If you need to create a breakthrough in franchisees' sales and profitability, improve the effectiveness of your support team, improve franchisee validation and restore the trust in your franchisee-franchisor relationships, reach out to us.

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