

**Franchise Sales
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Future of Lead Generation:

Six Big Changes Which Will Alter Franchising Forever

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The Future of Lead Generation

Six Big Changes Which Will Alter Franchising Forever

When I speak to about lead generation strategies to franchise executives at IFA conferences, ICFE franchise sales training classes, or other franchise-related events, I usually pose the following question and invite their responses.

How many leads does it take to recruit one franchisee?

I will typically hear answers in the neighborhood of “50-100,” because franchise executives are conditioned to believe they will achieve a 1-2% lead-to-close ratio.

Others will ask qualifying questions, such as “Where was the lead generated?” thinking they will have a higher lead-to-close ratio with leads generated by franchise brokers than leads generated by franchise portals.

After a short while, I will usually hear someone from the back chirp a quiet, insecure, “One?”

Bingo. Give that person a cigar.

If you want one franchisee you have to generate one lead...the right lead.

The 1-2% lead-to-close ratio is a franchising paradigm and not the truth.

American Heritage Dictionary defines “paradigm” as “a set of assumptions, concepts, values, and practices that constitutes a way of viewing reality.” Put another way, it defines what people perceive to be true or right at the time. When a paradigm is believed to be “the truth” rather than an opinion or perception, the paradigm remains. Paradigms shift only when those trapped inside recognize their paradigm *is a perception* and not a hard cold fact.

We are about to experience several game-changing paradigm shifts in franchising. We are about to see why everything that worked for us over the last twenty years will most likely be obsolete in the next several years. But first we have to learn *how to look*.

Everything I learned about consulting I learned in art school

Probably like you, I never intended to get into franchising. Like almost every career franchise professional I have met, I stumbled into franchising, fell in love, and stayed with it. I find franchising, especially the people involved, fascinating.



Back in the eighties when I was in college, I studied art (my first fascination). The students would all be busy at their easels painting and drawing and the professors would suddenly and without warning call a time out. We then would be forced to either leave the room for 10 minutes or to turn our drawings and paintings upside down. They used to tell us after 30 minutes the artist stops seeing what they are doing. They said the student *is too close to the art to actually see it*.

And they were right. I remember flipping my drawings upside down to change the perspective or leaving the room to grab a drink of water. Almost magically, it appeared as if I were looking at my drawing for the first time. I could see imperfections that were invisible to me moments before. I remember laughing as I said to myself, “What the heck was I thinking about when I did that?” Then I could make the necessary corrections.

In this paper, we will turn the “lead generation” pad upside down in order to help franchisors gain a different perspective. We will look back at how the lead generation vehicles we depend on came to be and predict where lead generation will be going in the future (based on how we will think and behave differently then).

Why lead generation is so screwed up

I often have conversations with owners and advertising sales representatives from franchise opportunity portals (such as FranchiseGator), who are under intense pressure by franchisors to provide them with more and more leads. So they respond accordingly, and lead quality of course goes down. Therefore franchisors experience a need for more leads and apply even more pressure. Portals respond by sending their demands by sending more leads, many of whom are either not qualified or not ready to make an investment decision. Can you see how this vicious cycle continues?

A Big Misperception: Franchisors want more leads.

Franchisors may communicate that they want more leads. But that really isn't what they want. *Franchisors want more franchisees*. Franchise opportunity portals don't seem to get this or else they simply respond to what franchisors say they want instead of giving them what they really need: less leads and more franchisees.

Everything I know about lead generation I learned at Home Depot



I am completely, almost miraculously incompetent when it comes to home repairs. I can't pick up a screwdriver without lacerating my hand. But I enjoy painting and I can usually pry open paint cans without requiring stitches to close my wounds.

One day I decided I was going to put a fresh coat of paint on the small stairwell of our home. But there were edges along the ceiling of the stairwell which I could not reach with my roller or brush. Because of the angle of the stairs, setting up a ladder was simply way too dangerous. So I went to Home Depot to try to rent some scaffolding. I wandered over to a crusty, bearded gentleman wearing a bright orange smock and asked him if he carried what I was looking for. Quickly and accurately sizing me up as a complete moron, he asked, "What makes you think you need scaffolding?" He then asked me to draw him a picture of the stairwell I was painting. Being an art major in college, I of course drew him a beautiful rendition of our stairwell that any architect would be proud of (although I don't think I completely captured the shadows right).

He asked me, "Why don't you use an edger?"

I asked him, "What's an edger?"

He went to the wall and pulled off a little paint pad specially made to paint the edges of walls. He then showed me how to attach a 10 foot pole to the edger and how to move it along the edge of the ceiling while standing in the stairwell. I could have it all for about \$20. Beats the hundreds I would have invested in scaffolding.

When I told the orange smocked gentleman, "I wanted scaffolding." *He had the wisdom to hear, "I want my stairwell painted."* And he was right.

When franchise portals hear the franchisors saying, "I want more franchisees" instead of, "I want more leads" franchise portals will invent the next generation of franchise opportunity websites.

However, franchise portals are not structured to deliver franchisees, just leads. Franchisor portals are not giving the franchisors what they really need which is why many are now losing advertisers. But people in franchising are smart. They will get it soon. Franchisors are starting to recognize their systems for generating leads are breaking down.

The past, present, and future of lead generation

To understand where franchise lead generation is going, first you have to wrap your mind around how we got to where it is.



Being actively involved in franchise recruitment since 1985, I will start there and work forward. I will stop to point out how paradigms, driven by changes in technology, started shaping the way candidates buy businesses.

Duran Duran, Pat Benatar, print advertising, and the telephone

Back in the 1980s, male franchisee recruiters and candidates sported mullets, dressed with skinny ties, and grew Don Johnson inspired facial stubble. Female recruiters wore big, frizzy hair, colored hoop earrings, and leg warmers. And franchisors used newspaper advertising (Sunday classified business opportunity section, *Wall Street Journal*, *USA Today*) print advertising (*Success Magazine*, *Entrepreneur*, and *Franchise Opportunity Handbook*) and often attended weekend franchise and business opportunity trade shows to find franchisees.

Additionally, candidates would often call into the franchisor's home office looking for franchise information. Franchisee recruiters would be available to speak or would return these calls the same day the call was made. Franchisors would send out 4-color brochures within 24 hours of the lead being received. Franchisee recruiters would follow up by telephone and most franchise candidates relied on the franchisee recruiter to educate them on the opportunity through a series of conversations.

The 80s paradigms

Paradigm One: The franchisee recruiter was the gatekeeper of the franchise opportunity information.

If franchise candidates wanted information, they needed to call and make a request. There was no other way.

Paradigm Two: Candidates thought there were fewer franchisors than there were.

Franchise candidates had no idea of the hundreds of franchise opportunities which were available to them. Only the *Entrepreneur's January Franchise 500* issue and publications like *Franchise Opportunity Handbook* showed the breath of opportunity. Aside from reading print advertising, franchise candidates would go to their social networks and ask around for ideas. Then they would hunt down the franchisor's phone number often by first finding a local or regional franchisee.

Paradigm Number Three: The telephone was the preferred medium for franchise candidates and franchisee recruiters to communicate.



Both recruiters and candidates relied on telephone conversations to exchange information, along with the trusty US Postal Service, and Federal Express as a medium for exchanging data and information.

Spice Girls, Pearl Jam, fax machines, cell phones, websites, and email

Back in the 1990s, franchisee recruiters and candidates started dressing more casually, carrying cell phones, and getting more tattoos and body piercings. Technology started changing the way franchisors communicated with their leads. Candidates would fax back copies of the UFOC's acknowledgement of receipt and franchisor's qualification forms, expediting the recruitment process.

Franchisors started putting up franchise opportunity websites, which were basically online versions of their glossy brochures. Franchisors were afraid that if they provided too much information, candidates would not take their phone calls and give them the opportunity to tell their story by telephone. Franchise Opportunity advertising portals showed up for the first time, and smart franchisors, recognizing that the lead generation game had altered forever, started promoting their opportunities. They started buying silver, gold, and platinum packages. They purchased advertising under categories like "Hot franchisors." Of course, to earn the "Platinum" or "Hot" designation, franchisors didn't need to have successful franchisees, they just needed money. This was highly misleading to web visitors who were made to believe they were looking at premium opportunities.

Franchise candidates called in less and visited the franchisor's website more. Franchisors were finding more emailed requests for information than telephone requests. But franchisee recruiters responded to most requests the same way, with a return phone call. In the early stages of the investigation process, email started replacing the telephone as the candidates' preferred method of communicating with franchisors. But the franchisors weren't ready to hang up their phones.

80's paradigms starting to be challenged

Although franchisors required candidates to speak to them by telephone to receive any substantial information about the chain, they could get a brief description through their website or the franchise opportunity portal. Over time, franchisors started loosening their death grip on data, and offering more information on their websites. In response, they started speaking to more educated franchise candidates, which worked out better for both parties. Smart franchisors realized the internet, not the franchisee recruiters, was becoming the new gatekeeper of information.



Candidates and recruiters used email communication to replace quick phone calls. Franchisors, however, were still heavily addicted to the telephone as a mode of telling their story and recruiting franchise candidates. But the franchisor's "telephone addiction" didn't matter to franchise candidates because fewer candidates accepted their follow up calls. Smart franchisors started using their website to tell their story.

Y2K, American Idol, Blackberry, Miley Cyrus, and the end of franchisee recruitment as we know it

The new millennium begins, Y2K cults are saddened that world doesn't suddenly end or machines don't become self aware and take over the planet. Simon Cowell made thousands of tone deaf singers cry on national television.

Attendees to Franchise Update conferences indicated that internet-generated leads accounted for almost half of the franchisees they recruited, eclipsing franchisee referrals as their most productive lead source. Franchisors harvested more leads through the internet than they can effectively handle. Internet leads as a general rule don't return calls as leads generated from other sources used to in the past. Franchisors reported that they only reached approximately 25-35% of their leads by telephone, down from 85% in the 80's and 90's.

Because franchise opportunity websites are so popular, franchise candidates started realizing the vast number of opportunities out there, boggling their minds. Franchisors realized the vast number franchise opportunity websites competing for their ad dollars, boggling their minds, too.

Seizing on the opportunity to help candidates sort through their sea of choices, a new type of business broker emerged, called "franchise broker" by franchisors, and "franchise consultant" by themselves. Frannet, the inventor of the category back in the 80's, now saw Entrepreneur's Source, Franchoice, and Matchpoint established within this category. Franchise brokers promised candidates free matching services to help them sift through the seemingly unlimited number of opportunities to find a franchisor fitting their needs and objectives. Many franchisors, initially skeptical and hesitant to do business with brokers, suddenly shifted their thinking. They offered to raise their broker fees to get the broker's attention. As a result brokers saw their fees jump from an average of \$8,000 to over \$20,000 in a few short years. Franchisors raised their franchise fees to cover this increase broker fees.

The franchise broker chains do an outstanding job at aggregating the internet leads who will accept the franchisee recruiter's telephone call, (as franchisors are still somewhat trapped within the telephone paradigm and will pay through the nose to get someone to talk to them).



Franchisors started offering more detailed franchise information on their websites than ever before, apparently less concerned that too much information will discourage franchise candidates from taking their calls. “Candidates aren’t taking our calls anyways,” thought the astute franchisee recruiter, “so what have I got to lose?” *Franchisors started realizing that perhaps the web, not the franchisor, is now the gatekeeper of information.*

Franchisee recruiters and candidates communicated more and more through email and electronic media. Many franchisors stopped sending hard copies of brochures and the UFOC (FDD). Candidates filled out online applications. Many franchisors uploaded franchisee testimonials, customer testimonials and other video content for candidates to watch. Additionally, franchisors created email campaigns to inform and educate franchise candidates on the happenings of the franchisor and franchisees. As a result, franchise candidates became more educated on the franchise opportunity before they spoke to a franchisee recruiter.

Franchisors started seeing the potential impact of social media on franchising. Disgruntled Quizno’s franchisees put up a short-lived website with the domain QuiznosSucks.com. In response some franchisors ran out and registered their tradename plus “sucks” at the end it, making sure this could never happen to them.

Watchdog websites such as BlueMauMau.com and RipoffReport.com allow current and past franchisees and franchising pundits to post information about their negative experiences with certain franchisors.

Web traffic for franchise opportunity websites explodes. Faithful print media vehicles like *Wall Street Journal* and *USA Today* generate fewer results and franchisors start allocating more of their ad dollars towards franchise opportunity portals, broker fees, search engine optimization, sponsored links, and public relations. Print advertising and trade show vehicles become more of an afterthought.

My 401K is now a 201K, foreclosures, and the credit crunch

In 2008 all hell breaks loose. Virtually overnight, people lose as much as 50% of their stock portfolios and their home equity disappears, assuming they hadn’t borrowed against their equity to begin with. Many people are scared to death and sit on what little money they have left. Those who move beyond their fears find difficulty getting financing.



Smart franchisors recognize that the franchisee recruitment game is starting to change.

First, we will deal with the impact of technology on buying behavior. Then we will examine the impact of the credit crunch of the future of franchise recruitment.

The brave new world

Many franchisors are realizing they don't need to be the tight-fisted, heavy-handed gatekeepers of information. Because the web is now performs this function (and not the franchisee recruiters), franchisors post more detailed franchise opportunity information on their websites. Many franchisors create dedicated franchise opportunity websites.

Astute franchisors understand that responsible and motivated franchise candidates can and will educate and qualify themselves if given the opportunity. They accept candidates will contact them when they are ready to have conversations. And franchisors don't have much of a choice in the matter either because candidates are not returning their calls. In the early stages of their investigation, more and more candidates refuse to talk to franchisors. Candidates want to gather information on their own, and when they are ready to speak, they will do so.

Why I learned everything I think about the future of franchising from the past of residential real estate.

In my opinion we are in the middle of the shift towards a more candidate-controlled, technology-driven franchisee recruitment process. To better understand where this might be going, let's take a look at *what buyer attitude and behavior changes already occurred in residential real estate sales.*

A poll taken in 2003 by the National Association of Realtors showed distinct differences between the buying behaviors demonstrated by internet buyers and traditional home buyers. Those differences are detailed here. I see many similarities between what has happened in residential real estate in the past and what is happening in franchising in the present.



Traditional Home Buyers	Internet Home Buyers
Typically have purchased one or more homes before.	Typically first-time home buyers. Young, affluent, well-educated.
Spent 2 days looking at homes before contacting real estate agent.	Spent 6 or more weeks looking at homes online before contacting a real estate agent.
Took 7 weeks to make a decision.	Took 2 weeks to make a decision.
Looked at 15 homes (mostly homes the agent decided to show them) before making a decision.	Looks at 7 homes (mostly homes they decided to see) before making a decision.
Relied on real estate agents to provide information on neighborhoods and guide them through the home buying process, such as financing.	Learned about homes, neighborhoods, school systems, and financing and home buying process on the internet BEFORE contacting real estate agent.
Communicated with real estate agent every 6-7 days by telephone.	Communicated with real estate agent every 4-5 days. ALMOST 9 OUT OF 10 COMMUNICATIONS WERE EMAIL!
Required assistance understanding needs, wants and what they could afford.	Possessed a good understanding of what they want and could afford prior to contacting real estate agent.



Additionally, internet home buyers indicated they felt more empowered, better educated, and indicated they were MORE SATISFIED with their home purchasing experience and real estate agent services than traditional home buyers.

Remember, this study was conducted in 2003 when “traditional buyers” represented about half of the transactions and “internet buyers” the other half.

By the end of 2007 there was no such thing as a “traditional buyer.” The buyer’s attitudes and behaviors completely shifted, virtually overnight. Many established and highly successful residential real estate professionals found themselves in a very uncomfortable place. The same business practices which created lucrative 20-year or more careers, if not immediately and completely scrapped, would lead to their demise. Winners do not quickly walk away from their winning formulas. Many top performing real estate salespeople got caught looking the wrong way.

Several executives of one of the largest national residential real estate brokerage firms turned me onto that study. Then they showed me an advertisement placed by a real estate salesperson from an independent real estate firm. The advertisement showed a giant portrait of the real estate salesperson with all the salesperson’s accomplishments, awards, and accolades. The advertisement’s “call to action” was, “Call Tony for a free school report.” The executives smiled at me saying, “He is the definition of ‘not getting it.’” Nobody was going to call Tony. The school reports are available online. So are the homes. Poor Tony was going to get bypassed and wonder what happened.

Dr. Phil McGraw once noted there were two types of people: those who get it and those who don’t. He suggested you be one who does.



2010 and beyond, the future of franchise lead generation

Before advances in biotechnology allow franchisors to clone existing peak performing franchisees and Subway places their first franchisee in a shopping center on Mars, we will see some rapid changes in more traditional methods of franchise recruitment. For franchisors who don't pay attention to what is coming, the future is going to hit them with the force of a falling "Acme" safe from a Bugs Bunny cartoon. The franchisors most likely to misread the tea leaves (like ol' Tony in the previous example) will have long track records of success operating inside old paradigms such as, "anyone who doesn't accept our phone calls isn't a *real* lead," "the franchisor controls the sales process," and "the franchisor is the gatekeeper of information," will be slow to jettison what has traditionally worked for them in the past. Younger franchisors who are technology savvy and who don't have tied to what worked in the past will quickly adapt and embrace franchise candidates' changes of attitude and behavior.

Big Change Number One: franchise brokers will lose their value proposition to the next generation of franchise portals

I know what you are thinking: "They do thousands of deals a year! You can't be serious!" I am serious as a heart attack.

Think about the value proposition which franchise brokers offer their clients:

- Candidates get to work with a highly experienced franchise professional and their fees are paid for by the franchisor. In other words, candidates expect brokers to educate them and offer them insights.
- It doesn't cost candidates any more money to work with brokers than not to work with a broker.
- Franchise brokers will most likely present franchise opportunities which candidates would typically miss on their own but still which fit what candidates are looking for.
- It is almost implied (from the candidates' perspective) that franchise brokers only show candidates successful franchise opportunities.



Second, most franchise brokers generate most of their leads electronically, primarily from sources such as franchise opportunity portals. Some chains, like Frannet, are experts at networking and local lead generation, but few franchise brokers have mastered the skill to generate enough local leads to create a sustainable business and may find themselves looking for other lines of work.

Big Change Number Two: franchise portals will change the way they do business

With the proliferation of franchise opportunity websites, the franchise opportunity advertising market has become diluted. Some franchise portals simply have too many advertisers and franchisors have a tougher time cutting through the clutter to generate acceptable results. Many franchisors are cutting back on franchise portal advertising and putting more money into search engine optimization, sponsored links, public relations, and other forms of lead generation. Pressured by unhappy franchisors and falling revenues, franchise opportunity portals will start rethinking how they do business.

Franchise opportunity portals, once laboring under the delusion that they are in the lead generation business, will start realizing they are actually in the *franchisee generation business*. They will see that franchisors will pay more for more “buyer ready” qualified franchise candidates than the random names, numbers, and email addresses they are getting now from the portals. They will start looking at how the franchise brokers do business and figure out ways they can do it better. They will ask, “Why do franchisors willingly pay brokers over \$20,000 for the same leads they pay us \$50 for? How do brokers add \$20,000 in perceived value to the franchisor by holding just a few simple telephone conversations? How can we add the same value, or more, since we have the lead first?

Finally, they will ask the right questions

Then they will see that they are already in a position to trump the broker’s value proposition and alter the way franchise candidates and franchisors find each other. This is where the breakthrough will occur.



Let's revisit the value proposition franchise brokers offer their clients.

- Education and experience
- Free advice
- Matching candidates to opportunities
- Perception that brokers only work with successful franchisors (in other words, vetting and screening of franchisors).

A new generation franchise opportunity website will emerge, blowing franchisors, franchise candidates, and the media away.

Here will be the features of the website:

- Education. They will create online, interactive, video-assisted, college level courses covering such topics as showing candidates how to transition from employment to self-employment, how to research a franchise opportunity, what separates competent from incompetent franchisors, how to move past self-limiting fears and beliefs, and what are the typical trips and traps of franchising. They will film the most interesting and articulate speakers and most brilliant minds in franchising and incorporate their opinions into their educational offerings.
- Free service. They will use education as the “hook” to generate web traffic and create buzz.
- Matching. They will take a scientifically validated approach rather than the subjective approach franchise brokers now take. Candidates will take a battery of behavior profiles and values assessments. They will see how they compare to the peak performers and underperformers of various franchise chains. The franchise opportunity portal will profile the franchisees of their advertisers and enter the data into the matching system. Franchise candidates will immediately see which chains they have the greatest chance of success with and which chains they should avoid like the plague.
- Vetting and screening. The franchise opportunity portal will create a social community of franchise candidates who share data and information. The portal will create a template for how to research a franchise opportunity and provide a social network for candidates to share research with other members. Because they will all use the same basic research format, the data carry more meaning for members and can easily be exchanged. The portal's template will include such things as pro formas, franchisee satisfaction surveys, and projected start up costs and working capital



- needs, break even analysis, and projected ramp up times. Franchise candidate posters will responsibly warn each other of unsuccessful or unscrupulous franchisors.
- High tech and hi touch. The portal will employ a small team of franchise consultants who can be hired to coach and protect the interests of the franchise candidate. The consultants will possess expertise in both franchising and financing options.

Successful and reputable franchisors and suppliers will pay the portal high premiums to keep this site exclusive to only reputable and successful franchisors and suppliers. The portal will require franchisors abide by certain ethical standards and will work hard to enforce these standards.

The site's members will take responsibility for helping the site succeed and refer it to others in their social network. The site will go viral.

Cheap plug

And if you decide you are the one who will finance and develop this site, call me because I want to provide content. We will make a mint!

Big Change Number Three: the end of the telephone paradigm and the birth of social media. How social networks such as Twitter, Facebook, Linked In and whatever the heck comes next will change franchising.

My 16-year old daughter Taylor communicates with her friends almost entirely through her Facebook account and hardly ever takes a call. She even hosts video conferences with her friends through an online communications service called Skype. This kid stays connected, but not the way you and I stay connected.

Someone once wrote, "Mental illness is inherited. You get it from your kids." In the same way, time-crunched, disconnected Baby Boomers will learn how to efficiently and effectively reconnect with their lost social networks from their children.



In 2009 Facebook announced almost a 300% registration increase with people between the ages 35-54 (which is the same demographic who invest in franchises). During the same time they experienced almost a 200% increase in registrations with adults over the age of 55. What will the impact be on franchising?

Over the last several years, franchisors reported that more of their franchisees were found by various forms of internet advertising or research than through franchisee referrals. Before franchisors even learn about candidates, candidates will screen franchisors through various social networks. Strong franchisors will once again benefit from a surge of referral generated leads as a result of changes driven by social media.

According to social media consultant Paul Segreto of franchisEssentials, franchisors will need to maintain a constant presence on social media and be prepared to electronically interact with candidates and respond to questions.

Big Change Number Four: the impact of the credit crunch on franchisee recruitment

The new oversight we will experience within financial markets will alter how franchisors do business. When I recently asked financial experts Geoff Seiber of Franfund and Ron Feldman of Siegel Financial Group about where they thought the financial markets were heading, I heard consistent answers.

First, they both agreed that franchise candidates will need to possess transferable skills, related experience, and may need to possess other sources of revenue (such as a working spouse) on top of demonstrated financial ability in order to be deemed by lending institutions qualified enough to fund the venture. Lending institutions will evaluate the merits of each candidate and more closely watch the financial performance of their existing loans. Franchisors carrying a higher-than-average loan default rate may not be able to attain traditional sources of financing for their franchise candidates. Additionally, franchise



candidates whose experience and skills do not match up well with the profile of a successful franchisee will not find financial backing.

The net impact? Many franchisors will only be able to recruit the financially qualified, highly skilled, and highly experienced candidates they should have been recruiting in the first place! Young franchisors need to be pro-active and find candidates with the ability to self-finance their projects.

The financial markets will no longer prop up unsuccessful or incompetent franchisors that do not produce consistent positive returns for their franchisee community.

In other words, only franchisors that are highly skilled in the business of franchising (being defined as recruiting, training, and developing a community of successful franchisees) will be able to get financing for their candidates. Because the financial markets will shift from courting franchisors who sell the most franchises to targeting franchisors that consistently produce the greatest results for their franchisees, franchisors will start putting more attention there also.

Lorne Fisher of Fish Consulting goes out on a limb and predicts that franchisee recruiters will need to spend as much time networking for qualified leads in local markets as they will managing the recruitment process. This is going to upset the recruiters who like to work from their offices and loathe business travel. This strategy may necessitate for some franchisors greater travel budgets and a more mobile and geographically dispersed franchisee recruitment team.

You may be asking yourself, where will we find the time?

Big Change Number Five: franchisors will create offer franchise candidates much more franchise opportunity information on their websites and interactive tools for candidates to self qualify.



In the past, franchisors related to the franchise opportunity website (or section of their website) and their franchisee recruitment process as separate and distinct entities. Today, smart franchisors see their franchise opportunity section or website *as part of their recruitment process*. These franchisors know their target franchise candidates. They craft intelligent sites which satisfy their target franchisees' needs, wants, and concerns while educating them on the franchise opportunity. The franchisors understand that most candidates want to educate and qualify themselves on the franchisor's opportunity without the interference of the franchisor's recruiters. Additionally, these franchise candidates will screen the franchisor through social networks and citizen commentators and journalists before they will ever take the recruiters' calls.

Therefore, recruiters will have more time because they are starting the process with self-qualified applicants who already know the franchisors value proposition and not with the raw, unqualified leads they may currently be working with. This will free them up to recruit more franchisees in less time (meaning recruitment departments may shrink) or invest more time conducting the type of grass roots recruiting Fisher recommends. Whether or not recruiters will want to engage in such lead generating activities is a completely different story. Aside from those franchise recruiters who work for the high investment restaurant chains or competitive residential real estate chains, many franchisee recruiters haven't had to hustle for leads in a long time.

Perhaps more franchise broker networks will capitalize on this reluctance and shift their businesses from generating leads through the internet to beating the streets to produce more local leads for franchisors.

Franchise Performance Group helped Snap-on Tools shape the communications strategy behind their recently overhauled franchise opportunity website. Their new site offers candidates' a wealth of information about the company and their franchise opportunity. For instance, they added videos of franchisee testimonials, key management introducing the brand and the concept, and a virtual tour of the Snap-on Store (which is what they call their mobile tool showrooms). Candidates experience the power of the Snap-on brand and are highly educated on what it takes to win as a franchisee before being asked to submit their qualifications. In my follow up conversations with Mike Doweitt of Snap-on, he indicated that since implementing their new strategy, candidates responded in record numbers and application submissions are up 300% year-over-year. In the past, many franchisors were afraid to offer the candidate too



much information because they thought candidates would not respond to their calls. Snap-on took a risk and discovered the opposite to be true. Many franchisors will soon follow their lead.

However, many franchise opportunity websites, still operating from the “if I give candidates too much information they won’t call us” paradigm stone ages still only allow franchisors to post 1000-word descriptions and don’t even allow a link to the franchisor’s home page. Why? Is this what candidates want? Is this in the candidates’ best interest? Or is this evidence that these franchise opportunity websites fail to realize that the web and not they are now the gatekeepers of information?

Big Change Number Six: the death of franchise sales as we know it.

Think about how the franchisee recruiters’ skills and focus will need to change in the upcoming years. Financing companies are looking for more highly qualified franchise candidates. Therefore, franchisee recruiters are going to need to spend more time qualifying candidates and understanding how their backgrounds, qualifications, skills, and experience will transfer to the franchise opportunity. They are going to have to learn how to read financial statements, understand cash flow analysis, read between the lines of resumes, and know how to ask tough, probing questions.

Franchisee recruiters will operate like executive recruiters in other corporations who go into local markets and look for highly skilled job applicants. Franchisors will no longer be able to send marginal candidates to financial institutions for a “rubber stamp” approval to get financing. If franchisors don’t disqualify candidates who are undercapitalized or don’t have the necessary skills, background, and experience to win, than the financial institutions will...right before they sever their relationship with the franchisor.

Of course, I may be all wet in my assessments. This article is an opinion, and opinions are like belly buttons: everyone has one and they don’t make any difference. As the future unfolds, all or none my predictions may occur. However, one thing is certain: *buyer behavior is changing*. When a company’s



sales process is no longer consistent with the buyers' buying process, then buyers stop buying from that company. Like real estate offices before them, franchisors may find that holding to the same strategies which worked well over the last twenty years may be a failing strategy in the next five. They are faced with two choices.

First, they can watch what happens and then react to what they see.

Second, they can drive change. They will reconstruct their franchise opportunity websites and redesign their recruitment processes consistent with how franchise candidates buy. Additionally, they will train franchisee recruiters in the skills and techniques necessary to win in this new age of franchising.



About Franchise Performance Group (FPG)

FPG is a consulting firm specializing in helping franchisors drive franchisee recruitment results. Our proven process, *Mastering Franchisee Recruitment* ©, has been certified by the ICFE (Institute of Certified Franchise Executives). Our consultants have a combined 70 years experience in franchise sales and executive leadership with franchise organizations such as Subway, Blimpie, Entrepreneur's Source, Motophoto, Relax the Back, and others.

Clients include Great Clips, Sport Clips, Snap-On Tools, BrightStar Healthcare, Ben and Jerry's, and other national and international chains.

We specialize in:

- Franchise opportunity website content
- Lead generation strategy
- Franchise sales process strategy, content, and design
- Training, developing, coaching, and managing franchise recruitment teams, area developers, and master franchisees
- Franchise sales mystery shopping, delivering unbiased feedback about how franchise candidates experience your sales people, sales process and online presence
- Franchisee "top performer" behavior profiles and values assessments. Measuring how franchise candidates in your pipeline match your top performers
- Recruiting franchisees for franchisors on an outsourced basis
- Franchise sales departmental leadership on an outsourced basis
- Common sense PR and social media strategy for franchise development



About Joe Mathews



Mathews is a 25-year franchising veteran, Founding Partner of FPG, student of franchising and self-proclaimed “Franchise Junkie.” Along with former IFA President Don Debolt and Deb Percival, he was lead author of the highly acclaimed and best-selling book on franchising *Street Smart Franchising* and author of *Meaning of Life Project*.

He is married with 3 kids and two poodles, and lives in the rural Berkshire foothills of Litchfield, CT.

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