



IFA's 45th Annual International Franchise Convention
March 6-9, 2005 ▪ WESTIN DIPLOMAT RESORT & SPA ▪ HOLLYWOOD, FL

Lead Referral Networks: Solutions & Challenges in Creating the Big Win

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- I. Why are more franchisors using franchise referral sources to assist them in generating more qualified leads?



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- What do referral networks do?
 - Lead Aggregators
 - Lead Processors
 - Lead Qualifiers
 - Prospect/Franchisor Matchmakers

- Why use referral networks?
 - Franchise update survey
 - 29% of deals
 - Trend data
 - Save processing time and costs
 - Help drive timely decisions
 - Incremental deals
 - Only pay for results



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II. How do you use franchise referral sources as an effective component of your overall franchise development strategy?



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- Understand first how the referral network program works
 - How do they attract their leads
 - How involved are they in the sale
 - What is their geographic coverage compared to your strategic growth plans





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- Compare your current lead generation strategy to the referral network strategy
- Decide on the level of involvement you want with the referral source
 - Incremental sales
 - Most of your sales



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- We use 4 referral groups currently
 - FranChoice
 - The Business Alliance Group
 - FranNet
 - Franchise Buyer
- Our referral sources represent 15% of our targeted sales in 2005





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III. What do franchise referral sources consider when deciding if they want to work with a franchisor?



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- Franchisor Selection Criteria
 - Referral Network Motivation:

Getting Results



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- Franchisor Selection Criteria
 - Unit level economics
 - Existing franchisee validation
 - Franchisee conflict history
 - New franchisee total investment
 - Franchisee recruiting system
 - Responsiveness





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IV. How can you most effectively work with franchise referral sources so that you can significantly increase the quantity and quality of your leads?



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- Create a plan
 - Listen to what is important to the referral source you are working with
 - Build your plan around their needs

- Getting the word out
 - Work with the referral source to develop a roll-out strategy to the consultants
 - Communicate your brand message to the consultants
 - Clear and simple (elevator pitch)
 - Develop a piece specific to them
 - Do not provide too much



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- Execute your plan
 - Treat all consultants like a customer
 - Develop your systems around speed
 - Lead response
 - Fee payment
 - Communicate your success
 - Update changes to your system





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V. What are the legal issues that must be considered if you work with franchise referral sources?



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- Are referral sources franchise brokers
- What information needs to be disclosed in the UFOC
- A franchisor must understand the business practices of the lead referral sources it uses
- Be wary of earnings claims





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- Lead Referral Networks
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