



Franchising
Building local businesses,
one opportunity at a time.



ENHANCE

PROMOTE

PROTECT

BUILD UPON PROGRESS

International Franchise Association

Strategic Plan

2010-2012

IFA Mission

Protect, enhance and promote franchising

IFA Vision

The preeminent voice and acknowledged leader for franchising worldwide

IFA Strategic Priorities

- Government relations
- Public relations
- Education and professional development

IFA Values

Integrity

- Infusing high ethical standards into all efforts

Respect

- Showing thoughtful consideration for all members, staff and others with whom we work

Trust

- Faithfully fulfilling our responsibilities to members

Excellence

- Delivering high quality content and programs that propel franchising forward

Diversity

- Embracing the diversity of individuals, ideas and perspectives

Strategic Plan Working Group Members

Planning Group Chair
Steve Romaniello, CFE
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Chairman, FOCUS Brands

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Alisa Harrison
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Introduction

“The Future of Franchising: Looking 25 Years Ahead to the Year 2010,” prepared in 1985 by *Megatrends* author John Naisbitt for the International Franchise Association, predicted a bright future for franchising. By all accounts, it appears that prediction has held true.

The franchise industry has been on a steady growth trend for the past two decades. Over that time, there has been an explosion in the diversity of franchise business concepts as more and more entrepreneurs have adopted the franchising format to develop their businesses. Small, start-up businesses to Fortune 500 companies are using business format franchising to grow their brands in the U.S. and around the world. Recent data show that between 2001 and 2005, the economic output of franchise businesses grew 41 percent, employment grew 13 percent and the number of establishments grew 18 percent.

Much of this growth can be attributed to the industry’s aggressive response to recent trends, such as: the shift from a manufacturing based to an information and service based economy; higher demand for convenience stemming from the increase of women in the workforce; increase in demand for specialized services; and an increase in women and minorities entering franchising. Favorable public policies, lower inflation and accessible credit have also contributed to the growth.

A lot has changed in the world since the Naisbitt report 25 years ago. The cost of a postage stamp doubled, scientists discovered a hole in the ozone layer threatening policy changes for today’s businesses, the Soviet Union collapsed and China and India emerged as global economic powerhouses. Cable television was born creating the 24-hour news cycle; and of course, the Internet burst onto the scene paving the road for the instant communication demanded today and spawning Generation Y, the future workforce of our economy.

However, some areas seem to have come full circle. Twenty-five years ago, the country was in an economic crisis facing the fall out of the savings and loan crisis

and a rising budget deficit. Today, the United States and the global community are facing the impact of the sharp downturn in housing markets across the U.S. undermining the solvency of major financial institutions and disrupting the financial markets. These events led the U.S. into a recession that will probably be the longest and the deepest since World War II.

This is the environment in which the IFA developed this 2010-2012 Strategic Plan. The Goals and Objectives are designed to leverage IFA and the franchise industry’s significant growth in previous years and ensure that as the organization enters its 50th year in 2010, its mission to protect, enhance and promote the franchise industry will be accomplished.

Process

This strategic plan was developed through a comprehensive and inclusive process. IFA’s 2009 Chairwoman Dina Dwyer-Owens, CFE, appointed a Strategic Plan Working Group representing all segments of the industry, which included established franchise companies and emerging leaders, franchisors, franchisees and suppliers, to review IFA’s Strategic Priorities, Mission, Vision and Values. Dwyer-Owens asked IFA Board member Steve Romaniello, CFE, managing partner, Roark Capital and chairman of FOCUS Brands to chair the working group and guide the process. The group was asked to determine what challenges and opportunities lay ahead for the industry and the organization, and to ensure that the goals and objectives articulate the outcomes it seeks to achieve for members.

As a part of this planning process, the working group considered the results of IFA surveys of members to determine satisfaction with IFA and its programs and services; identify member perspectives on the future environment in franchising; and provide an opportunity for feedback on franchising and association planning issues.

In addition to the member surveys, the working group developed the plan based on the following broad ranging assumptions stemming from the business environment in which the industry operates today.

Assumptions

- **The economic recession is ending, but recovery will be slow**

The recession, which began in December 2007, is expected to end in the fourth quarter of 2009, but the recovery will be lethargic, progressing at a pace well shy of other economic bounce backs. Unemployment is expected to rise over 10 percent in 2010 before leveling off midyear. For 2010, gross domestic product is predicted to rise about 1.5 percent after shrinking nearly 3 percent in 2009. This compares with a 6.5 percent increase in GDP during the 12 months following every economic recovery since the 1940s. Government stimulus efforts have yet to fully take hold and changes to the regulatory oversight of our financial institutions make predictions beyond 2010 difficult. Therefore, the working group made the assumption that this plan will be reviewed on a timely basis over the next three years so that adjustments can be made to new and lingering impacts of the recession.*

- **Credit will remain tight**

Although financial conditions are expected to improve, the pace of improvement will be gradual and measured over several years. It will take time for financial institutions to recover from losses due to loan defaults. It also will take demonstrated economic improvement for banks to move from a conservative and somewhat regulatorily-driven “don’t lose money” philosophy that is dominant today. As a result, business and consumer borrowers will continue to find the terms and availability of credit tight, which will increase the cost of capital and hold back the growth of investment and consumption, dampening economic activity for several years. The lack of access to credit will make it harder for small businesses and franchising to recover quickly. The delayed improvement in key economic factors like employment and consumer demand will cause new franchisor numbers to slow, inhibit new prospective franchisees from entering franchising, and cause existing franchisee and franchisor operators to struggle to maintain adequate working capital and gain access to expansion capital, some to the extent of failure.

*Economic projections and indicators based on data from the Congressional Budget Office and the Kiplinger Business Resource Center.

- **The regulatory environment will place financial pressures on the franchise industry**

The policy agenda championed by President Obama and the Democratic controlled House of Representatives and Senate, if passed, will add significant operating costs to franchise businesses, impacting the industry's ability to create sustainable jobs and increase economic output.

Health care reform, potential tax increases, pro-union organizing bills, energy regulations, immigration reform and a skyrocketing federal deficit will mean that the franchise industry faces possibly one of the most anti-business regulatory environments ever.

- **IFA members will need new tools and resources to succeed in today's environment**

With the maturity of the franchising industry has come increasing demand from franchisors and franchisees for "world-class" education, professional development, best practices sharing and new technologies to support continued growth and prosperity into the future. IFA will need to stay abreast of these demands and ensure that new tools and programs are developed and delivered.

- **IFA will build upon progress made over the past three years to strengthen its position among policymakers and demonstrate its value to members**

IFA members and resources have increased significantly in the past five years enabling the organization to increase the awareness of the economic impact of franchising and enhance its position among policy elites.

While IFA members are recovering from the recession, IFA membership numbers and financial resources will remain flat, but slowly improve during the course of the Strategic Plan. The association will implement the plan priorities through innovative and cost effective programs to ensure IFA remains a top business organization.

Conclusion

The intent of this Strategic Plan is to bring focus to what IFA will achieve during the life of the plan. It is driven by an envisioned future that realizes the full potential of the industry and the organization. It includes assumptions based on factors known today, but is flexible to adjust to emerging issues and threats. This Strategic Plan will guide annual operational plans to achieve performance measures and ensure the organization is on the right path to remaining the preeminent voice and acknowledged leader for franchising worldwide.

IFA Strategic Goals and Objectives

Goal Statement A:

IFA will shape the legislative, regulatory and public policy decisions that impact franchising.

Objective 1: Deliver public affairs programs and advocate for policies that promote and protect franchising.

- 1) **Performance Measure:** Support policy initiatives that will be beneficial to the franchise community and prevent unfavorable franchise-specific state, federal or international legislation or regulation.
- 2) **Performance Measure:** Play a leading role in at least two coalitions annually at the state, federal or international levels on public policy issues affecting franchising.

Objective 2: Create and sustain the Franchise Congress program to manage key relationships between policymakers and their local franchise business leaders.

- 1) **Performance Measure:** Implement and achieve objectives in the Franchise Congress plan as approved by the IFA board of directors.
- 2) **Performance Measure:** Increase the number of congressional visits during the annual Public Affairs Conference (formerly Franchise Appreciation Day) to 250 in 2010 to 300 in 2011 and to 350 in 2012 and have franchisees be 50 percent of the conference attendees.
- 3) **Performance Measure:** Coordinate a minimum of 10 meetings per year between targeted IFA members and key members of Congress or their staff.
- 4) **Performance Measure:** Conduct research in support of IFA advocacy efforts as needed as directed by the IFA board.
- 5) **Performance Measure:** Create relationships with policymakers in the new Congress and new Administration, including representatives from the U.S. Department of Commerce, Federal Trade Commission, U.S. Department of Veterans Affairs and the Small Business Administration.

Objective 3: Raise awareness and increase participation in FranPAC to support the public policy objectives of the franchise business community.

- 1) **Performance Measure:** Increase FranPAC contributions to \$650,000 in the 2009/2010 cycle and to \$750,000 in the 2011/2012 cycle.
- 2) **Performance Measure:** Achieve 100 percent FranPAC contribution annually from the IFA board at a minimum of \$2,500 per board member and \$5,000 per executive committee member.
- 3) **Performance Measure:** Increase the number of FranPAC maximum donors (\$5,000) to 40 in 2010, to 45 in 2011 and to 50 in 2012.
- 4) **Performance Measure:** Increase the number of contributors to the FranPAC 365 Club (the number who contribute at least \$365) 15 percent per year.

Goal Statement B:

IFA will enhance and promote the unique image, attributes and benefits of franchising and of the association among key audiences.

Objective 1: Protect the business climate for franchising through communications programs that increase the awareness and favorability of IFA and franchising among public policy elites.

- 1) **Performance Measure:** Increase awareness rating of IFA among policy elites from 42 percent to 65 percent and favorability from 46 percent to 60 percent by 2012.
- 2) **Performance Measure:** Maintain overall high favorability rating of the franchise model among policy elites at 83 percent and increase the percentage of those who are strongly favorable from 38 to 42 percent by 2012.
- 3) **Performance Measure:** Increase percentage of policy elites who seek out IFA for information on small business from 21 percent to 30 percent by 2012.

Objective 2: Deliver positive messages about franchising and IFA through unified communications and brand marketing programs.

- 1) **Performance Measure:** Increase franchise.org unique visitors to 100,000 in 2010, to 110,000 in 2011 and to 120,000 in 2012 or have franchise.org ranked in the top five, and increase the lead count by 20 percent per year through targeted advertising and enhanced Web site content and optimization measures.
- 2) **Performance Measure:** Execute strategy to be developed by Dec. 31, 2009 to utilize new and emerging social media platforms to promote IFA and its programs and information.
- 3) **Performance Measure:** Achieve meaningful favorability ratings of franchising and IFA in the media, per approved measurement criteria as determined in a 2009 benchmark exercise, through strong interaction with trade and business reporters and bloggers.
- 4) **Performance Measure:** Assist IFA members in expanding their diversity recruitment and multi-cultural marketing efforts at all levels (franchisees, employees, suppliers, and consumers) through education and outreach on an annual basis by: holding a Diversity Summit at IFA Annual Convention, conducting a minimum of 20 MinorityFran outreach seminars per year in U.S. cities, participating in a minimum of six conferences sponsored by national minority organizations, and generating a minimum of 15 media stories about opportunities in franchising for minorities, veterans, and women.
- 5) **Performance Measure:** Produce and publish 12 issues of Franchising World, 24 issues of IFA Insider, three issues of IFA SmartBrief per week, two editions of the Franchise Opportunity Guide and an annual report on deadline and within established budgets.

IFA Strategic Goals and Objectives

Goal Statement C:

IFA will deliver programs and services that provide value to members— franchisors, franchisees and suppliers.

Objective 1: Deliver first-in-class benefits and educational opportunities for the franchise community through quality services, conferences and programs.

- 1) Performance Measure:** Increase convention attendance to 2,100 in 2010, 2,800 in 2011 and 3,000 in 2012, and achieve overall satisfaction rating of excellent/good by 95 percent of attendees.
- 2) Performance Measure:** Build attendance at the IFA Legal Symposium to 500 in 2010, 550 in 2011 and 600 in 2012, and achieve overall satisfaction rating of excellent/good by 90 percent of attendees.
- 3) Performance Measure:** Achieve attendance of 60 C-level franchise executives at the Executive Leadership Conference in 2010, 75 by 2011 and 100 by 2012, and achieve overall satisfaction rating of excellent/good by 98 percent of attendees.
- 4) Performance Measure:** Conduct four regional CEO Roundtables per year (target one per quarter) with an average attendance of 20 CEOs per session.
- 5) Performance Measure:** Coordinate at least 25 webinars per year to address the varied educational needs of IFA members.
- 6) Performance Measure:** Develop by spring 2010 a white paper to examine the long-term needs of developing more focused regional programming and resources, including the implications and viability of regional meetings and organizations.

Objective 2: Increase Multi-Unit Franchisee involvement through education, networking and savings on products and services.

- 1) Performance Measure:** Engage multi-unit franchisees in the establishment of the Franchise Congress advocacy program.

- 2) Performance Measure:** Create a multi-unit conference that will attract 50 multi-unit franchisees in 2010, 100 in 2011 and 200 by 2012.
- 3) Performance Measure:** Create an electronic newsletter to deliver valuable content to IFA's franchisee members.

Objective 3: Conduct research to support advocacy programs, provide information to IFA members and support international initiatives.

- 1) Performance Measure:** Conduct, release and promote an annual Franchise Business Economic Outlook and regular reports about the economic impact of franchising.
- 2) Performance Measure:** Conduct, release and promote a Franchise Business Leader Survey at least once a year.

Objective 4: Enhance franchising by providing the highest standards of education and training of IFA members through the Institute of Certified Franchise Executives (ICFE).

- 1) Performance Measure:** Increase the percentage of IFA member companies enrolled in the CFE Program to 35 percent in 2010, to 40 percent in 2011 and to 45 percent in 2012.
- 2) Performance Measure:** Develop by spring 2010 a white paper to examine the long-term needs of an enhanced certification program or enhanced criteria for IFA membership.

Objective 5: Become the recognized source for international franchising information to serve the global needs of IFA members.

- 1) Performance Measure:** Update and maintain the international section of the IFA Web site delivering valuable information on country profiles, laws and related articles to assist IFA members in franchising internationally.

- 2) Performance Measure:** Create an international development program, which would host U.S. Pavilions in four international franchise trade shows in 2010 and six international franchise trade shows by 2012.
- 3) Performance Measure:** Attend two World Franchise Council meetings per year to provide leadership in promoting best practices among the council's association members.

Goal Statement D

IFA will increase membership across all franchise sectors.

Objective 1: Develop membership recruitment and retention programs to meet specific targets.

- 1) Performance Measure:** Increase the number of franchisor members to 1,250 in 2010, to 1,300 in 2011 and to 1,400 in 2012 and maintain a retention rate of 92 percent for franchisors that have been members at least 5 years.
- 2) Performance Measure:** Recruit 10 of the top 50 franchisor prospects in 2010, increase to 15 in 2011 and to 20 in 2012.
- 3) Performance Measure:** Increase the number of multi-unit franchisee members to 50 in 2010, 100 in 2011 and 200 in 2012.
- 4) Performance Measure:** Increase Supplier Membership to 600 in 2010, to 650 in 2011 and to 700 in 2012 and maintain a retention rate of 75 percent for suppliers that have been members at least 3 years.



Franchising
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50
YEARS
1960-2010

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