Collaboration: It’s Not Just a Concept, It’s How You Build Your Franchise Empire

Brian B. Schnell
Faegre Baker Daniels, LLP
It’s All About Attitude:
A Culture of Collaboration is a Key Cornerstone to the Success of the Franchise System and all its Stakeholders
Collaboration matters.

- The power of franchising lies in collaboration between the franchisor and franchisees to protect, enhance and evolve the brand. That doesn’t mean the franchisor and its franchisees will always agree. But it is the franchisors who are dedicated to collaborative leadership that will thrive today and in the future. The energy of the franchise system ought to be focused on beating the competition; not beating one another.

- **Opportunity to Make A Difference:** Identify two changes to the structure or design on how you and your team interact with franchisees in the spirit of collaboration.
Golden Nugget #2

Collaboration occurs at every level of a franchise system.

• Many franchisor CEOs and founders will have an undying devotion to the brand, but does that undying devotion extend beyond the CEO to all levels of the franchisor management team, and even beyond that to the franchisee level and the individual employee level in the franchised locations?

• **Opportunity to Make A Difference:** Move the Needle. Take two measurable actions to engage different players in your system in a meaningful “undying devotion to the brand” transition.
Golden Nugget #3

System change must focus on unit-level economics.

- Franchisors who include franchisees in system change conversations will not overlook the impact that system-wide change will have on unit-level economics. This approach does not mean the franchisor cedes all decision-making authority (you should not give up that authority), but rather they include franchisees in the conversation and they then listen so that franchisees feel that their voice is heard.

- **Opportunity to Make A Difference:** Identify two ways to make more meaningful use of the requirement that franchisees must submit financial statements.
Golden Nugget #4

The results you are getting are exactly the results you are designed to get.

- To get different results, do something different and doing something different does not mean doing more of what already is not getting the results you want. For different results, aspects of your overall organizational design must change. Take a critical look at how you include franchisees in the process of system change. Do you have an attitude of collaboration or one of confrontation?

- **Opportunity to Make A Difference:** Check with your franchisees to see if they feel like they have a voice in system change and whether their voice is heard. Go beyond your Franchise Advisory Council.
Golden Nugget #5

Design a culture of inspiration and accountability.

• Too often, tradition keeps franchisors from making change (“saying no to change because that’s not the way we’ve done it in the past”), the blame game keeps team members unaccountable or the franchisees resist change from the franchisor, so the franchisor relies on the language in the franchise agreement to “force” the system change. Breaking through that paralysis requires the franchisor to inspire change within the system by holding people accountable for their commitments at all levels and respecting the key role that every stakeholder in the system plays.

• **Opportunity to Make A Difference:** Make one change to get beyond the “that’s not the way we’ve done it in the past” attitude that may be standing in the way of innovation and change.
Golden Nugget #6

Culture begins with the franchise development process.

• Highly successful franchisors design a franchise development process that includes managing franchisee expectations and conversations about system culture and system change. A process that focuses on selling (getting as many deals done as possible) will result in unmanaged expectations and franchise relationship challenges in the future.

• **Opportunity to Make A Difference:** Revise one aspect of your franchise development process where a gap exists on managing expectations.
Golden Nugget #7

Attitude is everything.

- Leaders can’t dictate attitude or blame others for system failures. At the same time, leaders are responsible for instilling passion and attitude throughout the entire system.

- **Opportunity to Make A Difference:** Make a commitment to follow through on the Golden Nuggets.
Golden Nugget #8

Fire “they.”

- Fire “they” immediately at your business. Shortcomings are too often blamed on an indefinite “they,” which is unproductive and unrealistic. Examples are “I didn’t get my piece done because ‘they’ didn’t do theirs,” or “It’s their job to get that done, not mine.”

- **Opportunity to Make A Difference:** Eliminate one gap in the way you and your team do things when you “fire they.”
Golden Nugget #9

Fill your peoples’ passion buckets.

• Leaders inspire through filling and refilling team members’ and franchisees’ “passion buckets,” which are the areas where individuals get energy and inspiration. Empty passion buckets impact people and impact the brand and customer experience. Listen to your people, inspire them to identify what they’re passionate about, and work with them to keep their buckets filled. And in order to do that successfully, leaders need their passion buckets filled by others as well. You can’t fill the passion buckets of others if yours is empty.

• **Opportunity to Make A Difference:** Identify two ways to fill people’s passion buckets within your organization.
Golden Nugget #10

The importance of listening.

- Franchise relationships fail if franchisors and franchisees do not adequately address breakdowns and collaborate early on to find solutions. When parties stop actively listening and communicating with one another, they resort to litigation or legislation. At times, litigation is inevitable and necessary, but more often than not litigation will not produce the desired outcome. Or, if it does, it comes at an incredible cost to the brand. No franchisor or franchisee should want a court or legislature to determine the outcome or direction of the franchise system.

- **Opportunity to Make A Difference:** Design one process or step where you and your franchisees listen to one another as part of franchisor/franchisee interactions (e.g., field support visits).