Franchise Sales from the Franchisee Perspective

MODERATOR:
John W. Francis
Area Franchisee for MN & WI - PostNet
Today’s Presenters

• John W. Francis – Area Franchisee MN & WI, PostNet International
• Joseph Mathews – Founding Partner, Franchise Performance Group
• Cindy Neal – Franchisee, Express Personnel of Peoria, IL
John W. Francis – Franchisee for POSTNET

- 7 Years as Area Franchisee for POSTNET in MN & WI, today 17 units in Territory.
- 7 years as Franchisee owner / operator of PostNet single unit in Twin Cities.
- 20 + years in Franchising experience:
  - “Recovering Franchisor” Executive & Cost Cutters Franchisee in Minnesota.
- IFA Board of Directors since 2007
Joe Mathews – Franchise Performance Group

- 20 years franchising experience with Subway, Blimpie, Motophoto and other national chains.
- Client list includes: British Petroleum, Alphagraphics, Subway, Realty Executives, Great Clips, and Ben and Jerrys.
- ICFE instructor
- Co-author Amazon.com best-selling book *Street Smart Franchising*

www.FranchisePerformanceGroup.com
Cindy Neal – Franchisee of Express Personnel

1. 18 Years Express Personnel Services Franchisee
2. Past President, NAWBO (National Association of Women Business Owners), Central Illinois Chapter
3. Owner, Sassy Lady and FSC Properties
4. IFA Franchisee Forum Representative
Key Points:

• Why Unit Economics is Job #1 for the Franchise System – success is measured differently.
• Why Establishing and Maintaining Quality Standards begins with the Franchisee Selections Process.
• Keys to gain validation of your system by current Franchisees – why is this so hard to get?
• What does it feel like to be a prospect in today’s franchise environment and how to be better
• Phases and types of franchisees in the investigation process, what do they think? Their PERSPECTIVE!
Why Unit Economics is Job #1 for the Franchise System – success is measured differently.

Cindy Neal
Franchisee – Express Personnel Services
UNIT ECONOMICS = Job #1

• Profitable franchisees are generally “happier” and small problems disappear.
UNIT ECONOMICS = Job #1

• Validation becomes easier and meaningful.
  – Unit growth of system
    • # new franchisees joining system
    • # multi-units with existing franchisees
  – Reputation
  – Profitability of system
UNIT ECONOMICS = Job #1

• Knowledge of system economics can be learned and then achieved.
  • Teach the numbers/measurements in initial training, then repeat training, repeat training, repeat training
  • Share the measurements weekly, monthly, annually…
  • Make it to fun to compete / have contests
  • Recognition, Recognition, Recognition

  – Examples:
    – Vital Signs (7 measures)
    – Fast Track / On-Track
    – Circle of Excellence
Why Establishing and Maintaining Quality Standards begins with the Franchisee Selection Process

Joe Mathews
Franchise Performance Group
The Business of Franchising

• How do franchisors make money?
Franchisors are in the royalty collections business.

- Who pays the most royalties?
- Who pays the least royalties?
- Where do you spend the most amount of your time, money, and resources?
George Carlin: Maniacs and Morons

Speed up Moron!

Slow Down Maniac!
Franchise Salespeople: What do you think?

**OR**

<table>
<thead>
<tr>
<th>My franchise is right for some people and wrong for others.</th>
<th>My franchise is right for everyone.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franchisees’ success is the key to the franchisor’s success</td>
<td>Franchise sales is key to the franchisor’s success</td>
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<tr>
<td>I am personally responsible for how well franchisees I recruit perform.</td>
<td>I sell them. If they fail, it’s the ops team’s fault.</td>
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Leaders: What do you think about your franchise development department?

OR

They are recruiters

They are salespeople
What do you do with buyers who may be higher risk?

OR

| We put our concerns on the table and have a straight conversation about our shared risks. | We sell them a franchise and hope for the best. |
What does the franchise buyer want?

OR

<table>
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<tr>
<th>A salesperson</th>
<th>A facilitator</th>
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<tr>
<td>A sales pitch</td>
<td>Open and honest conversation.</td>
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Summary

• Franchisors are in the business of royalty collections.
• The most successful franchisees typically pay the most royalties and consume the fewest resources.
• Unsuccessful franchisees typically pay the least royalties and consume the most resources.
• Bad recruiting hurts the franchisor, existing, and new franchisees.
• How we view franchise sales impacts how and who we recruit.
Keys to gain validation of your system by current Franchisees – why is this so hard to get?

John W. Francis
Area Franchisee MN and WI
PostNet
Keys to gain Validation:

• Validation from current franchisees is very important to prospects, it’s the “reality check” they seek.

• HOW to make it better / easier? Explain to current ‘zees what prospects seek and why they are calling, What's-In-It-For-Them?
  – At PostNet, no earnings claim info, where do prospects get the numbers?
Keys to gain Validation:

- Make it easier for everyone – prepare the prospect & prepare the franchisee.
  - “The more you know the better you will be…” gives the prospect some incentive for the effort.
  - Provide them some basic standard questions as a guideline, suggest other questions to help the prospect get exactly what they are seeking.
  - Help them with the language of your system / jargon and terms that are used.
Keys to gain Validation:

• Taking calls and emails is a distraction to current ‘zees; they want to help and they are busy! What should prospect expect?
  – Takes time and effort, don’t give up
  – Be persistent and friendly, be open to listen
  – Go and visit them in person, the more the better
  – Understand the range of operators – some are better than others.
Keys to gain Validation:

• ‘Zor can ask current franchisees; which prospects would they approve? and why or why not?
  – Gives everyone additional insight and value
  – Personalizes the conversation, builds relationships
  – Helps the ‘zor in conversations with prospect to show system connectedness and openness
  – Added perspective and understanding for prospect
What does it feel like?

• Prospects are flooded with information and calls / emails / brochures
• Everyone is trying the “Sell to me” no one is trying to “Help me”
• Improve this by being a listener and efficient with time – ask questions, schedule contact times, be a “RESOURCE” as they progress.
What’s it like to be a prospect?

Joe Mathews
Founder
Franchise Performance Group
There are nearly 3,000 franchise brands


How do I find the right franchise for me?
Ready to Go
Fear

- Failure
- Change
- Responsibility
- Unknown
Confusion

What do I want to be when I grow up?
Frustration

My life and career isn’t going as expected
Loss

- I just got laid off.
- Now what do I do?
- How will I provide for my family?
Worry

How long will my money last?
High Pressure Sales
Helping Hand

What does a helping hand look like?
What would you do differently IF YOU HAD TO lend a helping hand AND IT WAS ILLEGAL TO SELL?
Phases and types of franchisees in the investigation process, what do they think? Their PERSPECTIVE!

John W. Francis
Area Franchisee MN and WI
PostNet
Phases and Types of prospects

• **Curious** – looking for information, curious not serious.
  – Likely they web searched and clicked on many brands seeking info – they are not focused at all
  – They are getting overwhelmed with calls and emails
  – They know they’re not really going to DO anything
  – They say “Please, just send me the info, I’m looking at everything…”
  – My approach – ask them a few qualifying questions and direct them to PN franchise sales web, IFA web, and offer to be a resource to them if they want that.
Phases and Types of prospects

• **Dreamer** – wants to do something, can’t afford or do what they really want.
  – They are frustrated, want to make a change – didn’t realize there was so much work to do.
  – Seems somewhat focused, asks better questions, more sincere.
  – Ask for help: “Help me work it out, be a resource for me…”
  – Need to be carefully qualified, you can spend too much time with them
  – Maybe someday in the future they will become a buyer – leave the door open for them. Make a positive impression for the brand and franchising in general.
Phases and Types of prospects

• **Serious** – has interest, can’t or won’t make decision to buy, FEAR often becomes obstacle to overcome.
  - They are focused, they have done some of the work and investigation
  - They like what they see, they’re SCARED about a decision
  - They say: “Know me, educate me, help me understand the details, if it’s a match - I’ll make it…”
  - With careful processes and lots of time, they can become good franchisees.
  - They need to be helped along and a good sales process and person will be valuable to them.
Phases and Types of prospects

- **Buyer** – moves through process with intention, follows instructions, makes timely decision.
  - They are experienced, organized, ask great questions, they move along the process deliberately
  - They say: “I’ve done my homework, I know what I want, this is a match - I’m in!”
  - Need to be careful that they really DO know what is expected, they can be overconfident and a reality check is a real need for them.
  - Make sure they have done the homework and double check their expectations to be sure they are realistic.
  - They can become easily disillusioned and frustrated if their expectations are not realistic