

Franchise Support Departments

*Why your support department may be undermining your franchise network;
how to recognize it and what you can do about it.*

Franchise support is typified by the popular children's fairy tale, Goldilocks and the Three Bears, in which the search for "just right" presents unique challenges for the fable's characters. Fully functional or undermining support systems are often separated by a thin line. The who, what, when, where, how, and why of delivering support can make all the difference within franchise networks, where change is constant and perceptions rule.

First time franchisees unarguably benefit from comprehensive franchisor assistance. Properly setting up new franchises and timely opening the doors for business are paramount, ranking right up there with relevant prior experience and adequate capitalization. Support, however, becomes a moving target once franchisees have gained experience and made it beyond breakeven to the point of sustainable profitability. All franchisors are challenged to provide support that accommodates the diverse needs, preferences and personalities of franchisees, within networks ranging from single unit startups to mature multi-unit operations with up to hundreds of locations. Excessive support can yield overly dependent franchisees that erode franchisor profits, while too little support may contribute to franchisee dissatisfaction and underperformance. Support that is inadequate or unbalanced, threatens the successful continuation of the network and perpetuation of the brand.

Franchisors have traditionally established stand alone support departments staffed with generalists experienced in operations, sales and marketing. Support staffs are employed by franchisors to lead groups of franchisees, which may be arranged geographically or by financial performance, level of experience, unit count, specialty or other category. Job descriptions for employees of such departments customarily include the provision of ongoing support and training, with special emphasis on driving sales and relationship management. Travel is required and often extensive, up to 80% of the time. These road warriors typically become involved with franchisees just after franchise agreement signing to help guide owners through location selection, leasehold improvements and establishment of the business infrastructure including automation and staffing. Support then picks up again where the franchisor's pre-opening training leaves off and can cover everything from troubleshooting performance challenges and opportunities, to monitoring compliance issues.

Stand alone support departments are common in franchising; however they may not be in the best interest of franchisors and franchise networks. Entry level franchisees tend to require a greater proportion of support than established, successful operators. Accordingly, franchisors must continually adjust support departments to accommodate the number of new franchisees coming into the network. The more experienced and successful franchisees become the more knowledgeable support staff must be in order provide consistent value. Established franchisees are notorious for disregarding franchisor support staff who they perceive to be less experienced than they are. Franchisees at various stages in their development therefore benefit from support staff possessing different skill sets and levels of experience. When such flexibility is maintained within a single department, it can result in costly duplication of knowledge among multiple franchisor departments.

Franchise networks thrive when ever increasing numbers of franchisees are empowered to independently manage their local businesses within quality and brand image guidelines established by franchisors. Support departments are therefore tasked with perpetually working themselves out of a job, which is never an easy practice to manage. The challenge for franchisors is to promote and maintain ever expanding franchise networks, or be prepared to continually right size dedicated support department staff. Inevitable downward fluctuations in the number of first time franchisees and/or fall off of existing units can result in support staff artificially justifying the provision of extra services for franchisees in their charge. It is not uncommon for support staff that suspect their jobs may be at risk, to align themselves with one or more sympathetic franchisees, and against the franchisor, in an attempt to use franchisees to intervene in the event they are terminated. Similarly, when support department representatives are the primary or single point of franchisee contact, the franchisee/franchisor relationship is placed at jeopardy at times of inevitable turnover. If permitted to gain a foothold, such "nice to haves", "pairing off" and "protectionist" behaviors are difficult for franchisors to reverse and may result in disgruntled franchisees and trigger disputes.

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Dedicated franchise support departments frequently act as “gate keepers” of the franchisee/franchisor relationship. Establishment of this role may have originated from the well intentioned but misguided notion that franchisees should not be burdened with forming relationships with multiple franchisor representatives. While the desire to make life easy for franchisees is admirable, there are downsides to limiting franchisee/franchisor relationships to single departments or individuals. Support department staff that have been assigned to or assumed such role are susceptible to the self perception that they represent the franchisor’s “most important” department, which can set the stage for political agendas. When this occurs, it can lead to individual members or entire support departments overriding other departments, which may possess more specialized knowledge than the generalist support staff. Although dedicated support departments generally maintain strong knowledge of sales, marketing and basic operations, they are challenged to keep current with the latest trends in technology, human resources, accounting and legal matters, which are also critical to the successful operation of franchised businesses. Additionally, turnover within dedicated support departments has the potential to more profoundly impact the franchisee/franchisor relationship when no secondary or backup relationships have been established.

Considering the importance and challenges represented by dedicated franchise support departments, a more holistic approach to support is called for. One support infrastructure that holds promise of being perceived as fair and balanced by franchisor staff and by franchisees, is the distributed support model, which involves exposing all franchisor departments to the franchisee network. This methodology maintains points of franchisee contact within each of the franchisor’s typical production departments including, sales, marketing, training, technology, accounting, human resources, facilities, legal and others, and does not rely on a dedicated support department. The primary goal of this arrangement is to promote franchisee relationships with the entire franchisor company as opposed to a single department or individual.

Distributed support benefits both franchisors and franchisees in many ways. Franchisor departments that are exposed to franchise networks tend to be more professionalized as the result of being held to a higher standard than “behind the scenes” departments. Political activities considered to be devious or divisive are lessened in the absence of a dominant department. Relationship disruption due to inevitable franchisor turnover is mitigated when only a fraction of the franchisee relationship is lost at any given time, and can be more easily taken up by interdepartmental staff that possess much of the same basic knowledge.

The distributed support model more closely approximates the real world franchisees are accustomed to dealing with on a day to day basis. Aside from dedicated franchise support departments, it is uncommon in today’s business world as well as in personal life, for relationships to be restricted to a middleman or go-between. From childhood on we all learn to relate to a broad variety of people, organizations and authorities, encompassing parents, extended family members, spouses, caregivers, teachers, employers, healthcare providers, police, municipalities, divisions of the federal government including the IRS and military, as well as our individual religions. People today prefer, and franchisees are more frequently demanding, to be able to go directly to the right person or source for answers, information and service.

Effective support systems are mutually beneficial to both franchisors and franchisees. Support should never be permitted to undermine the franchise network or be perceived as a necessary evil no matter which corporate department or side of the business it is viewed from. If your company is struggling to provide fair and balanced support within its franchise network, now is the time evaluate your organizational structure and design a win/win support program that will help both corporate department heads and your franchisees to achieve the success they desire.

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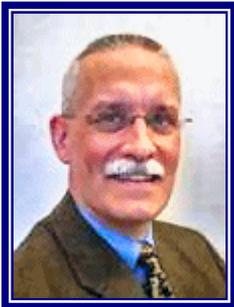
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“Top ten” best franchise support guidelines:

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| 1. DO mimic the structures of successful companies and their departments in the non-franchised business world. |
| 2. DO structure and manage the franchisor’s corporate headquarters to operate by collaborative relations between its various production departments and staff, in order to set a good example for the franchisees to follow. |
| 3. DO establish the expectation among franchisor staff and franchisees that the goal of support is to empower franchisees’ independent management of their local businesses within quality and brand image guidelines established by the franchisor. |
| 4. DO expose franchisor corporate production departments to franchisees by developing support staff within each department as opposed to consolidating and isolating support staff within one franchise support department. |
| 5. DO develop knowledge experts within each franchisor production department that are also tasked with maintaining the franchisee/franchisor relationship. |
| 6. DO limit franchisor exposure to interruption or loss of franchisee relationships with corporate staff by permitting and encouraging a broad cross section of franchisor staff to serve and relate to franchisees. |
| 7. DO establish training, written guidelines, policies and procedures, and maintain strict standards of ethics and professional business conduct between franchisor staff and franchisees at all times, backed by a formal ethical compliance program and enforced by disciplinary action up to and including termination of employment. |
| 8. DO implement automated and procedural systems for timely documenting and sharing information about franchisees among all corporate staff. |
| 9. DO NOT permit any one franchisor corporate department to dominate all other departments. |
| 10. DO NOT permit franchise support to become a self fulfilling prophecy, where franchisees are encouraged to rely on the franchisor for services that were designed and budgeted to be performed at the franchisee level. |

About the Author:

Bob Snelling is president and founder of Honor Capital Group, LLC a small business consultancy and finance intermediary, and the author of Tip Top Docs brand of professional business documents.



Bob’s diverse business experience spans multiple industries dealing with products, services and people. Serving as an employee in various positions from warehouse to boardroom Bob has directly reported to no less than five extraordinarily different company presidents. As a business owner making decisions, setting budgets, and meeting payrolls for up to thousands of employees, Bob has known first hand what it is to maintain legal, operational and P & L responsibility. Performing in the roles of senior level executive, CEO, board director and major shareholder of Snelling and Snelling, Inc., a national, and for many years international company with hundreds of franchised and corporate units, Bob has by necessity perfected leadership skills that are tolerant and respectful of widely divergent perspectives.

A unique background with progressive levels of operational, managerial and financial responsibility has proved invaluable preparation for Bob’s current role as business advisor and finance intermediary. Guided by ethical behavior, attention to detail, and a regimen of planning, collaboration and teamwork, Bob's innovative yet practical solutions consistently deliver return on investment and stand the test of time. Decades invested in the identification and implementation of sustainable best practices uniquely qualifies Bob to author relevant topics that today’s franchised and independent business leaders can immediately benefit from and put into action.

Bob currently resides in Plano, Texas a suburb of Dallas with his wife and business partner Carol, their two children and a Border terrier. e-mail: bob@HonorCapitalGroup.com phone: (972) 735-0005