

THE FRANCHISE AWARDS PROCESS

WHY IT'S KEY TO LONG-TERM FRANCHISE
SYSTEM SUCCESS





The Franchise Awards Process

Why it's key to long-term franchise system success.

Bryan K. O'Rourke, MBA

Preface

Franchising is a Long-Term Complex Business Relationship, Requiring On-Going Obligations by Both Franchisor and Franchisee. However, the Most Widely Adopted Franchise Recruitment Methodology Often Leads to a Misalignment of Expectations Resulting in Significant Problems. By Adopting an Award Process Based on Expectation Alignment, Enduring Brand Status Can More Likely be Achieved; Serving Both Franchisor and Franchisees Aligned Goals and Objectives.

Franchise industry publications and emerging franchise organizations routinely taught growth as an indicator of success and there are many implications to this tendency. A sometimes adverse affect of this connotation is the impact on prospective franchisees who believe that investment in the franchise equates to personal wealth and success just by becoming a part of the "successful" system. As ludicrous as this sounds and as hard as many franchisors try to be clear about the realities of owning their franchised business when selling the franchise, the gap between explicit and implicit communications during the process can often be vast. Thus, the result, even for franchisors who understand the adverse affect of recruiting candidates with unrealistic expectations, is a large number of franchisees who fail or are very unhappy because they did not really understand what they were getting into and why. This reality is a significant cause of franchise systems failing to achieve critical mass. The notion that you have to grow fast, results in the selection of candidates who cannot be successful, and at some point the system cannot overcome the baggage associated with these poor choices that center on a misalignment of expectations between franchisor and franchisee.

In many smaller growing systems, the financial dynamics further contribute to improper "sales" processes because the need to rob the Peter of franchise sale fees to pay the Paul of the overhead necessary to support an expanding system leads to further shirking of disciplined selection, let alone a real process for selection at all.

Ironically the franchise "sales" process, or more appropriately "selection" or "award" process is the most important aspect of the expectation alignment continuum that is at the heart of the franchisor and franchisee relationship. To the extent that expectations are not aligned, franchisors will react in predictable patterns which will undermine the

brands ability to ultimately succeed and is at the center of many of the failures in smaller systems attempting to reach sustainable mass today.

To be successful at recruiting franchisees in the long-run, franchisors must adopt an “award” mentality that aligns implicit and explicit communications via a philosophy and candidate identification and selection process based on complete transparency and integrity. The difference between the more common “sales” mentality as compared to the award mentality is demonstrated in the table below.

How an Award Process Differs From a Sales Process

Award Process	Sales Process
Franchisor selects candidates who meet a profile of successful franchisees and whose objectives can be met with a high degree of certainty using the business model.	The Franchisor sells franchises to candidates who are willing and able to purchase them, regardless of true suitability.
The Franchisor focuses on whether or not candidates are a good match.	The Franchisor focuses on whether or not the candidates will purchase the franchise.
The Franchisor prioritizes recruiting quality candidates.	The Franchisor focuses on recruiting as many franchisees as possible.
The Franchisor seeks to eliminate possible failures by declining to award poor candidates a franchise.	The Franchisor seeks to maximize growth by accepting as many candidates as possible, regardless of ability.

If franchisee selection centers on the quality of franchisees in the short term, ultimately a larger group of quality franchisees will appear in the long term. This is counter to the behavior of many growing franchisors today. It is irrefutable that in the end, the quality of initial candidates in a young franchise system, given a successful business model, will likely lead to more quality candidates down the line. Too often a lack of understanding, discipline and financial pressures, along with the notion that immediate growth is the only measure of success, make it difficult for young and rapidly expanding systems to make good decisions about candidates.

Franchisee Identification & Award Disciplines

A veracious and disciplined selection process for franchisee candidates creates long-term success. To reap the biggest rewards, franchisors must adopt certain best recruitment practices that include.

1. Helping candidates determine whether or not their personal goals can be met using the franchisor’s business format. If the franchisor understands that the candidates’ objectives cannot be met with a high degree of probability, the franchisor should communicate this information to those candidates.

2. Having a clear definable candidate profile reflecting individual traits, background, and capital necessary to produce success within the business model.

3. Properly evaluating candidates to determine whether or not they match the candidate profile. Candidates who do not match the profile should not be awarded a franchise.

4. Creating a candidate-friendly process, while avoiding spending time on unqualified candidates. Representatives should act as facilitators and high pressure sales techniques should never be employed.

5. Identify the real underlying expectations and goals of the candidate. Often candidates are unclear about their abilities and motivations behind investigating a new business opportunity. This is a major contributor to the gap in implicit and explicit communications during the recruitment process. Candidates often have unrealistic expectations about the franchisor and franchisee relationship as well as the personal effort success takes in a business. The franchisor should understand the goals and the measurable objectives that candidates are trying to achieve and use tools and systems to objectively reveal these during the award process.

6. Creating a results oriented approach. To meet growth objectives, the franchisor should only recruit franchisees that match the profile of a successful franchisee and have a high probability of achieving what they seek. This includes aligning selection process to relevant and coordinated geographic expansion.

7. Utilizing a systematic process. Franchisor representatives should use and be trained on how to follow a proven system to maximize results.

By adopting these philosophies and employing a system based on these dimensions, a franchisor can spend greater effort on the business and its execution to garner more customers and impact the business models profitability as opposed to attempting to salvage many franchise relationships that are akin to bad marriages, wherein many ultimately end in a painful divorce.

Bryan K. O'Rourke, MBA is also a Principal at The Flywheel Group. He maintains a well-respected blog at www.bryankorourke.com, and you'll also find more of his writings on franchising at [The Flywheel Group blog](#).

We provide innovative cloud-based technology strategies for a variety of industries, including franchising.

Our core strengths are:

- CRM
- SaaS/Application Development
- Data Integration
- Key Metric Development

If you'd like to learn more about how CRM and cloud-based technologies can improve your ROI, then we'd like to connect with you.

To connect, please visit us at www.franchiseflywheel.com.