

Franchise Business

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In his postulations on societal shifts involving science, Einstein once referred to “creative imagination” and said, “To raise new questions, new possibilities, and regard old problems from a new angle... marks real advance in science.” Indeed, some may see success in business as resulting more from experimentation as opposed to the following of scientific formula. Nonetheless, the fact remains that in the enterprising of franchise systems, the marking of real advance has come from one company’s capability to raise new questions which result in the answers that lead to new possibilities.



Principals from East Coast Wings & Grill were distinguished among the Top 50 companies who lead in Franchisee Satisfaction.

To theorize without the support of data has been called a capital mistake, and thankfully, when it comes to figures in (and figuring-out) the franchising industry, the New Hampshire-based firm of Franchise Business Review (FBR) is not only helping potential investors and existing enterprises avoid mistakes, but is also providing the data that empowers all to make wiser decisions. As the leading market research company in the franchise industry, FBR assists prospective buyers as well as respective corporate administrations through a unique, independent,

evaluation process that is exclusively based on feedback from franchise owners.

President Michelle Rowan explains the company emerged from a conundrum once confronted by FBR's founder, Eric Stites. A little more than eight years ago, Stites served in the marketing and development division of another New Hampshire firm known as Franchise Solutions. In this capacity, he was often asked questions by those who were considering making an investment in a franchise. "People would ask him questions like, 'Which one is the best to buy?' He began to



The team from FastSigns (a franchise focusing on graphic design, content management and visual communication solutions, is a 2013 leader in Franchisee Satisfaction.

wonder how to appropriately answer those questions. He could say who was growing the fastest or spending the most on marketing, but that doesn't really determine who the best is," explains Rowan.

Stites reasoned that by creating an independent system that allowed for the collecting of data from franchisees and generating a report that would provide the information sought out by investors, he would be able to offer them a greater sense of confidence and assurance that the business in which they might invest had the right people and

right systems in place. Rowan says whether the franchise involves retail, food or services, there are certain questions that every potential franchisee has prior to making an investment. After developing a survey that reflected what franchisees most want to know, the team at FBR realized they could also provide another service to corporate owners in helping them better identify perceptions as to their respective company's strengths and weaknesses.

Rowan concedes that it was far from easy to get buy-in at the early stages, and some



franchise administrations were very reluctant to have unit owners surveyed in such a process. FBR assured confidentiality, that the information gathered would only be accessible to the investors in the company surveyed, but not accessible to their competition. They also focused on the fact that any business who determines to be in for the long haul has to set correct expectations for franchisee candidates and FBR's system helps empower companies with the means to respond to those expectations.

FBR slowly grew support, and the emergence of Internet-platforms such as Amazon

Review and Yelp helped spur acceptance of the fact that people actually do form opinions of how a business operates and business owners would be wise to know what those opinions are. Of course, as Rowan notes, the problem with many platforms for customer feedback is that the content is so full of ad pages, fluff, or people bashing, that the data is not always accurate, nor necessarily helpful. FBR's mission is to provide bias-free, relevant data, which isn't construed as a stamp-of-approval or invalidation of a business. The FBR surveys provide insight as to how franchisees perceive their corporate owners are



The team from Wild Birds Unlimited earned a 2013 Franchisee Satisfaction Award from FBR.

meeting certain standards in industry.

HOW IT WORKS

FBR has gone on to conduct surveys with more than 700 franchise brands. Any company with at least ten franchisees can participate in the survey process at NO COST. Potential investors can rapidly access information via FBR's website at www.franchise-businessreview.com. The website additionally offers news and insight into issues and trends happening throughout industry. Rowans says FBR's survey is not intended to replace the typical franchise investigation

process in which investors should engage, rather, it is intended to help expedite that process and allow investors to get immediate feedback from existing franchisees.

And after franchisees are surveyed, franchisors can also receive a portion of the findings for no cost. Should franchisors elect to receive a more detailed, comprehensive report of the findings, which offers comparative analytic tools to give business owners better insight as to how their operations are perceived when measured against industry at-large, there are fees for this service. The core of FBR's business comes from the offer-



Michelle Rowan,
Franchise Business Review President



Pingpong Booth

ing of this full survey option. In other cases, FBR has assisted companies by developing customized surveys which come with specific questions designed for aspects unique to the company's growth or operational strategy.

Rowan says attributes part of FBR's success to factors arising during the economic recession, as markets became more cost conscious and risk averse, greater emphasis was placed on assessing investment strategies, particularly in the case of private equity coming into franchising. "There was great want to survey brands to better know what they were getting into and whether changes

were needed or not," she says.

Franchisors have also begun to increasingly assess the strengths within their composite of franchisees. Today, franchisors rely on FBR to help provide insight on the overall business acumen of their unit owners in accordance with their unique strategies to increase growth of their brand or overall profitability. In other cases, franchisors use FBR's services to more fully monitor just how well they're responding to the needs of their franchisees. As Rowan says, there was a time that franchisors simply wanted to sell their brand and open as many stores as they could. Today, the greater emphasis is on assuring that

each unit location is operating as profitably as it can. Franchisors are therefore using data from FBR to not only better respond to the questions from potential investors, but also to measure perceptions from existing investors as necessary to determine the strengths and weaknesses within their respective enterprise.

SUCCEEDING IN SATISFACTION

Rowan says franchising routinely offers great opportunities for entrepreneurs to enjoy the benefits of self-employment and FBR's goal is to help entrepreneurs successfully achieve their dreams. In the course of their efforts, FBR found that there are many companies who are dedicated to serving their franchisees and today, those efforts are distinguished through an annual awards program that reports on top performers.

The most recent report on franchisee satisfaction was comprised of data from 6,600 multi-unit franchisees at more than 300 franchise companies. The report helps distinguish the best brands for multiple-unit ownership. Franchise Business Review's research shows that franchise operators who



own more than one unit within a brand tend to be more satisfied overall than single-unit owners. “We’re not surprised to see higher satisfaction among multi-unit owners because profitability can play a big part in satisfaction, and multi-unit operators tend to be more profitable,” says Rowan. “What is surprising is the multi-unit operators we surveyed rated their systems higher on every



question of our survey and in every category—training and support, leadership, marketing and advertising, communication, and technology.”

To compile data for the report, FBR invited all North America-based franchise companies to participate in a free franchisee satisfaction study. All active franchisees within the participating system were given

the opportunity to answer questions ranking their franchise in the areas of financial opportunity, training and support, leadership, operations and product development, core values (e.g., honesty and integrity of franchisor), general satisfaction, and the franchisee community. The list of top 50 companies included Sotheby’s International Realty, CertaPro Painters, Snap-on Tools, 1-800-GOT-JUNK?, and Auntie Anne’s, to name some of the few. The full report and list of Top 50 Multi-Unit Franchises is available Online at www.franchisebusinessreview.com.

FBR is striving to bring greater visibility to their rewards program as they also strive to provide services to an increasing number of companies as well as the entrepreneurs who are weighing business investment options. Rowan raises a point which all is worthy of consideration by all in business, regardless of their business. “Have you had an independent, outside company ask the questions and present you with the data you should know?” she asks.

For those who would answer “No” - there may be something very telling in the answer to the only question that remains – Why not?

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Sharing the franchise experience